Handbook
on
Foreign Trade Policy-Incentives, Schemes & Related FAQ

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi
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Foreword

Foreign Trade is a vital sector of a country's national economy and contributes substantially to the economic welfare of the people and the development of resources. Today no country in the world is self-sufficient in the sense that it does not possess facilities for economical production of all the goods and services that are consumed by its people. Probably, no country can produce all the goods that it needs. Therefore, there is need to trade with others. Developing countries need more goods to address the need of a rapidly growing population. Exports can be a leading sector in growth. Therefore, the Government through the implementation of its Foreign Trade Policy (FTP) seeks to promote the export of goods and services, generating employment and increasing value addition in the country.

I am happy to note that the GST & Indirect Taxes Committee of ICAI has now taken an initiative to issue a series of Handbooks covering various aspects of Indirect Taxes especially GST and in that series it is bringing out this Handbook on Foreign Trade Policy-Incentives, Schemes & Related FAQ. This Handbook gives a complete insight on the Foreign Trade Policy and procedures for the period 2015-20 which have been extended up to 31 March 2021. It not only details the policy of the Union Government on extending so many export remission and incentive schemes but also guides even Start-up on how to avail various export benefits and compete in the international trade. The Handbook also covers the extension of due dates of Duty Credit Scrips, AEO License, Duty payment scrips, validity of extension of RCMC, Introduction of new rebate scheme for exporters of made-ups and Garments (RoSCTL) and much more.

I congratulate CA. Rajendra Kumar P, Chairman, CA. Sushil Kumar Goyal, Vice-Chairman and other members of GST & Indirect Taxes Committee for coming out with this Handbook and for taking active steps in providing regular guidance to the members and all other stakeholders.

I am sure that the Members will find this publication very useful in discharging their duties and responsibilities in an efficient and more effective manner.

CA. Atul Kumar Gupta
President, ICAI

Date: 14th August, 2020

Place: New Delhi
A stable and trade promoting foreign trade policy brings many distinct benefits, viz., greater utilisation of resources, larger employment opportunities, more foreign exchange, etc. Foreign trade also facilitates the dissemination of technical knowledge, transmission of ideas, and import of know-how/skills, managerial talents, and entrepreneurship. In addition, foreign trade encourages movement of foreign capital. In totality, foreign trade can have a profound impact on the growth of an economy in terms of production, employment, technology, resource utilisation, and so on.

In order to facilitate an understanding of the Foreign Trade Policy of the government, the GST & Indirect Taxes Committee of ICAI has come out with this Handbook on Foreign Trade Policy-Incentives, Schemes & Related FAQ. The purpose of this Handbook is not to repeat the Foreign Trade Policy of the government, but to provide information about the variety of export incentive schemes available to exporters, how to claim such benefits and how a professional can advise the trade about the benefits of the scheme.

Export Trade is downside in most of the world countries due to spread of unprecedented pandemic Covid 19. This Handbook can give positive energy to export community, Start-ups in Export trade and through knowledge imparting professionals. This book is an excellent resource to Members of ICAI, Students, Tax policy consultants, Tutors, Educators, Trade and even enthusiasts.

We sincerely thank CA. Atul Kumar Gupta, President and CA. Nihar Niranjan Jambusaria, Vice-President, ICAI for their encouragement to the initiatives of the GST & Indirect Taxes Committee. We express our gratitude for the untiring effort of CA. Hans Raj Chugh who has shared his intellectual expertise and Shri A S Harihara Kumar for reviewing this publication. We place on record the services and unstinted support provided by the Secretariat of the Committee.

We trust this Handbook will be of practical use to all the members of the Institute and other stakeholders. We also welcome suggestions at
gst@icai.in and request you to visit our website https://idtc.icai.org and provide valuable inputs in our journey to make GST truly a good and simple tax.

CA. Rajendra Kumar P
Chairman
GST & Indirect Taxes Committee

CA. Sushil Kumar Goyal
Vice-Chairman
GST & Indirect Taxes Committee

Date: 14th August, 2020
Place: New Delhi
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Chapter 1

Foreign Trade Policy [FTP]

Foreign Trade Policy

The Central Government in exercise of the powers conferred under Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 formulated and announced, by notification in the Official Gazette, the foreign trade policy. Before the year 2004 foreign trade policy was known as EXIM Policy (Export-Import Policy). The Five-year Foreign Trade Policy (FTP) 2015-20, revamped on 1st April, 2015 provides a framework for promoting exports of goods and service from India.

Duration of FTP

The Foreign Trade Policy (FTP), 2015-2020, initially came into effect from the date of its notification namely 1st April, 2015 valid till 31st March 2020 but its applicability has been extended up to 31st March, 2021. All exports and imports made during this period shall, accordingly, be governed by this FTP.

Amendment to FTP

The Central Government is empowered to make amendments to the FTP, by means of notification, in public interest. Major amendments in FTP 2015-2020 are as under:


— Launched new DGFT platform and digital delivery of IEC related services. In the first phase, the website will be catering to the services related to the IEC issuance, modification, amendments etc. processes along with a Chatbot (a virtual assistant) catering to the queries of users.

— Other online modules relating to advance authorisation, EPCG, and exports obligation discharge which are part of next phase will be rolled
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out subsequently after the first phase stabilizes. Digital signature (DSC)/ Aadhaar based e-sign will be required for applying and modifying IEC or adding or updating the IEC-linked users.

— Any recognition which has extended the validity up to 31st March 2020 or original validity up to 29th June 2020 would be deemed to be valid up to 30th June 2020.

— Any person applying for any authorization to import/export or any benefit or concession under FTP is required to take a registration cum membership certificate (RCMC). In case the RCMC is expiring on or before 31st March 2020, the validity will be extended till 30th September 2020 to avail of any incentive/authorization.

— Status certificates issued under FTP 2015-20 shall be valid for a period of 5 years from the date on which application for recognition was filed or 31.03.2021 whichever is later.

— For all advance authorizations where the validity for import is expiring between the 01.02.2020 and 31.07.2020, the validity stands automatically extended by six months from the date of expiry. No separate amendment/endorsement is required on the authorization.

— For all advance authorizations where export obligation period is expiring between the 01.02.2020 and 31.07.2020, the export obligation period stands automatically extended by six months from the date of expiry. No separate application with composition fees for amendment is required for this purpose.

— All duty-free import authorization (transferable & non-transferable both DFIA) where the validity of import is expiring between 01.02.2020 and 31.07.2020 the validity stands automatically extended by further six months from the date of expiry.

— Certificate of installation of capital goods authorization holder is required to submit an installation certificate within six months from the date of completion of import. However, in case the period of six months expires between 1st February 2020 to 31st July 2020, the period for submission of installation certificate stood extended by further 6 months from the original due date.

— EPCG authorization shall be valid for import for 18 months from the date of the issue of EPCG authorization. “However, in cases where the validity expired between 01.02.2020 and 31.07.2020 the validity stands automatically extended by further six months from the date of expiry.
— If the export obligation period or extension in export obligation period is availed and it is expiring during the period from 01.02.2020 and 31.07.2020, such period is deemed to be automatically extended by a further period of six month from the date of such expiry.

