



Compendium on the

IT / ITeS Policy 2015

GOVERNMENT OF MAHARASHTRA

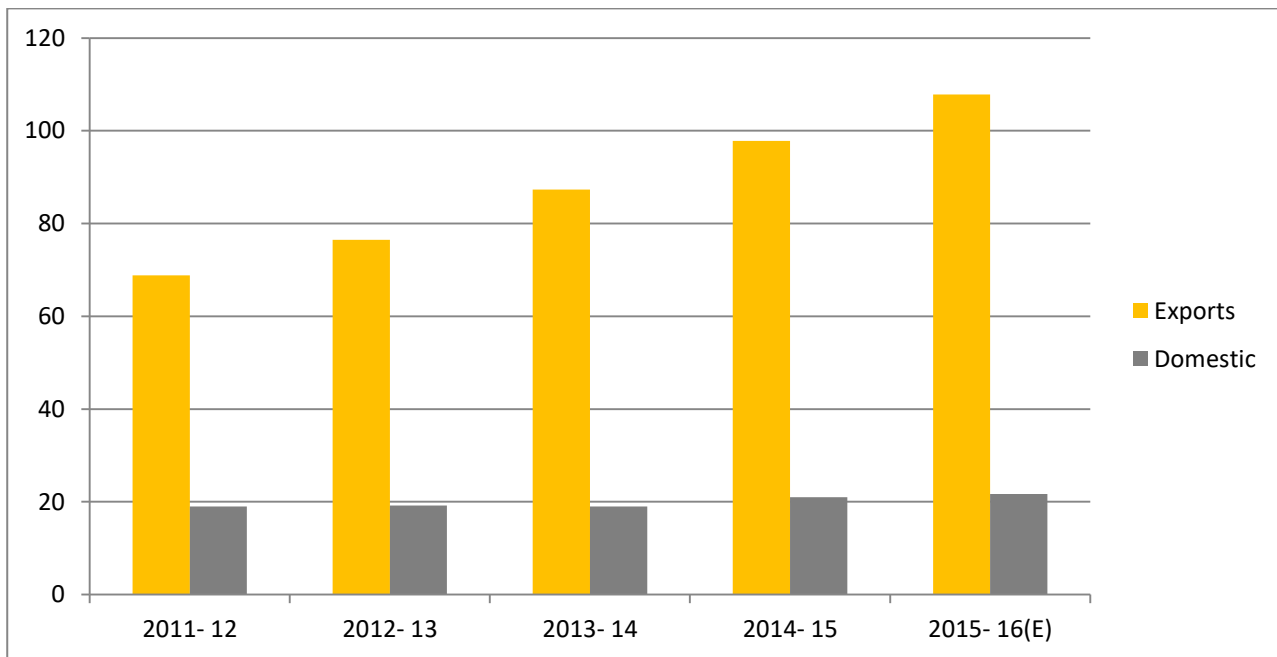
DRBM Corporate Consulting Private Limited
Mumbai | Pune | Aurangabad

PREAMBLE

The very first IT / ITeS Policy of the Government of Maharashtra was announced in the year 1998. It was followed by IT / ITes Policy of 2003 and then 2009. It was noticed that the initiative of the Government of Maharashtra has helped the IT Sector achieve new heights of growth. Based on the previous experience, the State Government went on to introduce new IT / ITeS policy of 2015.

