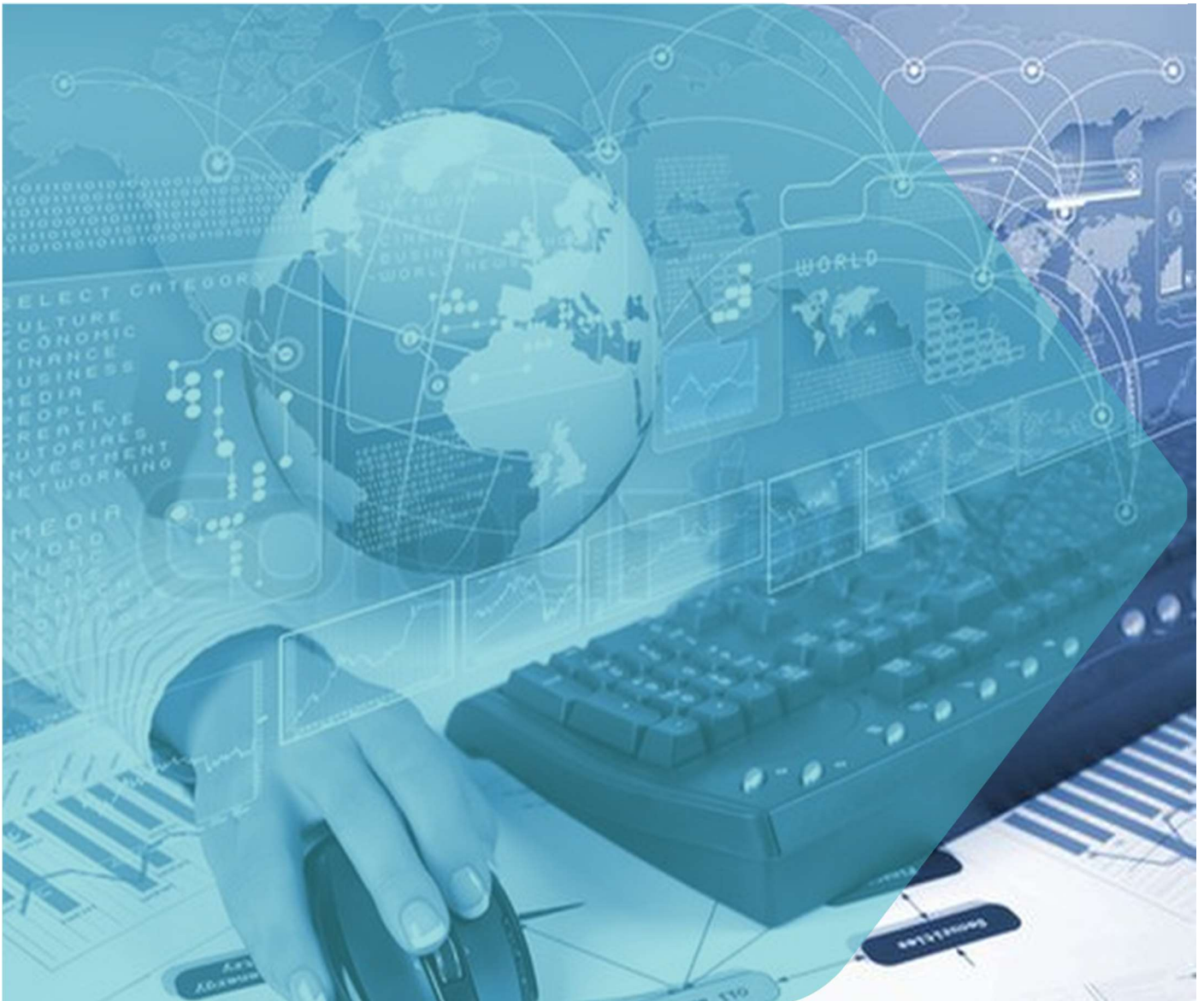


# New IT / ITES Policy

Government of Gujarat, India



2022

## About Kreston OPR



Kreston OPR strives to provide world class service that delivers unmatched value to our clients combining with deep personal relationships.

**Vineet Rathi**  
Managing Partner



Kreston OPR Advisors LLP is a member firm of Kreston Global. We specialize in Financial Advisory Services.

We have our offices in

- Vadodara, Gujarat India
- Ahmedabad, Gujarat India
- Pune, Maharashtra India

Our service lines include:

- Assurance & Compliance
- Risk Assessment & Advisory
- Direct Taxation Advisory & Compliance
- Indirect Taxation Advisory & Compliance
- Transactions & Business Advisory
- Forensics Audit & Advisory
- Corporate Law & Allied Practices
- India Entry Strategy
- Private Wealth Advisory
- Outsourcing Practice (Accounting & Auditing)

### **About IT / ITES Policy**

Gujarat Government has recently announced a New Policy to invite world leaders in IT & ITES to come and invest in Gujarat. The policy will enable growth of IT & ITES sector in the state and shall also help develop the ancillary industry.

We believe it is a great step by the government that shall enable the vision of the government to make Gujarat a new IT / ITES Hub.

## About IT / ITES Policy

### Vision:

To transform the IT landscape of Gujarat by becoming one of the leading states in terms of world-class IT infrastructure, availability of high-skilled resources and innovation in Emerging Technologies.