— Extension in block-wise fulfillment of EO - if the block-wise export obligation period expired during 01.02.2020 and 31.07.2020, such period is deemed to be automatically extended by a further period of six months from the date of expiry.

— Letter of permissions/ letter of intents issued to EOU/EHTP/STP/BTP whose original or extended validity expired on or after 1st March 2020, may be deemed to be valid up to 31st December 2020.

— The imports or procurement from bonded warehouse in DTA or international exhibition held in India shall be without payment of integrated tax and compensation cess and such exemptions would be available up to 31.03.2021.

— Application(s) for the claim of TMA is required to be filed on a quarterly basis i.e. for the shipments made in a particular quarter. Application to avail such claims for the quarter ending 31st March 2019 and 30th June 2019 may now be filed up to 30th September 2020.

Whenever, Government brings out a policy change by way of amendment, the change will be applicable prospectively (from the date of Notification) unless otherwise provided for.

**Chapters of FTP**

FTP is divided in nine Chapters as under

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter-1</td>
<td>Legal framework and trade facilitation</td>
</tr>
<tr>
<td>Chapter-2</td>
<td>General provisions regarding imports and exports</td>
</tr>
<tr>
<td>Chapter-3</td>
<td>Exports from India Schemes</td>
</tr>
<tr>
<td>Chapter-4</td>
<td>Duty Exemption Remission Schemes</td>
</tr>
<tr>
<td>Chapter-5</td>
<td>Export Promotion Capital Goods (EPCG) Scheme</td>
</tr>
<tr>
<td>Chapter-6</td>
<td>Export Oriented Units (EOUs), Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs)</td>
</tr>
<tr>
<td>Chapter</td>
<td>Details</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7</td>
<td>Deemed Exports</td>
</tr>
<tr>
<td>7A</td>
<td>Transport and Marketing Assistance (TMA) for specified agriculture products</td>
</tr>
<tr>
<td>8</td>
<td>Quality complaints and trade disputes</td>
</tr>
<tr>
<td>9</td>
<td>Definitions</td>
</tr>
</tbody>
</table>

**Hand Book of Procedures (HBP) and Appendices & Aayat Niryat Forms (AANF)**

For purposes of implementing provisions of FT (D&R) Act, the Rules and the Orders made thereunder and provisions of FTP, the Director General of Foreign Trade (DGFT) by means of a public notice, notify in the Hand Book of Procedures, the simple, transparent and compatible procedures which are user friendly and are easy to comply and to be followed by-

- an exporter/importer or
- any Licensing/Regional Authority or
- any other authority such as Customs etc.

The procedures are contained in the following documents:-

(a) Hand Book of Procedures  
(b) Appendices & Aayat Niryat Forms  
(c) Standard Input Output Norms (SION)

**Notification of Procedure**

Hand book of procedures of Foreign Trade Policy 2015-20 were notified vide:  

- Public Notice No 01/2015-20 dated 01.04.2015  
### Comparison of FTP & HBP

<table>
<thead>
<tr>
<th>Basis</th>
<th>FTP</th>
<th>HBP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issued by</td>
<td>Central Government</td>
<td>DGFT</td>
</tr>
<tr>
<td>Mode</td>
<td>By Notification</td>
<td>By Public Notice</td>
</tr>
<tr>
<td>Power of formulation</td>
<td>Under FTDR Act</td>
<td>Under FTP</td>
</tr>
<tr>
<td>Supremacy</td>
<td>FTP prevails over Procedure in case of contradiction.</td>
<td>Procedure cannot override the policy.</td>
</tr>
</tbody>
</table>

**Chapter of HBP:** Same as FTP
Chapter 2

Exports from India Schemes

Introduction

Export from India Schemes are post export reward schemes and consists of (i) ‘Merchandise Exports from India Scheme (MEIS) for reward on export of notified goods’ and (ii) ‘Services Exports from India Scheme (SEIS) for reward on export of notified services’.

Merchandise Exports from India Scheme (MEIS)

Under Merchandise Exports from India Scheme incentives in the form of duty credit scrip is available at the rate of 2, 3, 5, 7, 10 and 20% of the FOB value of exports of notified goods. Rate of reward is varying and is ITC [HS] code specific. MEIS reward is calculated on realized FOB value of exports or on FOB value of exports as given in the shipping bills whichever is less. Eligible goods and rate of reward are notified in Appendix-3B. MEIS Duty credit scrip is freely transferable in open market for cash.

Eligibility

Eligible goods on which MEIS is available are notified in Appendix-3B and all mode of export such as Sea/Air/Road/Courier/Foreign Post office are eligible for reward. However, in case of export through foreign post or courier if, the value of exports is more than Rs 5,00,000 per consignment then MEIS reward would be calculated on the basis of FOB value of Rs 5,00,000 only.

Ineligible Categories

Following exports categories/sectors are ineligible for duty credit scrip entitlement under MEIS:

- Supplies made from domestic tariff area (DTA) units to special economic zone (SEZ) units.
- Export of imported goods as such.
- Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India.
Exports from India Schemes

- Deemed Exports
- SEZ/ EOU/ EHTP/ BTP/ FTWZ products exported through DTA units
- Export products which are subject to minimum export price or export duty.
- Exports made by unit in FTWZ

Claim Procedure

Online application, using digital signature, on DGFT website in Form ANF 3A (ANF 3D in case of export through courier/post) shall be made to the jurisdictional regional authority. An application may consist maximum of 50 shipping bill & clubbing of shipping bill of different port is allowed. However, separate application has to be submitted manually for each port of export in case of export through courier.

Applications for export of goods through courier or foreign post offices using e-commerce shall be filed online, using digital signature, in Form ANF 3D by exporter.

- Application for obtaining duty credit scrip under MEIS shall be filed within a period of:
  (i) Twelve months from the 'let export' (LEO) date or
  (ii) Three months from the date of:
    (1) Uploading of EDI shipping bills onto the DGFT server by Customs.
    (2) Printing/ release of shipping bills for non-EDI shipping bills.
    whichever is later, in respect of shipments for which claim is being filed.

Jurisdictional Regional Authority for MEIS

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Units</th>
<th>Jurisdictional RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Importer Exporter Code (IEC) Holders having units in DTAs/ EHTPs/ BTPs STPs or</td>
<td>Jurisdictional RA of DGFT as in Appendix 1A</td>
</tr>
</tbody>
</table>
more than one of these.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii)</td>
<td>IEC holders having units in SEZs/EOUs or both.</td>
</tr>
<tr>
<td>(iii)</td>
<td>IEC holders having units both in (i) and (ii) above</td>
</tr>
</tbody>
</table>

**MEIS Miscellaneous Provision**

No MEIS benefits shall be available for items exported under Chapters 61, 62 and 63 (apparel and made up sector) of Customs Tariff for export made with effect from 07.03.2019. On export of these items Rebate of State & Central Taxes and Levies (RoSCTL) Scheme is applied instead of MEIS.

