Japanese drugmaker Eisai wants MAT exemption in SEZ

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 Organization (WHO).

"The sudden change in tax policy has not only affected Eisai financially, it has also jeopardized our global commitment to provide free of cost diabetes medication being produced at our Vijayawada facility," the letter, signed by Eisai's COO and Chief Executive Officer Naoto Nami, said.

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

The proposal to impose 15 per cent MAT on the profits of both SEZ developers and facilities 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.

To tide 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 MifeTree, Bioca, Opto Circuits, Opto Infrastructure and Primal Pharma.

Policy

* 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.