

Recommendations

1. *The MOC&I may prescribe measurable performance indicators in line with the objectives and functions of the SEZs so that the real socio-economic benefits accrue for citizens and the States.*

(Paragraph 2.5)

2. *The SEZ policy and procedures need to be integrated with the Sectoral and State policies with the involvement of the unique advantageous points therein.*

(Paragraph 3.1)

3. *MOC&I may consider prescribing time limits for each stage of the SEZ life cycle for benchmarking purposes.*

(Paragraph 3.3)

4. *MOC&I may consider introducing a suitable mechanism to monitor non-operational SEZ units.*

(Paragraph 3.12)

5. *MOC&I may review the SEZ policy and procedures regarding developers seeking vast tracts of land from the government in the name of SEZs and putting only a fraction of it for notification as SEZ.*

(Paragraph 4.5)

6. *DoR may like to visit the Income Tax Act, 1961 and Wealth Tax 1957 in view of the:*

- I. Need for timely remittance of foreign currency remittances which was not provided for under section 10AA as in the case of Sections 10A, 10B, and Section 10BA;*
- II. Section 10A/10AA/10B/10BA of the Income Tax which does not define the terms 'profits of the business', 'total turnover of the business', thereby assesseees get an opportunity to tweak their 'profits of the business' and 'total turnover of the business' according to their suitability which is resulting in incorrect claim of exemptions;*
- III. Misuse of Section 2(ea) of Wealth Tax Act 1957 where asset, inter alia, includes Land held by the assessee as stock-in-trade for a period of 10 years from date of acquisition; and*

IV. *Impact of levy of DDT and MAT in SEZs vis-a-vis DTA units based on an empirical study.*

(Paragraph 5.5)

7. *MOC&I may review the arrangements in place for Service Tax administration as there was no mechanism for capturing, accounting, and monitoring of ST forgone by DC or the jurisdictional ST Commissionerates.*

(Paragraph 5.11)

8. *MOC&I may consider recovering duty forgone on inputs utilised for manufacture of finished products, on clearance of such exempted goods in DTA, as is done in the case of EOUs.*

(Paragraph 5.17)

9. *In addition to specific monitoring measures, internal audit needs to be conducted and internal controls both in the manual and online system need to be strengthened while retaining the strategic control of the SEZs database management system with MOC&I.*

(Paragraph 6.4)