



Government of Jammu & Kashmir  
Finance Department  
Civil Secretariat, Jammu

**NOTIFICATION**

Jammu, the 26<sup>th</sup> of February, 2019

SRO 134.- The Government in order to provide budgetary support to manufacturing units operating in the state of Jammu and Kashmir and involving investment of rupees fifty crores or more either on substantial expansion of existing units or setting up of new unit here by notifies the following scheme in the shape of reimbursement of State Taxes paid under Jammu and Kashmir Goods and Services Tax Act, 2017. The scheme shall be limited to the tax which accrues on the additional taxable turnover resulting due to substantial expansion or on the full taxable turnover in case of newly established units (investing rupees fifty crores or more in plant and machinery) under Jammu and Kashmir Goods and Services Tax Act 2017 after adjustment of the input tax credit paid by the eligible manufacturing units.

**1. SHORT TITLE AND COMMENCEMENT**

The scheme shall be called as **Jammu and Kashmir Reimbursement of State Taxes for encouraging large investments for industrial development in the State of Jammu and Kashmir.**

**OBJECTIVE**

The State Government in order to encourage large investments as per policy targets set under Industrial Policy 2016 has decided that it would provide budgetary support to the eligible units by way of part reimbursement of the State Goods and Services Tax, paid by the industrial unit after adjustment of Input Tax Credit on supply of finished goods manufactured by it. The scheme shall be applicable to only such existing units undergoing substantial expansion or to such new units being set up on or after 01.02.2019.

**DEFINITIONS**

**2.1 Eligible unit' means**

- (a) a unit having GST registration for the premises as a place of business, where manufacturing activity is already being carried out by the Industrial Unit and the same is undergoing substantial expansion involving additional investment of rupees fifty crores or above in plant and machinery certified by Industries and Commerce Department.

Or

- (b) a newly established industrial unit which has made an investment of rupees fifty crores or more in plant and machinery certified by Industries and Commerce Department and having GST registration for the premises as a place of business, where manufacturing activity is carried out by the Unit.

Provided that the industrial units applying under this scheme is eligible for reimbursement of Central Share of CGST as per Industrial Development Scheme for the State of Jammu and Kashmir 2017 as notified by the Department of Industrial Policy and Promotion (DIPP) under the Ministry of Commerce and Industry, Government of India vide notification no **F.No.2 (2)/2018-SPS** dated 01.01.2019

2.2 'Specified goods' means the goods manufactured by the Industrial Units as have been allowed by the department of Industries and Commerce.

### 3. DETERMINATION OF THE AMOUNT OF REIMBURSEMENT

3.1 The amount of Reimbursement under the scheme for specified goods manufactured by the eligible unit shall be the:-

- (i) amount of State Tax paid by the eligible unit as per Para 2.1(a) on the additional turnover resulting from the substantial expansion(with reference to the increase in turnover post expansion as certified by Industries and Commerce department) through debit in the cash ledger account maintained by the unit in terms of sub-section(1) of section 49 the Jammu and Kashmir Goods and Services Tax Act, 2017 after utilization of the Input tax credit of the State Tax and Integrated Tax.

#### Illustration :

Value of inward supply of goods from Delhi	Rs.100000.00	Basic Value of goods	Rs.100000.00	Liability(Rs)		ITC of IGST utilized(Rs)	To be paid in cash(Rs)	Paid(Rs)
IGST	Rs.18000	Value addition @20%	Rs.20000.00	CGST @9%	10800.00	10800.00	0.00	0.00
Total	Rs.118000.00	Sale value of goods	Rs.120000.00	SGST @9%	10800.00	7200.00	3600.00	3600.00
		CGST @9%	Rs.10800.00	ITC IGST	18000.00			
		SGST @9%	Rs.10800.00	ITC CGST	0.00			
		Total bill value	Rs.141600.00	ITC SGST	0.00			

