

Incentives/Concessions Available for Hotel Industry in Rajasthan

(A) Incentive/ Concessions Offered by State Government

1. Remission in Stamp Duty:

Exemption of 50% of Stamp Duty to new Hotel Units in urban area and 100% in rural areas subject to the condition that a minimum investment of of Rs. 1 Crore is made and the unit starts functioning between 1.4.2000 and 31.12.2001.

2. Remission in Land Building Tax:

100% exemption in Land & Building Tax is available subject to the condition that a minimum investment of of Rs. 1 Crore is made and the unit starts functioning between 1.4.2000 and 31.12.2001.

3. Exemption in Luxury Tax:

50% exemption to new units in urban areas and 100% in rural areas subject to the condition that a minimum investment of of Rs. 1 Crore is made and the unit starts functioning between 1.4.2000 and 31.12.2001.

4. Simplification of Land Conversion Rules for Establishment of Tourism Units:

1. In urban areas conversion of land for establishment of tourism units is being done at the rates applicable to industrial units as per the provisions of Rajasthan Land Revenue (Industrial Area Allotment) Rules, 1959.

2. In rural areas also conversion of land for establishment of tourism units is being done at the rates applicable to industrial units at nominal rate of Re.1/- per sq. mtr., as per the provisions of Rajasthan Land Revenue (Conversion of Agriculture Land for Non Agriculture purposes in Rural Areas) Rules, 1992.

3. In rural areas no land conversion charges are taken for heritage hotel units and in urban areas conversion charges are levied as per area built up for heritage hotel units.

5. Concessions in Bar License Fees to Heritage hotels will be available as per the provisions of State Excise Policy.

6. Luxury Tax:

Hotel room tariff slab limit has been increased from Rs. 750/- to Rs. 1000/-. 50% rebate in luxury tax would be available in off-season (April to July) period.

7. Interest Subsidy:

Interest subsidy @2% will also be available to tourism units on the capital investment of Rs. 60 lacs as is given to industrial units on the condition that at least 50% of the unskilled work force will be employed from local people.

8. D.G. Set Subsidy:

D.G. set-subsidy as admissible to industrial units @25% of purchase value subject to maximum of Rs. 2.50 lacs would also be available to tourism units established in rural areas.

9. Promotion of Film Shooting in Rajasthan:

Films are exempted from entertainment tax to the extent of 100% for a period of one year from the date of exhibition if film's 75% part is picturised in Rajasthan with 'U' Certificate from Sensor Board.

10. Promotion of Multiplexes and Drive-in-Cinema Theaters:

New Multiplexes and Drive-in-Cinema's would be exempted from entertainment taxes to the extent of 75% in first year; 50% in the second year and 25% in third year from the date of commercial operation.

11. Encouragement of Tourism Units established in rural areas:

1. No conversion fees will be charged on plot size upto 2000 sq.mtrs.
2. Allotment of Government land upto 4 bighas will be done at 25% of the reserved price of agriculture land subject to the condition that 100% unskilled work force is employed from local people and area.

(B) Incentive/ Concessions Offered by Central Government

1. Extension of Loans:

Tourism Finance Corporation of India (TFCI) extends loans of Rs.3 Crore and above for establishment of Hotel Units.

2. Interest Subsidy:

Ministry of Tourism extends interest subsidy of 3% on loans obtained from financial institutions. For units established in Jaisalmer, Jodhpur, Bikaner & Barmer interest subsidy of 5% is available.

3. Relief in Income Tax:

a. Exemption under 80 HHD:

50% of earnings derived from foreign exchange by Hotel units/ travel agents & Tour Operators is exemption under this section of IT Act, 1962.

b. Relief Under Section 80 IB:

Units established in rural areas, hilly areas, pilgrimage places and places notified as important for development tourism can avail of deduction of 50% in their profits under this section. At present this relief is available up to 31.3.2001.