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**TAX INCENTIVE SCHEME FOR
NEW UNITS IN BIHAR**

DETAILED NOTE ON TAX INCENTIVE SCHEME FOR NEW UNITS IN BIHAR

Introduction

This note provides a detailed analysis of the tax incentive scheme outlined for new units established in Bihar. The scheme offers various benefits aimed at attracting investments and boosting industrial growth in the state.

Key Benefits:

The scheme offers a tiered structure of tax benefits categorized by:

- **Tax Related Benefits Limit:**

- Non-priority sector: 70% reimbursement of approved project cost.
- Priority sector: 100% reimbursement of approved project cost.
- Micro and small units: Additional 30% reimbursement for both sectors.
- Renewable energy: Additional 30% of approved project cost, reimbursement for units generating solar or renewable energy for commercial purposes.

- **SGST Reimbursement:**

- 80% (100% for high-priority) reimbursement of SGST deposited in the account of State Government from Electronic Cash Ledger after adjustment of IGST & SGST credit available in Electronic Credit Ledger, for 5 years from the date of start of commercial production.

- Specific conditions apply, including-
 - In prescribed format on quarterly claim filing by the end of month immediately succeeding the quarter,
 - Tax payment through Electronic Cash Ledger certification by commercial tax department, and
 - inter-state supply adjustments.
 - If at any stage after sale after supply by the unit, in case of an inter-state supply of such goods (sale or inventory transfer) by a registered dealer, amount equivalent to SGST utilized in payment of IGST liability in relation to such inter-state supply would be recoverable from the unit and such recovery will be made through adjustment from the next instalment of reimbursement if the unit is eligible for next instalment of reimbursement.
 - In case the unit is not eligible for next instalment, the Promoters of the unit would be liable to deposit the said amount in the Government Treasury and in the event of default by the Promoters in depositing the amount, the said amount will be recoverable as dues of land revenue.
- **Electricity Duty Exemption:**
 - 100% exemption on electricity duty (including captive power) for 5 years from the date of start of commercial production, subject to overall limit as mentioned above.
 - Exemption not applicable to captive power exported to entities other than BSPHCL.

- **Eligibility:**

- All new industrial units established in Bihar.
- Industrial units having production capacity less than 25% of installed capacity shall not be eligible for SGST Reimbursement.


DISCLAIMER:


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