#### Re-imbusement Claim:

Turnover prior to expansion = Rs.75000.00  
Increase in turnover due to substantial expansion of the unit = Rs. (120000.00-75000.00) = Rs.45000.00  
%age of increase in turnover = 37.5%  
SGST deposited = Rs. 3600.00  
Re-imbusement claim = 37.5% of Rs.3600.00 = Rs.1350.00

Or

- (ii) an amount of State Tax paid through debit in the cash ledger account maintained by the newly established unit (as per para 2.1 (b)) in terms of sub-section(1) of section 49 the Jammu and Kashmir Goods and Services Tax Act, 2017 after utilization of the Input tax credit of the State Tax and Integrated Tax.

- 3.2 Where inputs are procured exclusively from a registered person operating under the Composition Scheme under Section 10 of the Jammu and Kashmir Goods and Services Tax Act, 2017 or from any unregistered persons, the benefit of the reimbursement will not be extended to the industrial units. However, if the purchases are made partly from registered, unregistered or composition dealers the benefit will be as per para 3.10.

Provided further that the Industrial Units shall not be eligible for the scheme if it is making supply of services or supply of interstate supplies of finished goods either directly or through intermediaries or through proxies.

**Explanation:**

To avail benefit of this scheme, eligible unit shall first utilize Input Tax Credit of Integrated Tax and State Tax and balance of liability, if any, shall be paid in cash

Where this condition is not fulfilled, the reimbursement sanctioning officer shall reduce the amount of reimbursement payable to the extent of balance of credit of State tax and integrated tax, not utilized for payment of tax/liability.

- 3.3 Reimbursement under this scheme shall be worked out on quarterly basis for which claims shall be filed on a quarterly basis namely for January to March, April to June, July to September & October to December.

- 3.4 Any unit which is found on investigation to over-state its production or make any mis-declaration to claim reimbursement would be in-eligible for the scheme and shall be liable for recovery of excess reimbursement paid to the industrial unit, if any. Activity relating to concealment of Input Tax Credit, purchase of inputs from unregistered suppliers (unless specifically exempt from GST registration) or routing of third party production or other activities aimed at enhancing the amount of reimbursement by mis-declaration would be treated as fraudulent activity and, without prejudice to any other action under law, may invite denial of benefit under the scheme ab-initio. The units will have to declare total procurement of inputs from unregistered suppliers and from suppliers working under Composition Scheme under Jammu and Kashmir Goods and Services Tax Act, 2017.

The grant of reimbursement under the scheme shall be subject to compliance of provisions relating to any other law in force.

The manufacturer applying for benefit under this scheme for the first time shall also file the following documents in the office of the concerned Assessing Authority:

- (a) Registration certificate issued by Department of Industries and Commerce or Directorate of Handicrafts /Handlooms or Jammu and Kashmir Khadi and Village Industries Board or SICOP.
- (b) A declaration and a certificate as per Annexure-A, to be submitted on one time basis.
- (c) An Affidavit-cum-indemnity bond, as per Annexure B, to be submitted on one time basis, binding itself to pay the amount repayable if any.

- (d) A certificate from the Department of Industries and Commerce mentioning therein that the unit has achieved 100 percent production capacity prior to substantial expansion ( in case of industrial units undergoing substantial expansion by investing rupees fifty crores or more) and shall be only applicable to turnover over and above the turnover achieved on utilization of 100% of existing set up.

Any other document evidencing the details required in clause (a) to (d) may be accepted with the approval of the Jurisdictional Additional Commissioner (Administration & Enforcement).

A new industrial unit investing fifty crores or more in plant and machinery shall be required to fulfill the following conditions:

- (i) It shall not be formed/ established by splitting up, or reconstruction of a business already in existence.
- (ii) It shall not be formed/ established by transfer to the new unit of plant or machinery previously used for any other purpose.
- (iii) It shall not be relocated from elsewhere and /or is not an existing unit reopened under a new name and style.