**Services Exports from India Scheme (SEIS)**

Incentive in the form of duty credit scrip is available at 5% or 7% of net foreign exchange earned from export of services. Rate of reward is varying and is service specific. Reward is calculated on net foreign exchange earned [earning in foreign currency less expenses in foreign currency] during the financial year. Eligible services and rate of reward are notified in Appendix-3D. SEIS duty credit scrip is freely transferable in open market for cash.

**Eligibility**

The Service provider is eligible for reward under SEIS if the following conditions are satisfied:

(a) Exported services are notified services in Appendix 3D

(b) As per FTP, services must be rendered in the following mode:

(i) Supply of a ‘service’ from India to any other country;

(ii) Supply of a ‘service’ from India to service consumer(s) of any other country in India.
(c) Services providers

(i) should be located in India.

(ii) should have an active IEC at the time of rendering such services for which rewards are claimed.

(iii) should have minimum net free foreign exchange earnings of US$15,000 in the year of rendering the service. For individual service providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US$10,000 in the year of rendering service.

[Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses/ payment/ remittances of foreign exchange by the IEC holder, relating to service sector in the financial year]

Payment in Indian Rupees for service charges earned on services specified in Appendix 3E, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India.

Free foreign exchange earned through international credit cards and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports.

Ineligible Categories

Foreign exchange remittances other than those earned for rendering of notified services in Appendix-3D would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as following earnings or remittances would be ineligible under SEIS.

- Equity
- Debt participation
- Foreign currency loans
- Donations
- Receipts of repayment of loans etc.
- Any other inflow of foreign exchange, unrelated to rendering of service
- Services rendered through commercial presence in any other country.
- Services rendered through the presence of natural persons in any other country.
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- Payment for services received from EEFC account.
- Services providers in telecom sector.

**Claim Procedure**

Single online application using digital signature on the DGFT website on annual basis in Form ANF-3B shall be made along with Chartered Accountants Certificate in the format specified in Annexure thereof for a financial year.

For SEIS, the last date for filing application shall be 12 months from the end of relevant financial year of claim period.

**Jurisdiction for SEIS (Single Application on Annual Basis)**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Units</th>
<th>Jurisdictional RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(i)</td>
<td>IEC holders having units only in DTAs</td>
<td>Jurisdictional RA of DGFT as in Appendix 1A</td>
</tr>
<tr>
<td>(ii)</td>
<td>IEC holders having units only in SEZs</td>
<td>Respective Development Commissioner of Special Economic Zones (SEZs) as in Appendix 1A</td>
</tr>
<tr>
<td>(iii)</td>
<td>IEC holders having units in Multiple SEZs</td>
<td>Single application for all units to the Development Commissioner of the SEZ where it has achieved highest forex earnings</td>
</tr>
<tr>
<td>(iv)</td>
<td>IEC holders having units both in DTA and SEZs</td>
<td>Single application for all units to the Jurisdictional RA of DGFT as given in Appendix 1A</td>
</tr>
</tbody>
</table>

**Services rendered from 01.04.2019 to 31.03.2020**

Notification No.57/2015-20 dated 31st March, 2020 read with Public notice no.67/2015-20 dated 31st March, 2020. Services categories eligible under the SEIS scheme and the rate of reward on such services rendered shall be notified in Appendix-3X.
The current position on year to year basis is summarized as under after the amendments/ changes made relating to SEIS vide Notification No.57/2015-20 dated 31st March, 2020 & Public notice no.67/2015-20 dated 31st March, 2020 given hereunder:-

<table>
<thead>
<tr>
<th>Claim for the services rendered</th>
<th>Date of filing of the Application</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 1(^{st}) April, 2020 to 31(^{st}) March 21</td>
<td>• Decision on the continuation of the scheme is yet to be taken by the Government and to be notified accordingly.</td>
</tr>
</tbody>
</table>
| From 1\(^{st}\) April 2019 to 31\(^{st}\) March 2020 | • Services categories eligible under the SEIS scheme and the rate of reward on such services rendered shall be notified in Appendix-3X.  
  • Last date for filing application shall be 12 months from the end of relevant financial year of claim period. (i.e. 31\(^{st}\) March 2020).  
  • After that late cut shall be applicable as per Para 9.02 of HBP. |
| From 1\(^{st}\) April 2018 to 31\(^{st}\) March 2019 | • Last date for filing SEIS applications shall be 31.12.2020.  
  • After that late cut shall be applicable as per Para 9.02. |
| From 1\(^{st}\) April, 2017 to 31\(^{st}\) March, 2018 | For services rendered in FY 2017-18, 5% late cut as was applicable till 31.03.2020, shall continue to be applicable for application submitted till 30.06.2020 and thereafter 10% late cut would be applicable for application submitted till 31.03.2021 and after that it would become time barred. [Public Notice No 08/2015-20 dated 01\(^{st}\) June 2020] |

Nature and use of Duty Credit Scrip as rewards -  
Similar provision in MEIS & SEIS

- Duty credit scrips is granted as rewards under MEIS and SEIS. MEIS or SEIS duty credit scrips and goods imported/ domestically procured against them is freely transferable in open market for cash. The duty credit scrips can be used for:
Handbook on Foreign Trade Policy - Incentives, Schemes …

- Payment of basic customs duty
- Additional customs duty namely CVD-Excise, CVD-Raw Material, CVD-VAT/Local tax (goods not under GST).
- Central excise duties on domestic procurement of inputs or goods (goods not under GST).
- Custom duties in case of EO defaults under advance authorization.
- Custom duties in case of EO defaults under export promotion of capital goods.
- Composition fee under FTP
- Application fee under FTP

- However, penalty/interest shall be required to be paid in cash. In other words, duty credit scrip under MEIS & SEIS cannot be used for payment of penalty and interest.

Remittances through Credit Card and other instruments for MEIS and SEIS

[Similar provision under MEIS & SEIS]

- Free foreign exchange earned through international credit cards and other instruments, as permitted by RBI eligible for reward under MEIS & SEIS.
- Payment through ECGC cover would be counted for benefits under MEIS & SEIS.
- Amount of insurance cover for transit loss by general insurance and private approved insurance companies in India would be treated as payment realized for exports under various export promotion scheme.
- Duty credit scrip issued on or after 01.01.2016 under Chapter 3 shall be valid for a period of 24 months from the date of issue and must be valid on the date on which actual debit of duty is made.
- Revalidation of freely transferable duty credit scrips shall not be permitted unless the validity has expired while in custody of Customs Authority/ RA/ Government Authority.
• On request, split certificates of duty credit scrip subject to a minimum of Rs. 5 Lakh each and multiples thereof, may also be issued, at the time of application.

FAQs on MEIS & SEIS

1. **Whether sale of MEIS & SEIS is taxable under GST.**
   
   **Ans.** No, sale of MEIS and SEIS is exempt under GST vide Notification No. 35/2017-Central Tax (Rate) dated 13th October, 2017.

