

Cabinet gives approval for tax subsidy to two private firms

TIMES NEWS NETWORK

Lucknow: The state cabinet has cleared a long pending proposal to release dues under the Infrastructure and Industrial Investment Policy-2012, providing massive relief to Samsung India Electronics Pvt Ltd and LG India Electronics Pvt Ltd.

With the cabinet having accepted the recommendations of the empowered committee, Samsung will get Rs 1,751 crore over the next 8-10 years.

Out of that, Rs 300 crore will be paid as dues from 2018 to June 2022 which is expected to be cleared within the next two weeks. The remaining Rs 1,400 crore will be paid over the next 8 to 10 years, with a cap of Rs 182 crore a year.

"The cabinet on Tuesday accepted the recommendations of the empowered committee with regard to subsidies and provisions to

be issued to them on a case to case basis as per government orders dated May 12, 2016 and December 14, 2020 respectively. When the letter of comfort was issued to the two companies, VAT was in place and subsequently replaced by GST, to study the implications of which the empowered committee was set up," said Manoj Kumar Singh, IIDC.

An official said that due to certain technical issues over the change from VAT to GST, the subsidies promised to the companies had been on hold since 2018.

With both Samsung and LG being two highly regarded international brands and UP trying to establish an image of an investor friendly state with ease of doing business, the matter required urgent attention, the official said.

"A formula has finally been arrived at for issuing the subsidy to the two compa-

es. Samsung has invested more than Rs 5,000 crore in UP to establish a facility in Noida where more than 12 crore mobile phones will be manufactured annually. This is the world's largest mobile manufacturing facility. With an annual turnover of Rs 62,000 crore, the company is providing direct and indirect employment to 10,000 people," the official said.

On the other hand, LG has invested Rs 500 crore for manufacturing of white goods.

The official said that as per the last letter of comfort issued to Samsung, it was entitled to get 100% subsidy on VAT/CST and GST up to a maximum of 100% of its capital expenditure, for 15 years. On the other hand, LG was entitled to 80% subsidy on VAT/CST and GST, up to a maximum of 100% capital expenditure, for a period of 10 years.