3.5 For the purpose of this Scheme, "manufacture" means processing of raw material or inputs in any manner that results in emergence of a new product having a distinct name, character and use and the term "manufacturer" shall be construed accordingly.

Where the State Tax paid on value addition is higher than the State Tax worked out on the value addition shown in column (4) of the table below, the unit may be taken up for verification of the value addition:

Table Serial No.	Chapter	Description of goods	Rate (%)	Description of inputs for manufacture of goods in column (3)
(1)	(2)	(3)	(4)	(5)
1.	17 or 35	Modified starch or glucose	75	Maize, maize starch or tapioca starch
2.	18	Cocoa butter or powder	75	Cocoa beans
3.	25	Cement	75	Lime stone and gypsum
4.	25	Cement clinker	75	Lime stone
5.	29	All goods	29	Any goods
6.	29 or 38	Fatty acids or glycerine	75	Crude palm kernel, coconut, mustard or rapeseed oil
7.	30	All goods	56	Any goods
8.	33	All goods	56	Any goods
9.	34	All goods	38	Any goods
10.	38	All goods	34	Any goods
11.	39	All goods	26	Any goods
12.	40	Tyres, tubes and flaps	41	Any goods
13.	72	Ferro alloys, namely, ferro chrome, ferro manganese or silico manganese	75	Chrome ore or manganese ore
14.	72 or 73	All goods	39	Any goods, other than iron ore
15.	72 or 73	Iron and steel products	75	Iron ore
16.	74	All goods	15	Any goods
17.	76	All goods	36	Any goods
18.	85	Electric motors and	31	Any goods

		generators, electric generating sets and parts thereof		
19.	Any chapter	Goods other than those mentioned above in S.Nos.1 to 18		

3.6 In cases where an entity is carrying out its operations in the State from multiple business premises, in addition to manufacture of specified goods by the eligible unit, under the same GST Identification Number (GSTIN) as that of the eligible unit, the eligible unit shall submit application for reimbursement of budgetary support alongwith additional information on the claim form as prescribed in annexure C or any other format as may be notified by the Commissioner..

**Explanation:** Industrial Units having Annual Turnover of more than Rupees 1.5 Crores shall mandatorily submit Annexure "C" duly certified by a Chartered Accountant.

3.7 Under GST, one business entity having multiple business premises would generally have one registration in the State, in such situations where inputs are received from another business premises (of supplying unit) of the same registrant (GSTIN), the details of Input Tax Credit of State Tax availed by the supplying unit for supplies to the eligible unit shall also be submitted along with the claim form as prescribed in Annexure "C" or any other format as may be notified by Commissioner.

**Explanation:** Industrial Units having Annual Turnover of more than Rupees 1.5 Crores shall mandatorily submit Annexure "C" duly certified by a Chartered Accountant.

3.8. The Industrial Units eligible for reimbursement of taxes shall have to stamp the supply invoices conspicuously with the words, **"FOR SUPPLY/ CONSUMPTION IN THE STATE OF JAMMU AND KASHMIR ONLY"**.

3.9 The Scheme shall be available to only those Industrial Units who provide employment to permanent residents of the State of Jammu and Kashmir as per guidelines of Industrial Policy 2016.

3.10 The Industrial Units making purchases partly from the persons operating under Composition Scheme under section 10 of the Jammu and Kashmir Goods and Services Tax Act, 2017 and / or from unregistered persons shall submit the details of the such inputs on prescribed format detailed as Annexure "C" or any other format as may be notified by Commissioner. The reimbursement to such industrial units will be in proportion to the inputs purchased from the registered dealers after adjustment of the input tax credit.