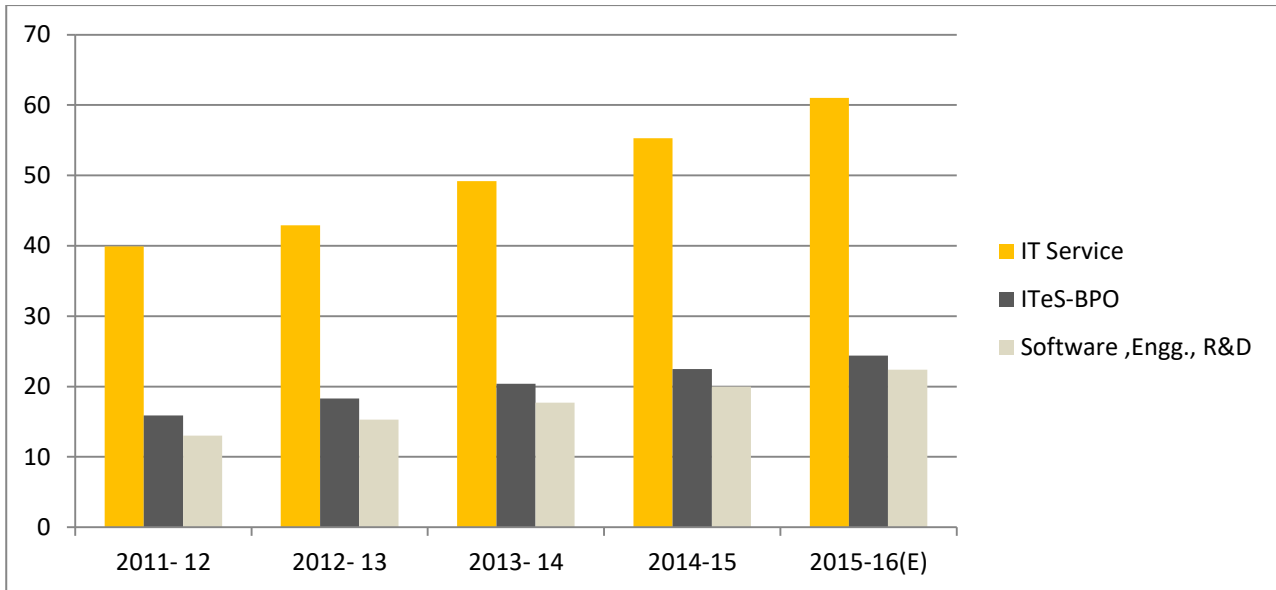
INDIAN INFORMATION TECHNOLOGY SCENARIO¹

Based on the information available with the Ministry of Electronics and Information Technology of the Government of India, Indian IT-ITES industry revenue is estimated at USD 129.5 billion in FY 2015-16 as compare to USD 118.8 billion in FY 2014-15, registering an increase of around 9.0%. The overall industry’s growth of this sector over the last five years is as below:



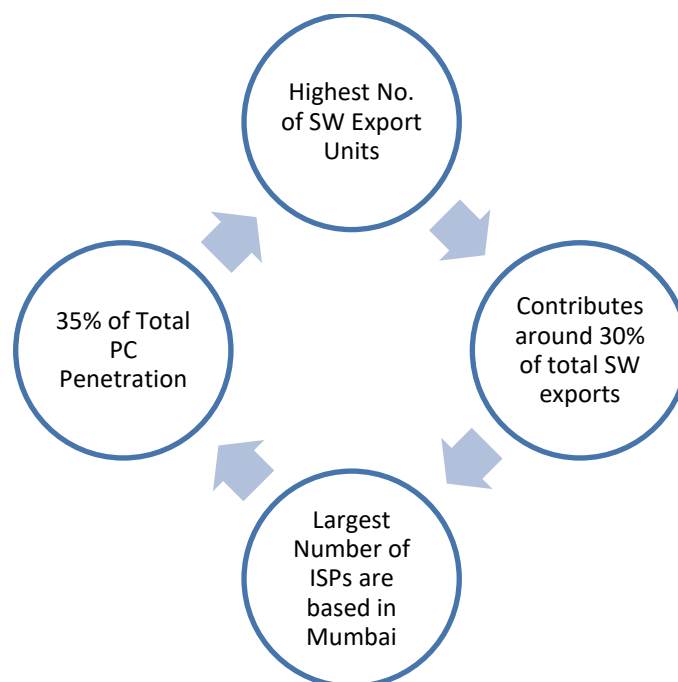
Speaking about Exports, IT-ITES exports is estimated to gross USD 107.8 billion in FY2015-16, growing by 9.0% over FY 2014-15 and contributing nearly 83% of the total IT-ITES revenues. With over 3,100 firms, India is emerging as a hotbed for software products with SMAC and a supportive ecosystem creating successful stories. Segment wise export Revenue Trends in IT – ITES Industry (in USD billion) is as below:

¹ <http://meity.gov.in/content/performance-contribution-towards-exports-it-ites-industry>



INFORMATION TECHNOLOGY IN MAHARASHTRA

After successes in the information technology in the neighbouring states, Maharashtra has set up software parks in Pune, Mumbai, Navi Mumbai, Nagpur and Nasik, Aurangabad and Latur. Maharashtra is the second largest exporter of software with annual exports of INR 18000 crores and accounts for more than 30 per cent of the country's software exports, with over 1,200 software units based in the state.





Maharashtra IT / ITeS Policy 2015

KEY POLICY INITIATIVES

Expand Talent Pool
Extend IT Infrastructure
Innovation & Entrepreneurship

- A. Incentives & provisions for IT Parks / IT SEZs / AVGC Parks
- B. Incentives & provisions for IT / ITES Units
- C. Promotion of Audio-Visuals-Gaming and Comics (AVGC)
- D. Promotion of Business Process Outsourcing (BPO) ventures in rural and semi-urban areas
- E. Promotion of Data Centres
- F. IT Incubation Facility
- G. Promotion of green IT
- H. Promotion of Brand Maharashtra
- I. Initiatives related to Laws for ease of doing business
- J. Human Resource Development
- K. Administrative Measures

FISCAL INCENTIVES FOR IT / ITeS UNITS



A package of 10 different fiscal incentives has been proposed under the policy which broadly includes Stamp Duty Exemption, Electricity Duty Exemption, Subsidised Electricity Tariffs, Power Tariff Subsidy, Property Tax Benefits, Entry Tax Benefits, Works Contract Tax Benefits and VAT at Preferential Floor Rate.