2. **Whether duty credit scrip is goods or service and what is the HSN/SAC of MEIS/SEIS duty credit scrip under GST.**
   
   **Ans.** Duty credit scrip is goods and not service and HSN is ‘4907’.

3. **What is the frequency (monthly/ quarterly/ annual) of application for MEIS/SEIS reward.**
   
   **Ans.** Application for reward under SEIS is to be filed on annual basis.

   Application for reward under MEIS can be filed at any time once the export proceed is realized, MEIS can be filed even for single shipping bill but a maximum for 50 shipping bill in one application is permissible.

4. **Whether Chartered Accountants certificate is mandatory for MEIS & SEIS application.**
   
   **Ans.** No, Chartered Accountants certificate is not required for MEIS application but it is mandatory for SEIS application.

5. **A company is engaged in export of services during the year 2018-2019 and applied for reward under SEIS. However inadvertently while filling the application few invoices were left to be included in the earnings. Whether supplementary claims can be filed for SEIS for such left out invoices.**
   
   **Ans.** No. Supplementary claim is dealt with under Para 9.03 of the HBP as amended vide Public Notice No. 6/2015-20 dated 28th June 2018. As per this public notice no supplementary claim is allowed for Export from India Scheme (Chapter-3) i.e for MEIS & SEIS.

6. **Whether the amount realized in Indian rupees allowed for incentive under SEIS.**
   
   **Ans.** Payment realized in Indian Rupees towards service charges earned on specified services mentioned in Appendix 3E, shall be treated as
receipt in deemed foreign exchange. Hence realization in Indian Rupees for services specified in Appendix-3E only is eligible for SEIS reward.

7. **Whether export of imported good as such without any processing is eligible for MEIS reward.**

**Ans.** No. Goods must have originated in India for MEIS reward.

8. **Whether services rendered through an establishment or branch or a natural person outside India is eligible for SEIS.**

**Ans.** No, only the services rendered in the manner specified in Para 9.51 (i) or 9.51(ii) is eligible and services provided through commercial presence or presence of natural person outside India are not eligible.

9. **Whether the revenue is to be recognized in books of accounts in the year of export or in the year of receipt of the MEIS/ SEIS authorization.**

**Ans.** As per the Expert Advisory Committee of ICAI the revenue is to be recognized when duty credit is specified as a percentage of the FOB value of the export made and is freely transferable. Thus, the Committee is of the view that the credit should be recognized in the statement of profit and loss of the year in which the export was made.

10. **Can we today process our SEIS Claims for previous financial years.**

**Ans.** Yes. SEIS application for previous years can be filed, subject to certain limitations and late cut applicability.

11. **How do we file our SEIS application, if we render multiple services.**

**Ans.** Form ANF 3B seeks “service category information” from the exporter. Therefore, the exporter needs to classify the eligible services as per Appendix 3D and claim the incentive accordingly.

12. **I have billed my clients and rendered the services. However, the foreign exchange earnings have not been received.**

**Ans.** The SEIS incentives will be issued only on the amount which has been realized against the services rendered.

13. **Is SEPC RCMC compulsory.**
Exports from India Schemes

Ans. If you are a service provider and want to avail SEIS incentives, then SEPC RCMC is compulsory. If you are manufacturer and a service provider, then RCMC needs to be availed from the relevant Export Promotion Council, which is connected to your main line of business.

14. How much time does the Department take to process the SEIS Claims.

Ans. As per Foreign Trade Procedures, the claims should be disposed of within 3 working days. However, in case there are any deficiencies/discrepancies in the file, then the process may take longer time.

Appendix-3D : Notified Services under Services Exports from India Scheme (SEIS)

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Sectors</th>
<th>CPC</th>
<th>Percent of incentive from 1.11.2017 onwards</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Business Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>A. Professional services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>a. Legal Services</td>
<td>861</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>b. Accounting, auditing and book-keeping services</td>
<td>862</td>
<td>7</td>
</tr>
<tr>
<td>5</td>
<td>c. Taxation services</td>
<td>863</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>d. Architectural services</td>
<td>8671</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>e. Engineering services</td>
<td>8672</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>f. Integrated engineering services</td>
<td>8673</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td>g. Urban planning and landscape architectural services</td>
<td>8674</td>
<td>7</td>
</tr>
<tr>
<td>10</td>
<td>h. Medical and dental services</td>
<td>9312</td>
<td>7</td>
</tr>
<tr>
<td>11</td>
<td>i. Veterinary services</td>
<td>932</td>
<td>7</td>
</tr>
<tr>
<td>12</td>
<td>j. Services provided by midwives, nurses, physiotherapists and paramedical personnel</td>
<td>93191</td>
<td>7</td>
</tr>
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### B. Research development services

<table>
<thead>
<tr>
<th>Description</th>
<th>Code</th>
</tr>
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<tbody>
<tr>
<td>a. R&amp;D services on natural sciences</td>
<td>851</td>
</tr>
<tr>
<td>b. R&amp;D services on social sciences and humanities</td>
<td>852</td>
</tr>
<tr>
<td>c. Interdisciplinary R&amp;D services</td>
<td>853</td>
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### C. Rental/Leasing services without operators

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>a. Relating to ships</td>
<td>83103</td>
</tr>
<tr>
<td>b. Relating to aircraft</td>
<td>83104</td>
</tr>
<tr>
<td>c. Relating to other transport equipment</td>
<td>83101, 83102, 83105</td>
</tr>
<tr>
<td>d. Relating to other machinery and equipment</td>
<td>83106, 83108, 83109</td>
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### D. Other business services

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>a. Advertising services</td>
<td>871</td>
</tr>
<tr>
<td>b. Market research and public opinion polling services</td>
<td>864</td>
</tr>
<tr>
<td>c. Management consulting service</td>
<td>865</td>
</tr>
<tr>
<td>d. Services related to management consulting</td>
<td>866</td>
</tr>
<tr>
<td>e. Technical testing and analysis services</td>
<td>8676</td>
</tr>
<tr>
<td>f. Services incidental to agricultural, hunting and forestry</td>
<td>881</td>
</tr>
<tr>
<td>g. Services incidental to fishing</td>
<td>882</td>
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<tr>
<td>h. Services incidental to mining</td>
<td>883, 5115</td>
</tr>
<tr>
<td>i. Services incidental to manufacturing</td>
<td>884,885?</td>
</tr>
<tr>
<td>j. Services incidental to energy distribution</td>
<td>887</td>
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<tr>
<td>k. Placement and supply services of personnel</td>
<td>872</td>
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<tr>
<td></td>
<td>Services</td>
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<td>--------------------------------------------------------------------------</td>
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<tr>
<td>l</td>
<td>Investigation and security</td>
</tr>
<tr>
<td>m</td>
<td>Related scientific and technical consulting services</td>
</tr>
<tr>
<td>n</td>
<td>Maintenance and repair of equipment (not 8861-8866 including maritime vessels, aircraft or other transport equipment)</td>
</tr>
<tr>
<td>o</td>
<td>Building cleaning services</td>
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<tr>
<td>p</td>
<td>Photographic services</td>
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<tr>
<td>q</td>
<td>Packaging services</td>
</tr>
<tr>
<td>r</td>
<td>Printing, publishing</td>
</tr>
<tr>
<td>s</td>
<td>Convention services</td>
</tr>
<tr>
<td></td>
<td><strong>2 Communication Services</strong></td>
</tr>
<tr>
<td>a</td>
<td>Audio visual services</td>
</tr>
<tr>
<td></td>
<td>a. Motion picture and video tape production and distribution service</td>
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<tr>
<td>b</td>
<td>Motion picture projection service</td>
</tr>
<tr>
<td>c</td>
<td>Radio and television services</td>
</tr>
<tr>
<td>d</td>
<td>Radio and television transmission services</td>
</tr>
<tr>
<td>e</td>
<td>Sound recording</td>
</tr>
<tr>
<td></td>
<td><strong>3 Construction &amp; Related Engineering Services</strong></td>
</tr>
<tr>
<td>a</td>
<td>General construction work for building</td>
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<tr>
<td>b</td>
<td>General construction work for civil engineering</td>
</tr>
<tr>
<td>c</td>
<td>Installation and assembly work</td>
</tr>
<tr>
<td>d</td>
<td>Building completion and finishing work</td>
</tr>
<tr>
<td></td>
<td><strong>4 Educational Services</strong></td>
</tr>
<tr>
<td>a</td>
<td>Primary education services</td>
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<tr>
<td>b</td>
<td>Secondary education services</td>
</tr>
<tr>
<td>c</td>
<td>Higher education services</td>
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## Handbook on Foreign Trade Policy - Incentives, Schemes …

