

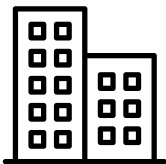
Decoding the SEZ Update: Rule 11B Reshapes IT/ITES Territories

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The Developer of IT/ITES SEZ may request the Board of Approval (“BOA”) for permitting demarcation of a portion of the built-up area of the IT/ ITES SEZ as Non-Processing Area for setting up and operation of business engaged in IT/ ITES



Only complete floors can be demarcated as a Non-Processing Area. Therefore, a part of the floor cannot be demarcated as a Non-Processing Area.



Appropriate access control mechanisms must be implemented by the SEZ and businesses operating in the Non-Processing Area to ensure adequate screening of movement of persons and goods.



The demarcation of the Non-Processing Area shall be allowed only after repayment of tax benefits by the Developer as is attributed to the Non-Processing Area as per the prescribed method.



A Certificate by a Chartered Engineer would be obtained with the computation of repayment of tax benefits attributable to the Non-Processing Area.



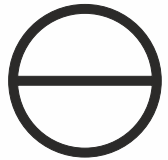
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Demarcation would not be allowed if the Processing Area decreases to less than 50% of the total area

SI No	Categories of cities	Minimum Built up processing area
1	Category A	50000 square metres
2	Category B	25000 square meters
3	Category C	15000 square meters



Tax benefits would not be available on operation and maintenance of common infrastructure and facilities of such IT/ ITES SEZ.



All Central Acts, Rules and Orders as applicable to a Unit in Domestic Tariff Area would also apply to businesses engaged in a Non-Processing Area.



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