



January 14, 2015

Amendment in SEZ Rules

Recently, Commerce Ministry, vide. Notification dated January 2, 2015, has notified Special Economic Zones (Amendment) Rules, 2014. The amendment has allowed bifurcation of SEZ non-processing area into 2 parts – (1) where social / commercial infrastructure and other facilities are permitted to be used by both SEZ and DTA entities; and (2) where social / commercial infrastructure and other facilities are permitted to be used only by SEZ entities.

As regards infrastructure allowed to be used by both SEZ and DTA entities, no exemptions, concession or drawback shall be admissible for creation of such infrastructure. The Developer must refund in full the customs duty, central excise duty, service tax and such other central levies and tax benefits already availed, without interest. However, in case of short refund, interest will be paid @ 15% p.a. from the day the amount becomes payable till the date of actual payment.

Further, any exemption or refund taken from State or local taxes like stamp duty, change of land uses etc. shall be refunded back to State Government / local authorities and a certificate to that effect must be produced from concerned authorities.

As regards infrastructure and other facilities permitted to be used solely by SEZ entities, this portion shall be bonded and physically segregated from DTA, non-processing area permitted for dual use and processing area of SEZ. This part of infrastructure shall be eligible for exemptions, concessions and drawback.

Commerce Ministry has also prescribed norms regarding areas to be earmarked for residential, commercial and other social facilities.



The area restrictions for duty paid dual use non-processing area in SEZ shall be as follows –

S.No.	Particulars	Area Restriction
1	Housing	not more than 25%;
2	Commercial	not more than 10%;
3	Open area and Circulation	not less than 45%;
4	Social and institutional infrastructure, including schools, colleges, socio-cultural centres, training institutes, banks, post office	remaining area

Further, no sale shall be permitted of such duty paid dual use infrastructure in the non-processing area and only lease hold rights can devolve upon the users / transferees.

Moreover, Commerce Ministry has removed second proviso to Rule 11(10), which disallowed leasing of vacant land in non-processing areas to educational institutions, hospitals and other social and business entities.

Disclaimer: Information in this newsletter is for educational purpose only. Bhasin Sethi & Associates assumes no responsibility of any mistakes which, despite of all precautions, may be found therein. The material contained in this document does not constitute any professional advice that may be required before acting on any matter.

401, Satyam Cineplexes, Ranjit Nagar,
New Delhi - 110008
Phone No. : 011-25895998, 25894899
Email: delhi@bsalaw.in

Website : www.bsalaw.in

C-20/1 (Lower Ground Floor),
Ardee City, Near Gate-3,
Sector-52, Gurgaon - 122011
Phone No. : 0124-4275494, +91-9910044272
Email: gurgaon@bsalaw.in