#### 4. INSPECTION OF THE ELIGIBLE UNIT

4.1 The reimbursement under the Scheme shall be allowed to an eligible unit subject to an inspection by a team constituted by Commissioner State Taxes. The inspection report shall be made available to the jurisdictional Assistant Commissioner/State Tax Officer before sanction of the reimbursement. Reimbursement amount will be released only after the findings to these teams are available. Provided that where delay is expected in such findings of the inspection,

the Assistant Commissioner /State Tax Officer of State Taxes may sanction provisional reimbursement to the eligible unit. Such provisional reimbursement shall not continue beyond a period of six months.

## **5. MANNER OF BUDGETARY SUPPORT**

- 5.1 The manufacturer shall file an application on prescribed format to be notified by Commissioner State Taxes for reimbursement for the Tax paid in cash (in proportion to the increase in turnover post expansion), other than the amount of Tax paid by utilization of Input Tax Credit under Jammu and Kashmir Goods and Services Tax Rules 2017, to the Assistant Commissioner/ State Tax Officer, as the case may be, by the 15<sup>th</sup> day of the succeeding month after end of quarter after payment of tax relating to the quarter to which the claim relates.
- 5.2 The Assistant Commissioner/State Tax Officer of State Taxes, as the case may be, after such examination of the application as may be necessary, shall sanction reimbursement amount (to be calculated in the manner as shown in illustration) and forward the same in the prescribed format to the respective Additional Commissioners within one week after the receipt of application.
- 5.3 The concerned Additional Commissioners shall forward consolidated information of the concerned division to the Nodal Officer to be designated by Commissioner State Taxes for reimbursement of GST to the eligible prestigious industrial units by the end of the month in which application is received and a copy of the same shall be forwarded to Commissioner State Taxes for consolidation and submission to Government.
- 5.4 The concerned nodal officer shall credit the GST amount in the declared bank accounts of the Industrial Units referred to in the information forwarded by respective Additional Commissioners within seven days of receipt of consolidated information from the concerned Additional Commissioner.
- 5.5 The nodal officer shall intimate the Commissioner State Taxes the amount disbursed to the beneficiary industrial units.

## **6. REPAYMENT BY CLAIMANT/ RECOVERY AND DISPUTE RESOLUTION**

- 6.1 The reimbursement allowed is subject to the conditions specified under the scheme and in case of contravention of any provision of the scheme/ notification, the reimbursement shall be deemed to have never been allowed and any inadmissible reimbursement including the budgetary support paid for the past period under this scheme shall be recovered along with an interest @16% per annum thereon. In case of recovery or voluntary adjustment of excess payment, repayment, recovery or return, interest shall also be paid by unit at the rate of fifteen per cent per annum calculated from the date of payment of refund till the date of repayment, recovery or return.
- 6.2 When any amount under the scheme is availed by wrong declaration of particulars regarding meeting the eligibility conditions in this scheme necessary action would be initiated and

concluded in the individual case by the Office of concerned Assistant Commissioner or State Tax Officer of State Taxes, as the case may be.

- 6.3. That the Industrial Unit failing to intimate the Department any change in its constitution, bank account, line of activity, and title of the firm within the time allowed shall not be eligible for reimbursement of taxes for the period in which he fails to intimate the Department.
- 6.4 **The procedure for recovery:** Where any amount is recoverable from a unit, the Assistant Commissioner or State Tax Officer of State Tax, as the case may be, shall issue a demand note to the unit (i) intimating the amount recoverable from the unit and the date from which interest thereon is due and (ii) directing the manufacturer to deposit the full sum within 30 days of the issue of the demand note in the account head of State Taxes and submit proof of deposit to him/her.
- 6.5 Where the amount is not paid by the beneficiary within the time specified as above, action for recovery shall be taken in terms of the affidavit -cum- indemnity bond submitted by the applicant at the time of submission of the application, in addition to other modes of recovery.
- 6.6 Where any amount of reimbursement /or interest remains due from the unit, based on the report sent by the Assistant Commissioner/ State Tax Officer of State Tax as the case may be, the authorized officer as designated by the Commissioner shall, after the lapse of 60 days from the date of issue of the said demand note take required legal action and send a certificate specifying the amount due from the unit to the concerned Deputy Commissioner Recovery of the concerned Division to recover that amount, as if it were arrears of land revenue under J&K Land Revenue Act.