<table>
<thead>
<tr>
<th></th>
<th>Service Description</th>
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<tbody>
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<td></td>
<td>Adult education</td>
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<td>5</td>
<td><strong>Environmental Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Sewage services</td>
<td>9401</td>
<td>7</td>
</tr>
<tr>
<td>b</td>
<td>Refuse disposal services</td>
<td>9402</td>
<td>7</td>
</tr>
<tr>
<td>c</td>
<td>Sanitation and similar services</td>
<td>9403</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td><strong>Health-Related and Social Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Hospital services</td>
<td>9311</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td><strong>Tourism and Travel-Related Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Hotels and Restaurants (including catering)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i</td>
<td>Hotel</td>
<td>641-643</td>
<td>5</td>
</tr>
<tr>
<td>ii</td>
<td>Restaurants (including catering)</td>
<td>641-643</td>
<td>5</td>
</tr>
<tr>
<td>b</td>
<td>Travel agencies and tour operators services</td>
<td>7471</td>
<td>7</td>
</tr>
<tr>
<td>c</td>
<td>Tourist guides services</td>
<td>7472</td>
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<tr>
<td>8</td>
<td><strong>Recreational, Cultural and Sporting Services</strong> (other than audiovisual services)</td>
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<tr>
<td>a</td>
<td>Entertainment services (including theater, live bands and circus services)</td>
<td>9619</td>
<td>7</td>
</tr>
<tr>
<td>b</td>
<td>News agency services</td>
<td>962</td>
<td>7</td>
</tr>
<tr>
<td>c</td>
<td>Libraries, archives, museums and other cultural services</td>
<td>963</td>
<td>7</td>
</tr>
<tr>
<td>d</td>
<td>Sporting and other recreational services</td>
<td>964</td>
<td>7</td>
</tr>
<tr>
<td>9</td>
<td><strong>Transport Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td><strong>Maritime Transport Services</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Passenger transportation</td>
<td>7211</td>
<td>7</td>
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<tr>
<td>b</td>
<td>Freight transportation</td>
<td>7212</td>
<td>7</td>
</tr>
<tr>
<td>c</td>
<td>Rental of vessels with crew</td>
<td>7213</td>
<td>7</td>
</tr>
<tr>
<td>d</td>
<td>Maintenance and repair of vessels</td>
<td>8868</td>
<td>7</td>
</tr>
<tr>
<td>e</td>
<td>Pushing and towing services</td>
<td>7214</td>
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### Exports from India Schemes

<table>
<thead>
<tr>
<th></th>
<th>Supporting services for maritime transport</th>
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<tbody>
<tr>
<td>f.</td>
<td></td>
<td>745</td>
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#### B Air Transport Services

<p>| | | | |</p>
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<tr>
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</thead>
<tbody>
<tr>
<td>a.</td>
<td>Rental of aircraft with crew</td>
<td>734</td>
<td>7</td>
</tr>
<tr>
<td>b.</td>
<td>Maintenance and repair of aircraft</td>
<td>8868</td>
<td>7</td>
</tr>
<tr>
<td>c.</td>
<td>Airport operations and ground handling</td>
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<td></td>
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#### C Road Transport Services

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>a.</td>
<td>Passenger transportation</td>
<td>7121, 7122</td>
<td>7</td>
</tr>
<tr>
<td>b.</td>
<td>Freight transportation</td>
<td>7123</td>
<td>7</td>
</tr>
<tr>
<td>c.</td>
<td>Rental of commercial vehicles with operator</td>
<td>7124</td>
<td>7</td>
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<tr>
<td>d.</td>
<td>Maintenance and repair of road transport equipment</td>
<td>6112 8867</td>
<td>7</td>
</tr>
<tr>
<td>e.</td>
<td>Supporting services for road transport services</td>
<td>744</td>
<td>7</td>
</tr>
</tbody>
</table>

#### D Services auxiliary to all modes of transport

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>a.</td>
<td>Cargo handling services</td>
<td>741</td>
<td>7</td>
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<tr>
<td>b.</td>
<td>Storage and warehouse services</td>
<td>742</td>
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<tr>
<td>c.</td>
<td>Freight transport agency services</td>
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</table>
Chapter 3

Remission of Duties and Taxes on Exported Products (RODTEP)

Introduction

- The Cabinet Committee on Economic Affairs, chaired by Prime Minister Shri Narendra Modi, has given its approval on 13th March 2020 for introducing the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP). The Indian Government has come up with a WTO compliant scheme called ‘Remission of Duties or Taxes on Export Products’ (RoDTEP) to replace the present scheme of MEIS & RoSCTL.

- RoDTEP Scheme will be announced for a tariff line/ item; the Merchandise Exports from India Scheme (MEIS) benefits or RoSCTL benefits on such tariff line/item will be discontinued from the date the RoDTEP becomes effective.

- Under this scheme a mechanism would be created for reimbursement of taxes/ duties/ levies, at the Central, State and local level, which are currently not being refunded under any other mechanism, but which are incurred in the process of manufacture and distribution of exported products.

- This scheme is going to give a boost to the domestic industry and Indian exports thereby providing a level playing field for Indian producers in the International market so that domestic taxes/duties are not exported.

- Under the Scheme an inter-ministerial Committee will determine the rates and items for which the reimbursement of taxes and duties would be provided.

- Refund under the Scheme, in the form of transferable duty credit/ electronic scrip will be issued to the exporters, which will be maintained in an electronic ledger. The Scheme will be implemented with end to end digitization.
Remission of Duties and Taxes on Exported Products (RODTEP)

- The refunds under the RoDTEP scheme would be a step towards “zero-rating” of exports.

