



# EXPORT PROMOTION COUNCIL FOR EOUs AND SEZs

(Setup by Ministry of Commerce and Industry, Government of India)

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**Circular No 468**

Dated 21.06.2024

**Dear Member,**

Various IT/ITES Developers had requested that they should be allowed to procure/import solar panels with fiscal benefits (primarily meaning duty free import and procurement from DTA without payment of GST (zero rated)) for installing them in their buildings to provide powersupply to common areas of SEZs. Similar demand was there from SEZ Units fortheir captive consumption.

There was confusion in this regard in the SEZ power guidelines dated 16.2.2016 as amended on 28.1.2019 and 7.6.2021.

As per the existing provisions, for IT/ITESSEZ Developers, it was stated that developers can set up in processing area asa unit with fiscal benefits under Section 26 of the SEZ Act with NFE obligation. It is difficult for SEZ developers to operate as unit with NFE obligation. At the same time municipal/development authorities have made it mandatory to have solar power plants before they commence their operations. Hence, SEZ developers were facing problems.

Similarly, SEZ Units were also not allowed fiscal benefits for setting up of solar power plant for their captive use. EPCES had taken up this matter with Department of Commerce, Ministry of Power and Directorate General of Export Promotion, CBIC.

Now, Department of Commerce have issued clarification vide letter dated 7.3.2024 (copy attached) regarding SEZ Units that duty benefits under Section 26 of SEZ Act 2005 are allowed to the SEZ units for installation and O&M of renewable energy equipment exclusively for captive consumption.

Further, vide Instruction No 116 dated 21.6.2024 (copy attached) from Department of Commerce, Development Commissioner have been directed to consider requests from Developers/Co-developers in termsof Para1(i) of the power guidelines dated 16.2.2016 which means that SEZ developer can set up non-conventional power plant as part of infrastructure with fiscal benefits for its initial setting up. No fiscal benefit will be available for its O&M.

Thus, SEZ developers as well as SEZ units can set up solar power plant with fiscal benefits.

Sincerely,  
**EPCES**