

**No. D-5/2/2010 -SEZ**  
Government of India  
Ministry of Commerce and Industry  
Department of Commerce  
(SEZ Division)

Udyog Bhawan, New Delhi  
Dated the 28<sup>th</sup> October, 2010

To

The Development Commissioners of all SEZs

**Subject: Transfer of used Capital Goods by SEZ units.**

Sir,

Department of Commerce has been receiving a number of representations especially from IT/ITES SEZ units about their requests for transfer of capital goods from their STPI units to their newly formed SEZ units. In one case, the DC concerned permitted the transfer subject to no income tax benefits being availed by the SEZ unit, permitted the STPI unit debond and issued the requisite sanction for transfer of the goods from STPI to SEZ. After nearly five months of the issuance of the LOA, the permission sanctioned to the SEZ unit was cancelled on the ground that such a transfer is not permitted. In other cases, the request for transfer was not approved.

2. In this connection, it may be mentioned that there are no provisions in the SEZ Act / Rules preventing such a transfer of goods. The only deterrent for transfer of such goods is not getting the exemption under the Income Tax Act when the value of the used goods exceed 20% of the total capital goods installed by the unit in a year. Instruction No. 11 is reiterated wherein detailed guidelines have been prescribed for transferring of used/second hand capital goods from DTA including from an EOU/EHTP/STP/BTP unit. It is requested that all the DCs may kindly follow the instruction prescribed in this regard. If DCs have any doubts, they should refer the cases to DOC but they should not take unilateral decisions.

Yours faithfully

**(G Muthuraja)**  
Under Secretary to Government of India  
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