- [A] Stamp Duty Exemption
- [B] Electricity Duty Exemption
- [C] Electricity Tariff
- [D] Power Tariff Subsidy
- [E] Property Tax
- [F] Entry Tax
- [G] Works Contract Tax
- [H] VAT at Floor Rate
- [I] Set-up in any zone
- [J] Continuous Industry Status

Stamp Duty Exemption

Type of IT / ITeS Unit	Area	Exemption %	Documents Covered
New and Expansion	C, D, D+, No Industry Area and Naxalism Affected Area	100%	hypothecation, pawn, pledge, deposit of title deeds, conveyance, charge on mortgage property, lease, mortgage deed and security bond on mortgage deed
New Units and Expansion of existing units in Public IT Parks	A & B Area	100%	hypothecation, pawn, pledge, deeds, conveyance and lease
New IT/ITES units and Expansions of the existing units in private IT parks	A & B Area	75%	hypothecation, pawn, pledge, deeds, conveyance, lease and public assignment lease
New IT/ITES units and expansions of the existing units in IT parks in SEZs, IT SEZs and STPI approved registered units in IT parks	A & B Area	100%	hypothecation, pawn, pledge, deeds, conveyance, lease and public assignment lease
IT / ITES units (All)	All	75%	Assignment of Leases u/s 60 and licenses of IT / ITES under section 36 A of the Bombay Stamp Act 1958
Registered IT / ITES units throughout the State	All	75%	merger, de-merger and reconstruction

Electricity Duty Exemption

Type of IT / ITeS Unit	Area	No. of Years	Remarks
New IT / ITES units registered with the Directorate of Industries	A & B Area	10 Years	From the Date of Commencement of Production / Commercial Activity as per the prevailing Package Scheme of Incentives (i.e. PSI 2013 as of now)
New IT / ITES units registered with the Directorate of Industries	Other than A & B Area	15 Years	

Electricity Tariff

IT/ITES units registered with the Directorate of Industries will be supplied power at industrial rates applicable under Maharashtra Electricity Regulatory Commission's (MERC's) tariff orders.

Power Tariff Subsidy

Type of IT / ITeS Unit	Area	No. of Years	Remarks
New IT / ITES units registered with the Directorate of Industries	Other than A & B Area	3 Years	Rs. 1/- per unit consumed from the date of registration of the IT units with the Directorate of Industries after commencement of IT/ITES activity or equal to the investment made in IT Hardware on the date of registration of the unit with the Directorate of Industries, whichever is lower.
Units in IT SEZs and IT parks in SEZs	Other than A & B Area		

Property Tax

Property tax shall be levied on IT / ITES units registered with the Directorate of Industries at par with residential rates as applicable in the relevant jurisdictions. Government will issue necessary advisory to the local bodies to give this benefit to the IT / ITES units.

Entry Tax

Registered IT / ITES units shall be exempt from octroi / Local Body Tax (LBT) / entry tax / escort tax or other cess or any tax levied in lieu of these for the import of capital goods and raw material for self-consumption by the unit. Government will issue necessary advisory to the local bodies to give this benefit to the IT / ITES units.

Works Contract Tax

Works contract tax on annual maintenance agreements of IT / ITES units shall generally be charged at the minimum rates recommended by the relevant Empowered Committee, at the centre, barring certain exceptions.

Set-up in any zone

IT / ITES units (except IT hardware and Telecom Hardware Manufacturing Units) will be allowed to be set up in any zone (including residential and no-development zones, etc.).

VAT at Floor Rate

VAT on sale of IT products will be charged generally at the minimum floor rate recommended by the concerned Empowered Committee at the Centre, with some exceptions.

Continuous Industry Status

Considering this a continuous industry status shall be granted to the registered IT / ITES units. The IT / ITES Industry will be permitted to work 24x7x365 days without any close down.

IMPORTANT POINTS



- Apart from the above, there are special incentives for IT Parks, BPO Units in Rural and Semi-urban areas and Fiscal Incentives for Promotion of Animation, Visual Effects, Gaming and Comics (AVGC)
- There are specific benefits for Promotion of Entrepreneurship, Innovation and IT Incubation Facility
- Specific Provisions for Promotion of Green IT, Promotion of Brand Maharashtra and Initiatives related to Laws for Ease of Doing Business have been specified in the policy.
- For Definitions, List of Products and Other Clarification, IT / ITeS Policy Document may be referred.



Need some assistance or want to know more about the Policy?
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Please write to info@drbm.in for more information. You may also visit us at www.drbm.in.
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Or drop into any one of our offices at Mumbai / Pune / Aurangabad to meet us personally.

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