### Target:

- 1) Place Gujarat in the top five performing states of India in IT sector
- 2) Increase Gujarat's annual IT exports from INR 3,000 Cr. to over INR 25,000 Cr.
- 3) Generate more than one lakh new IT/ITeS jobs in the State
- 4) Become the national leader in terms of world-class IT infrastructure, Data Centers and Innovation Centers in Emerging Technologies

### Incentives Offered:

#### Category I

Gross Fixed Capital Investment (GFCI) Less than INR 250 crore (USD 33 Mio)

**CAPEX Support-** One-time support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 50 Cr. (6.67 Mio USD) (in 20 Installments)

**OPEX Support-** OPEX support of up to 15 per cent of the annual eligible OPEX expenditure, subject to a maximum ceiling of INR 20 Cr. (2.67 Mio USD) per year for a period of five years (Quarterly Instalments)

#### Category II

Mega Projects- GFCI more than or equal to INR 250 Cr. (USD 33 Mio) or project generating more than or equal to 2,000 direct IT employment on its payroll

**CAPEX Support-** one-time support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 200 Cr. (26.67 Mio USD) (in 20 Installments)

**OPEX Support-** OPEX support of up to 15 per cent of the annual eligible OPEX expenditure, subject to a maximum ceiling of INR 40 Cr. (5.36 Mio USD) per year for a period of five years (Quarterly Installments)

**Early Mover Advantage-** For first 3 projects GFCI is kept at 100 cr (USD 13.34 Mio)

### Other Incentives Offered:

- 1. Employment Generation Incentive (EGI)**- One-time support for every new and unique job created- new local employees hired and retained for a minimum period of one year- 50 per cent of one month's CTC up to INR 50,000 per male (667 USD) and INR 60,000 (800USD) per female employee.
- 2. Interest Assistance**- Interest subsidy at 7 per cent on term loan or the actual interest paid, whichever is lower with a ceiling of INR1 Cr. (USD 0.13 mn) per annum for the period of five years.
- 3. Electricity Duty Incentive**- units can claim the entire amount of electricity duty paid by them to the Government of Gujarat for a period of five years from the date of start of commercial operations or in-principle approval, whichever is later.
- 4. Atmanirbhar Gujarat Rojgar Sahay**- Units can claim reimbursement on the employer's statutory contribution under Employees' Provident Fund (EPF) made by them for their employees working in the offices situated within Gujarat for a period of five years, subject to the following criteria :
  - 100 per cent of employer's contribution under EPF amount paid in case of female employees
  - 75 per cent of the employer's contribution under EPF in case of male employees
- 5. *Incentives for Supporting Work from Home for Gujarat based employees.***

### Incentives for Development of IT City / Township

The Government shall incentivize developer/consortium of developers for the creation of such IT township or IT city in the following way-

- Relaxation in zoning and land use laws, such as permission for mixed land use (residential, commercial and industrial)
- Assistance in obtaining other necessary statutory clearances
- Relaxation in Floor Space Index (FSI) norms for IT office space
- Utilities/infrastructure support up to the doorstep

**CAPEX Support**- one-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure, subject to a maximum ceiling of INR 100 Cr. (USD 13.34 Mn)

**Facilitating Infrastructure:** 50% of monthly rental support (per seat basis) for the first 2 years (Subject to INR 10,000) and 25% of monthly rental for 3 to 5 years (subject to INR 5000)

### **Facilitating Cloud Ecosystem**

#### **A. Facilitating cloud ecosystem-support for Cable Landing Station (CLS)**

**CAPEX Support-** One-time CAPEX support of up to 25 per cent of the eligible CAPEX expenditure subject to a maximum ceiling of INR 20 Cr. (In equal quarterly instalments)

**OPEX Support-** Power tariff subsidy of INR 1/unit for a period of five years.

#### **B. Data Centers**

**CAPEX Support-** One-time CAPEX support of up to 25 per cent of the eligible CAPEX. expenditure subject to a maximum ceiling of INR 150 Cr. (In twenty {20} equal quarterly instalments)

**OPEX Support-** Power tariff subsidy of INR 1/unit for a period of five years.

### **Support for Research & Development Activity**

One-time CAPEX support for the purchase of equipment for setting up of R&D Center/laboratory at 60 per cent of the cost for machinery and equipment, hardware and software (COTS/license) required for research for the R&D activities subject to a maximum of INR 5 Cr (USD 0.67 mn)

#### **Non-Fiscal incentives:**

1. Facilitation of allotment of land
2. Self certifications for various acts such as Factories act, maternity act , Minimum wage act etc.
3. Investor facilitation centers and helpdesk
4. Preferential market access for government-based projects.

## Who Can Avail the Benefit?

1. Service Providers in following Sectors:
  - Ecommerce Companies
  - Software Solutions Provider
  - Data Centre Developers
  - Cloud Services Providers
  - Data Backup Service Providers
  - Real Estate Developers
  - Data & Network Security Companies
  - Help Desk & Call Centres
  - AI & Data Analytics
  - Back Office Operations & Business Process Outsourcing
  - Knowledge Process Outsourcing

And Many More.....

2. Real Estate Developers for Development of IT Townships
3. Service Providers, IT Companies & Tech Giants

## How Can Kreston OPR Assist?

1. Providing Support in setting up eligible business units
2. Consulting on India Entry Strategy
3. Assisting in Optimized Tax Structure
4. Managing Tax and other Regulatory compliances
5. Facilitating financing
6. Liaising with Regulators

A large red arrow pointing to the right, containing the text 'Contact Us' in white.

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