**Salient Features**

- GST and customs duties on inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports, such as, VAT on fuel used in transportation, *Mandi* tax, duty on electricity used during manufacturing etc. These would be covered for reimbursement under the RoDTEP Scheme.

- The sectors to be covered and extent of benefit to be given on various items are yet to be notified by the Department of Commerce (DoC) in consultation with Inter-Ministerial Committee.

- The rebate would be claimed as a percentage of the freight on board (FOB) value of exports.

- A monitoring and audit mechanism, with an information technology based risk management system (RMS), would be put in place to physically verify the records of the exporters.

- Decrease in credit interest rates to MSMEs.

- Increase in loan availability for exporters introduced through ECG acting as guarantee for loans availed.

- A budget to provide higher insurance cover through Export Credit Guarantee Corporation (ECGC), to increase the lending opportunities from banks.

- Reduction in turnaround time on airports and ports to decrease delays in exports. A real time monitoring of clearance status via digital platform will be made available.

**FAQs on RoDTEP**

1. **Whether RoDTEP will be over and above the existing reward or will it replace any of the existing reward.**

   **Ans.** RoDTEP will replace the existing MEIS and RoSCTL benefits.
2. Whether rate of RoDTEP is notified or yet to be notified.

Ans. Rate of RoDTEP is yet to be notified but the scheme and roadmap have been approved by the Cabinet under chairmanship of Hon'ble Prime Minister.

3. What is the rate of subsidy for RoDTEP?

Ans. The rates are yet to be decided in the new RoDTEP Scheme for various goods, but rates for garment and made-ups have been notified under RoSTCL.

4. How long will the Scheme be in effect?

Ans. RoDTEP will be in effect till 2025 or until a new scheme comes in to replace it. Entire merchandise exports of India will be subsidized through this Scheme.
Chapter 4

Status Holder

Introduction

All exporters of goods, services and technology having an import-export code (IEC) number shall be eligible for recognition as a ‘Status Holder’. Status recognition will depend on the export performance.

Status Category

<table>
<thead>
<tr>
<th>Status Category</th>
<th>Export Performance FOB / FOR (as converted) value (in US $ million) during the current and previous three financial years</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Star Export House</td>
<td>3</td>
</tr>
<tr>
<td>Two Star Export House</td>
<td>25</td>
</tr>
<tr>
<td>Three Star Export House</td>
<td>100</td>
</tr>
<tr>
<td>Four Star Export House</td>
<td>500</td>
</tr>
<tr>
<td>Five Star Export House</td>
<td>2000</td>
</tr>
</tbody>
</table>

Privileges of Status Holders

Few of the privileges to a ‘Status Holder’ are:

- Authorization and customs clearances for both imports and exports granted on self-declaration basis.
- Input-Output norms may be fixed on priority within 60 days by the Norms Committee.
- Exemption from furnishing of bank guarantee for schemes under FTP.
- Two STAR and above Export Houses shall be permitted to establish export warehouses.
- Status holders are entitled to preferential treatment and priority in handling of their consignments by the concerned agencies.
Manufacturers who are also Status Holders will be enabled to self-certify their manufactured goods as originating from India with a view to qualify for preferential treatment under different Preferential Trading Agreements [PTAs], Free Trade Agreements [FTAs], Comprehensive Economic Cooperation Agreements [CECAs] and Comprehensive Economic Partnerships Agreements [CEPAs] which are in operation. They shall be permitted to self-certify the goods as manufactured as per their Industrial Entrepreneur Memorandum (IEM)/Industrial Licence (IL)/Letter of Intent (LOI).

Three Star and above Export House shall be entitled to get benefit of Accredited Clients Programme (ACP) as per the guidelines of CBEC.

FAQs on Status Holder

1. ‘Status’ recognition is entity wise or branch wise.
   Ans. ‘Status’ is ‘entity-wise’ not ‘branch-wise’.

2. Who issues ‘Status Holder’ Certificate?
   Ans. Status holder certificate is issued by the DGFT.

3. Is the Status automatic or issued on an application?
   Ans. Status recognition is based on application and verification of export performance and it is not automatic recognition but is based on application.

4. Who is entitled for double weightage to claim the ‘status’.
   Ans. (i) Micro, small & medium enterprises (MSME)
   (ii) Manufacturing units having ISO/BIS.
   (iii) Units located in North Eastern States including Sikkim and Jammu & Kashmir.
   (iv) Units located in Agri Export Zones.

5. Is Double weightage available for a status category also.
   Ans. No. it is only for One-Star Export House.

6. To obtain ‘Status’, can one IEC holder transfer export performance to another IEC holder?
   Ans. No.
7. Are re-exports counted for ‘Status’ claim.
   Ans. No.

8. Are exports made under authorization counted for ‘status’.
   Ans. Yes.

9. Can a service exporter claim ‘Status holder’ certificate.
   Ans. Yes.

10. Is the ‘Status holder’ Certificate available for deemed exports.
    Ans. Yes.

11. Does an exporter who exports goods in currencies other than US Dollar, eligible for ‘Status’.
    Ans. Yes, if the export realization is equivalent to the specified US Dollars.
Chapter 5

Rebate of State and Central Embedded Taxes (ROSCTL)

About the Scheme

In accordance with the recognized international economic principle to rebate all embedded State and Central Taxes and Levies on garments and made-ups & to enhance competitiveness of these sectors, Rebate of State and Central Taxes and Levies (RoSCTL) is notified vide the Ministry of Textiles’ Notification No. 14/26/2016-IT (Vol II) dated 7th March, 2019.

Earlier, apparel and made-ups sectors were supported under the Scheme for Rebate of State Levies (RoSL). The RoSL Scheme for apparel, discontinued after notification RoSCTL.

Trade Notice No. 03/ 2020-21 dated 15th April, 2020 provides that as and when an item/tariff line/HS Code is notified to be covered under RoDTEP [Remission of Duties and Taxes on Exported Products] Scheme, it would simultaneously be removed from coverage under MEIS.

The Ministry of Textiles had notified a new scheme on export of garments and made-ups vide Notification No. 14/26/2016-IT (Vol II) dated 7th March, 2019, w.e.f. 7th March, 2019. Therefore, export of garments and made ups are out of MEIS from 7th March 2019. The benefits of RoSCTL are available to exporters of readymade garments and made ups for now.

What happens to MEIS?

As per the Trade Notice No. 03/2020-21, the benefits under MEIS for any item/tariff line/ HS Code currently listed in Appendix 3B of Table 2 (MEIS Schedule) will be available only up to 31.12.2020.

It is to be noted that MEIS benefit is not proposed for discontinuance and it is to be replaced by RoDTEP Scheme by 31st December 2020. Now garments and made ups are under this new Scheme and may be by 1st Jan 2021 all goods will be under the new Scheme in place of MEIS.
Rebate of State and Central Embedded Taxes (ROSCTL)

Duration of Scheme

RoSCTL came into effect from 7th March 2019 and shall remain in force till such time it is merged with RoDTEP.

Claims under the erstwhile RoSL Scheme are to be processed for shipping bills with ‘let export order’ (LEO) with dates up to 6.3.2019 only.

