

Japanese drugmaker Eisai wants MAT exemption in SEZ

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Japan's leading drugmaker Eisai Co Ltd is the latest among companies seeking exemption from minimum alternate tax (MAT) for facilities located in special economic zones (SEZs).

In a recent letter addressed to Prime Minister Manmohan Singh, Eisai has said the sudden imposition of MAT on SEZ units has affected the company's financials. The move also impacts its programme to supply certain free medicines to a public health programme run by the World Health

Organisation (WHO).

"The sudden change in tax policy has not only affected Eisai financially, it has also jeopardised our global commitment to provide free of cost diethyl-carbamazine tablets being produced at our Vizag plant, for use in a WHO programme to eliminate lymphatic filariasis," the letter, signed by Eisai Co's President and Chief Executive Haruo Naito, said.

Business Standard has reviewed the letter, which is also copied to Minister for External Affairs Salman Khurshid.

The proposal to impose 18.5 per cent MAT on the profits of both, SEZ developers and facil-

ities located in these regions was announced by the then finance minister Pranab Mukherjee while presenting the budget for 2011-2012. It came into effect from April 2012 amidst severe protest from SEZ developers and units.

Prior to this, SEZ developers and units were exempted from MAT by the SEZ Act of 2005. Even as recently as last year, the Karnataka High Court upheld the government's decision to impose MAT, brushing aside petitions filed by many domestic companies such as MindTree, Biocon, Opto Circuits, Opto Infrastructure and Primal Projects.



POLICY MATTERS

- Eisai has said the sudden imposition of MAT on SEZ units has affected the company's financials and its scheme to supply certain free medicines to a public health programme run by the WHO

Policy.