#### 7. **SAVING CLAUSE**

Upon cessation of the Scheme, the unpaid claims shall be settled in accordance with the provisions of the Scheme while the recovery and dispute resolution mechanisms shall continue to be in force.

Sd/-  
**(Navin K. Choudhary) IAS,**  
Principal Secretary to Government,  
Finance Department.

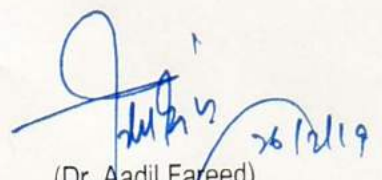
No:ET/Estt/21/2019

Dated: -26.02.2019

Copy to the:-

1. All Financial Commissioners.
2. Principal Resident Commissioner, J&K Government, New Delhi.
3. Principal Secretary to Hon'ble Governor.
4. All Principal Secretaries to Government.
5. All Commissioner/Secretaries to Government.
6. Divisional Commissioner, Jammu/Kashmir.
7. Excise Commissioner, J&K.
8. Commissioner, State Taxes, J&K, Jammu.

9. Additional Commissioner State Taxes (Administration & enforcement) Jammu/Kashmir.
10. Additional Commissioner State Taxes Tax Planning, J&K.
11. President Kashmir Chamber of Commerce & Industry, Kashmir.
12. President Federation of Industry, Kashmir.
13. President Chamber of Commerce and Industry, Jammu.
14. President Industries Association Bari Brahmana/Samba.
15. President Tax Bar Association, Jammu/Srinagar.
16. General Manager, Govt. Press Jammu / Kashmir.
17. Government order file/ Stock/ Finance website

  
(Dr. Aadil Fareed)  
Deputy Secretary to the Government



Annexure-A

DECLARATION.

Name of the Industrial Unit:.....

GSTIN: .....

Registration No.....

(Department of industries and Commerce)

Bank A/c No:.....

Bank Name:.....

Bank Branch:.....

IFSC Code: .....

MICR Code: .....

CERTIFICATE

I ..... Proprietor/Partner/Director of

M/s..... located at ..... do hereby certify that the

total number of employees working in my industrial unit is .....

That I have provided employment to .....number of locals (constituting ..... of the workforce) in my industrial unit as per the list attached along with C.P. Fund details .Further,.....%age of the wage bill is drawn in favor of the local workforce.

That I shall be intimating to the Department with respect to any change in constitution, bank account, line of activity, and title of the firm within seven days of affecting such change.

Also, I hereby certify that the goods manufactured by my concern are exclusively meant for supply and consumption within the State of Jammu and Kashmir.

Place :

Name .....

Signature..... Date:

Status .....

Seal ...



Annexure B

**AFFIDAVIT – CUM – INDEMNITY BOND**

I / We Shri \_\_\_\_\_ s/o \_\_\_\_\_ (add names) in my/our capacity of \_\_\_\_\_ (designation) of \_\_\_\_\_ (Company/Unit Name) hereby solemnly affirm and declare for and on behalf of \_\_\_\_\_ (company/unit name) that an application for registration for reimbursement of budgetary support has been filed on \_\_\_\_\_ under the Scheme **Jammu and Kashmir Reimbursement of State Taxes for encouraging large investments for industrial development in the State of Jammu and Kashmir** of Budgetary Support notified by Finance Department, Government of Jammu & Kashmir.

I/We confirm that the eligible unit is manufacturing and supplying specified goods on payment of State GST / Central GST/ Integrated GST and the claim will not include any other activity being carried out under the same GSTIN.