Benefits to the Exporters

- Rebate of State taxes and levies - VAT on fuel used in transportation, captive power, farm sector, mandi tax, duty on electricity, stamp duty on export documents, embedded SGST paid on inputs such as pesticides, fertilizers etc. used in production of raw cotton, purchases from unregistered dealers, coal used in production of electricity and inputs for transport sector.

- Rebate of Central taxes and levies - Central excise duty on fuel used in transportation, embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw cotton, purchases from unregistered dealers, inputs for transport sector and embedded CGST and compensation cess on coal used in production of electricity.

Rates under RoSCTL Scheme

The rates under RoSCTL Scheme are notified vide Ministry of Textiles Notification No.14/26/2016-IT (Vol. II) dated 8th March, 2019 as Schedules 1, 2, 3 and 4 of this notification. Schedules 1 and 2 provide the rates of State and Central taxes and levies respectively, for apparel and made ups. Schedules 3 and 4 provide the rates of State and Central taxes and levies respectively, applicable for apparel exports when the fabric (including interlining) only have been imported, duty free under Special Advance Authorization Scheme.

Rebate Mechanism

Under ROSCTL Scheme, transferable duty credit scrip is issued by the jurisdictional office of the Director General of Foreign Trade which can be sold in the market for cash.
What is the utility of scrips issued under RoSCTL?

Under customs notification, the scrip enables to import inputs or goods including capital goods and claim exemption from:

(a) whole of the duty of customs leviable thereon under the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as Customs Tariff Act); and

(b) the whole of additional duty leviable thereon under sub-sections (1), (3) and (5) of section 3 of the Customs Tariff Act:

Provided that the said scrip, against which goods when imported into India are exempted from duties mentioned in clauses (a) and (b) above, may include duty credit provided under the additional *ad hoc* incentive in terms of Paragraphs 4.95 and 4.96 of the Handbook of Procedures.

Form of issue of scrips

Depending on the option selected in the application, the scrips are either handed over physically or by post.

Time limit for applying to DGFT to claim the scrip

The RoSCTL application has to be filed within a year from the date on which the shipping bill(s) is/are uploaded from ICEGATE to the DGFT server.

Validity period of the Scrip

These scrips can be used with Customs for the next 24 months, after which it cannot be revalidated.

Facility for Split Scrips

Like MEIS & SEIS, an exporter can ask for split scrips.

Duplicate scrip

Subject to the provisions of Foreign Trade Policy & Procedures, duplicate scrip will be issued.

Eligibility for exporter of garments or made ups to claim the scrip

All exporters are eligible for making a claim under the RoSCTL except the entities/IEC which are in the ‘denied entity list’ of the DGFT.
Rebate of State and Central Embedded Taxes (ROSCTL)

Repatriation of Forex Sale proceeds to India

The rebate allowed is subject to the receipt of sale proceeds within the time allowed under the Foreign Exchange Management Act, 1999 failing which such rebate shall be deemed never to have been allowed.

Procedure to apply for rebate under RoSCTL Scheme

- An application for claiming rebate under RoSCTL shall be filed online, using digital signature, on DGFT website at http://dgft.gov.in with jurisdictional regional authority of DGFT in form ANF-4R.
- Maximum of 50 shipping bills would be allowed to be attached to one single application by the exporter.
- RoSCTL duty credit scrip is valid for a period of 24 months from the date of issue.
- RoSCTL duty credit scrip is issued by the regional authority of DGFT in paper less mode with single port of registration.
- In the case of exports made from non-EDI (electronic data exchange) ports, a separate application has to be filed for each export. It cannot be clubbed with exports from EDI ports either. In the case of EDI exports from enabled ports, the port of registration will be the EDI port itself.
- If the export is made from multiple EDI ports, all the details thereof can be clubbed into a single application, selecting a port of registration from one of the shipping bills included in the application.
- There would be no requirement of linking e-BRCs for applying for RoSCTL.
- The applicants shall ensure that they are applying only to the concerned Jurisdictional RA.
- Duty credit scrip needs to be registered at the port mentioned on the scrip. This is to be done prior to allowing usage of duty credit.
- In case the port of registration is a manual port, TRA shall be required for imports at any other port.
• The application will have to be filed within one year of the date of uploading of the shipping bills from ICEGATE to DGFT server.

FAQs on Rebate of State and Central Embedded Taxes (RoSCTL)

1. Whether RoSCTL is applicable for export of all products or tariff items.
   
   Ans. No, this Scheme is limited for garments and made ups exported under Chapters 61, 62 & 63 of the Customs Tariff excluding tariff items 6308, 6309, 6310 and goods in tariff items 9404 that are excluded from drawback tariff item 6304.

2. Whether RoSCTL duty credit scrip is required to be registered at the port.
   
   Ans. Yes, RoSCTL duty credit scrip is required to be registered at the port mentioned on the face of the scrip.
Chapter 6

Transport and Marketing Assistance (TMA) for Specified Agriculture Products

Introduction
The “Transport and Marketing Assistance” (TMA) for specified agricultural products aims at providing assistance for the international component of freight and marketing of agricultural produce which is likely to mitigate the disadvantage of higher cost of transportation of export of specified agricultural products (Chapter 1 to 24 except those specified in Annexure-1) due to trans-shipment and to promote brand recognition for Indian agricultural products in the specified overseas markets (Annexure-2). This scheme was added to the Foreign Trade Policy as Chapter 7A vide Notification No 58/2015-20 dated 29th March 2020.

Objectives
- To ease the shipment of specified agricultural products.
- For expansion of the agriculture sector globally.
- To reduce unnecessary charges borne by the exporters for transportation of agricultural produce.
- Make Indian produce a proclaimed global brand.

Duration of the Scheme
The Scheme would be applicable for a period as specified from time to time. Presently the Scheme is applicable for exports effected from 1.3.2019 up to 31.03.2021.

Pattern of Assistance
Assistance under TMA scheme would be disbursed in cash through direct benefits transfer as part of reimbursement of freight paid and quantum of assistance would be different for different regions.
Coverage of Scheme

All exporters of eligible agricultural products to specified countries are covered under this Scheme.

Eligibility of the Products

The assistance will be provided on export of all agricultural products covered in HSN Chapters 1 to 24 including marine and plantation products except those mentioned in Annexure (1) as under.

Annexure-1

<table>
<thead>
<tr>
<th>Chapter</th>
<th>HS Code</th>
<th>Description</th>
</tr>
</thead>
</table>
| Chapters 1, 2 & 5| All HS Codes | — Live animals  
— Meat and edible meat offal  
— Products of animal origin, not elsewhere specified or included |
| Chapter 3        | 030617  | — Other shrimps and prawns:                                                  |
| Chapter 4        | 0401    | — Milk and cream, not concentrated nor containing added sugar or other sweetening matter. |
|                  | 0402    | — Milk and cream, concentrated or containing added sugar or other sweetening matter. |
|                  | 0403    | — Buttermilk, curdled milk and cream, yogurt, kephir, and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts or cocoa. |
|                  | 0404    | — Whey, whether or not concentrated or containing added sugar or other sweetening matter, products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included. |
## Transport and Marketing Assistance (TMA) for specified Agriculture...

