

EXTRACT OF SECTION 29 OF THE SIE ACT 2001

No Land Conversion Tax shall be payable where an application is granted:-

1. (a) for the purpose of:-
 - (i) an approved housing scheme in favour of workers employed by an employer who owns a sugar factory or more than 42.2088 hectares (100 arpents) of agricultural land under sugar cane cultivation;
 - (ii) an approved housing scheme in favour of employees having voluntarily terminated their contract of employment in the context of a factory closure, pursuant to section 24 of the Cane Planters and Millers Arbitration and Control Board Act, or the VRS, pursuant to section 23;
 - (iii) an approved housing scheme operated by the National Housing Development Company;
 - (iv) [Repealed 21/06]
 - (v) putting up, for the applicant's own occupation, a residential building on a plot of land of an extent not exceeding 450 square metres;
 - (vi) the construction of industrial estates, business parks and shopping malls by the holder of a registration certificate issued by the Board of Investment;
 - (vii) the construction of Information Technology Parks by the holder of a registration certificate issued by the Board of Investment;
 - (viii) the construction of hotels or the setting up of a golf course or other touristic facilities or installations by the holder of a registration certificate issued by the Board of Investment;
 - (ix) the establishment of facilities related to biotechnological development approved by the relevant Ministry;
 - (x) the relocation, expansion or setting up of an industrial enterprise by the holder of a registration certificate issued by the Board of Investment or the Small Enterprises and Handicraft Development Authority established under the Small Enterprises and Handicraft Development Authority Act 2005, as the case may be;

- (xi) the setting up of an agro-based activity;
 - (xii) the construction of buildings for the provision of preprimary, primary, secondary or tertiary education, as may be approved by the Minister to whom responsibility for the subject of education is assigned or by the Tertiary Education Commission established under the Tertiary Education Commission Act 1988, as the case may be;
 - (xiii) the setting up of a health institution by a holder of a registration certificate issued by the Board of Investment;
 - (xiv) the establishment of facilities by a holder of a human resource development certificate;
 - (xv) the setting up of a power station with a rated capacity of 15 megawatt or more using bagasse or other complementary combustibles for the supply of firm electrical power;
- (b) where the Minister is satisfied that the conversion is for the benefit of the community and the application is not in respect of a profit-making venture;
- (c) where the applicant undertakes-
- (i) to sell, within a period of one year after the application is granted, such percentage of the total area of agricultural land to be converted, as may be determined by the committee, to specified workers of the sugar industry at such concessionary or nominal rates, as may be determined by the committee, and ploughs back at least 50 per cent of the proceeds arising from the conversions to sugar production or diversification within sugar;
 - (ii) to use the proceeds arising from the conversion for any expenditure effected in relation to a factory closure -
 - (A) in compliance with the conditions imposed under section 24 of the Cane Planters and Millers Arbitration and Control Board Act; or
 - (B) for the upgrading or modernisation of the factory or factories receiving sugar canes in the context of such closure,

and undertakes in respect of subparagraph (i) or (ii) through sugarcane cultivation or milling, as the case may be, to produce sugar of a quantity which is at least equivalent to that foregone through the conversion;

- (d) where the applicant undertakes to use the proceeds arising from the conversion for any expenditure effected in relation to the VRS under section 23 or the ERS under Section 23A;
- (e) [Repealed 3/07]
- (f) where the applicant submits evidence to the effect that the proceeds arising from the conversion do not exceed 40 per cent of any expenditure incurred for the production of fuel ethanol, alcohols or high value added rum;
- (g) where the applicant, being a planter registered with the Sugar Insurance Fund as at 31 May 1999, undertakes to convert land, of an extent not exceeding 0.4221 hectare (1 arpent) in not more than one single plot;
- (h) where the land to be converted is the subject of a donation by an ascendant to a descendant, provided that the total extent of the land to be transferred does not exceed one hectare; or
- (i) where the applicant, being a planter owner of an extent of land not exceeding 4.221 hectares (10 arpents) and in respect of which a declaration under section 40 of the Sugar Insurance Fund Act is made, converts land of an extent not exceeding one hectare (2.3696 arpents), being:
 - (a) land in areas where, in accordance with strategic and detailed development policies of the relevant outline scheme or development plan, as the case may be, development is permissible; and
 - (b) land other than land within an irrigation area.

(1A) For the purposes of subsection (1)(c)(ii), (d) and (f), an applicant shall be deemed to be entitled to exemption from land conversion tax in respect of the conversion of one hectare of land for every 3.5 million rupees of expenditure referred to in this section.