I / We further affirm and declare, as stated above, goods other than specified goods manufactured by the eligible unit will not be taken into account while filing the application under the scheme. The input tax credit on the goods availed by the eligible manufacturing unit or the supplying unit under the same GSTIN will be taken into account while calculating the input tax credit of the eligible manufacturing unit. No amount of budgetary support which is not due as per the conditions of the scheme notified by Finance Department, Government of Jammu & Kashmir shall be claimed by the eligible unit and where any mis-declaration is detected, the amount paid by the Government shall be paid back by me/us with interest as prescribed in the scheme.

I/We solemnly affirm and declare that if the industrial unit falls under negative list of SRO 519 Dated 21-12-2017 or SRO 521 dated 21-12-2017 or SRO 63 dated 05-02-2018 or SRO 431 dated 25-09-2018 issued prior to this notification, the industrial unit shall not stake any claim for reimbursement under those SROs taking advantage of the reimbursement under this scheme.

I/We solemnly affirm and declare that whatever is stated above is true to the best of my / our knowledge and record. I/We further indemnify the Government of Jammu and Kashmir to recover the amount, if any for any revenue loss which may occur (might have occurred) due to the above submission made by me / us.

DATE : NAME:

PLACE: SIGNATURE:

DESIGNATION:

ADDRESS:

**Note:**

1. This indemnity bond should be submitted on Rs.500/- Stamp Paper.
2. The bond is required to notarised.
3. Proprietors /Partners / Directors / Authorised Signatory have/has to sign the bond alongwith their name and residential address. In case the bond is signed by authorized signatory, copy of power of attorney in favour of authorized signatory needs to be enclosed.





Annexure - C

- Reimbursement Claim Form under Jammu and Kashmir Reimbursement of Taxes for encouraging large investments for setting up of prestigious projects in the State of Jammu and Kashmir
- 1 Name/Address of the Industrial Unit: .....
  - 2 GSTIN: .....
  - 3 Circle & Division in which Registered: .....

4	Period of claim	January-March	April-June	July-September	October-December
		5 Detail of Business Entity having multiple Business Premises (Needs to be filled in as per details mentioned in Para 3.6 of the Notification):			

S.No.	Period (Quarter)	GSTIN	Address of the Business Premises	Purchases related to Industrial Unit	Input Tax Credit claim for the Unit	Input Tax claim on Capital Goods		Supply made by the Unit		Net Tax Payable in Cash after adjustment of Input Tax Credit		Reimbursement Amount	
						Quantity	Value	Quantity	Value	Net Tax Payable in Cash after adjustment of Input Tax Credit	Reimbursement Amount (to be claimed)		

S.No.	Period (Quarter)	GSTIN	Address of the Business Premises	Purchases made by the supplying Unit (having same GSTIN)	Input Tax Credit claimed by the supplying Unit for supplies to the Industrial Unit	Supply made by the Unit		Net Tax Payable in Cash after adjustment of Input Tax Credit		Reimbursement Amount	
						Quantity	Value	Net Tax Payable in Cash after adjustment of Input Tax Credit	Reimbursement Amount (to be claimed)		

7 Detail of Business Entity making purchases partly from Composition Dealers/ Un-registered Persons (Details to be filled in as per Para 3.10 of the Notification):

S.No.	Period (Quarter)	GSTIN	Suppliers received by the Industrial Unit				Total	Input Tax Claimed	Supply made by the unit		Net Tax Payable in Cash after adjustment of Input Tax Credit	
			Registered Dealers	Un-registered Dealers	Composition Dealers	Total			Quantity	Value	Net Tax Payable in Cash after adjustment of Input Tax Credit	Reimbursement Amount (to be claimed)

Note: industrial units having turnover of more than rupees 1.5 crores shall file the details duly certified by Chartered Accountant

I hereby certify that the claim Form submitted by the undersigned for an Amount of Rs. .... for the period ..... is true and correct. The figures mentioned in Place: .....

Dated: .....

Signature: .....

Name: .....

Status: .....

Seal: .....