<table>
<thead>
<tr>
<th>Chapter</th>
<th>HS Codes</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0405</td>
<td>0405</td>
<td>Butter and other fats and oils derived from milk; dairy spreads</td>
</tr>
<tr>
<td>0406</td>
<td>0406</td>
<td>Cheese and curd</td>
</tr>
<tr>
<td>0703</td>
<td>0703</td>
<td>Onions, shallots, garlic, leeks, and other alliaceous vegetables, fresh or chilled</td>
</tr>
<tr>
<td>1001, 1006</td>
<td>1001, 1006</td>
<td>Wheat and Meslin</td>
</tr>
<tr>
<td>Chapter 13 &amp; 14</td>
<td>All HS Codes</td>
<td>Lac; gums, resins and other vegetable saps and extracts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vegetable plaiting materials; vegetable products not elsewhere specified or included</td>
</tr>
<tr>
<td>1701, 1703</td>
<td>1701, 1703</td>
<td>Cane or beet sugar or chemically pure sucrose, in solid form-raw sugar not containing added flavoring or colouring matter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Molasses resulting from the extraction or refining of sugar</td>
</tr>
<tr>
<td>Chapters 22 and 24</td>
<td>All HS Codes</td>
<td>Beverages, spirits and vinegar</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tobacco and manufactured tobacco substitutes</td>
</tr>
</tbody>
</table>

### Pattern of Assistance

- Assistance under TMA would be provided in cash through direct bank transfer as part of reimbursement of freight paid.
- The assistance shall be admissible only if payments for the exports are received in free foreign exchange.
- The scheme covers freight and marketing assistance for export by air as well as by sea (both normal and reefer cargo).

### Categories of export ineligible for TMA

The following exports categories/sectors shall be ineligible under this Scheme:
- Products exported from SEZs/ EOU/ EHTP/ STP/ BTP/ FTWZs.
- SEZ/EOU/EHTP/STP/BTP/FTWZs products exported through DTA units.
- Export of imported goods as such.
- Exports through trans-shipment, i.e. exports that are originating in third country but transshipped through India;
- Items, which are restricted or prohibited for export under Schedule-2 of Export Policy in ITC (HS), unless specifically notified.
- Export products which are subject to minimum export price or export duty.
- Where no freight is paid by Indian exporters.
- Exports using e-commerce to export goods via overseas courier or post office.

### Differential rate of assistance under TMA (Amount in Indian Rupees) [Annexure-3]

<table>
<thead>
<tr>
<th>Region</th>
<th>Amount per TEU (Normal)</th>
<th>Amount per TEU (Refer)</th>
<th>By Air Amount per kilogram</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Africa</td>
<td>11200</td>
<td>19600</td>
<td>0.84</td>
</tr>
<tr>
<td>East Africa</td>
<td>11200</td>
<td>21000</td>
<td>0.84</td>
</tr>
<tr>
<td>EU</td>
<td>9800</td>
<td>21000</td>
<td>1.120</td>
</tr>
<tr>
<td>Gulf</td>
<td>8400</td>
<td>14000</td>
<td>0.70</td>
</tr>
<tr>
<td>North America</td>
<td>21000</td>
<td>28700</td>
<td>2.80</td>
</tr>
<tr>
<td>ASEAN</td>
<td>5600</td>
<td>12600</td>
<td>0.70</td>
</tr>
<tr>
<td>Russia &amp; CIS</td>
<td>12600</td>
<td>22400</td>
<td>0.70</td>
</tr>
<tr>
<td>Far East</td>
<td>8400</td>
<td>12250</td>
<td>0.84</td>
</tr>
<tr>
<td>Oceana</td>
<td>16800</td>
<td>24500</td>
<td>2.80</td>
</tr>
<tr>
<td>China</td>
<td>0</td>
<td>12600</td>
<td>0.84</td>
</tr>
<tr>
<td>South America</td>
<td>23800</td>
<td>31500</td>
<td>3.50</td>
</tr>
</tbody>
</table>
List of regions and export destinations/countries in each region eligible for assistance under TMA are as under:

**Eligible Countries [Annexure-2]**

<table>
<thead>
<tr>
<th>Region</th>
<th>Country Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Africa</td>
<td>Benin, Mali, Burkina Faso, Mauritania, Ivory Coast, Niger, Cape Verde, Nigeria</td>
</tr>
<tr>
<td>EU</td>
<td>Albania, Andorra, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Macedonia, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, United Kingdom, Vatican City</td>
</tr>
<tr>
<td>Gulf</td>
<td>Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates</td>
</tr>
<tr>
<td>North America</td>
<td>Antigua and Barbuda, Bahamas, Barbados, Belize, Canada, Costa Rica, Cuba, Dominic, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Saint Kitts and Nevis, Saint Lycia, Saint Vincent and the Grenadines, Trinidad and Tobago, United states of America</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Brunei, Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam</td>
</tr>
<tr>
<td>Russia &amp; CIS</td>
<td>Armenia, Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan</td>
</tr>
<tr>
<td>Far East</td>
<td>Japan, North Korea, South Korea</td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Oceana</th>
<th>Australia, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, New Zealand, Palau, Papua, New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>PRC China, Hong Kong, Taiwan</td>
</tr>
<tr>
<td>South America</td>
<td>Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Peru, Paraguay, Suriname, Uruguay, Venezuela</td>
</tr>
</tbody>
</table>

Procedure for Availing Assistance under the Scheme

TMA would be reimbursed through Regional Authorities of DGFT. Application for claim of TMA will have to be made on quarterly basis i.e. for the shipments made in a particular quarter, online claims should be filed within a period of one year from the completion of the quarter in which exports have been made. A physical pdf copy of the printout along with prescribed documents shall be filled manually with RA concerned within 30 days from the date of submission of online application.

Documents Required

1. Application fee of Rs 1000/- per application
2. EP Copy of shipping bill(s) / Airway bill(s)
3. Commercial invoice
4. On board bill of lading, in case of shipment by sea
5. Certificate of Chartered Accountant (CA) as per Annexure A to ANF-7(A) A.
6. Proof of landing as per Annexure B to ANF-7(A) A.
7. Valid RCMC
8. Registration-cum-Membership Certificate (RCMC)
9. E-BRC
10. Airway Bill, in case of Shipment by Air
11. TMA application Form- ANF- 7 (Part- A & Part- B)
12. Pre-receipt.
Transport and Marketing Assistance (TMA) for specified Agriculture...

Conditions

1. TMA claim would be available on shipment basis.
2. All claims for shipments made in a particular quarter should be bunched together and submitted as a single application.
3. Import export code (IEC Code) is a must.

FAQs on TMA scheme

1. What is TMA Scheme.
   Ans. The scheme is for exporters. The Transport and Marketing Assistance (TMA) Scheme aims to reimburse the part amount of freight paid (sea and air) by the exporter and also the marketing costs involved in the promotion of the product.

2. How does the TMA Scheme work.
   Ans. It aims to provide less expensive transportation of goods, referred to as freight. Under TMA scheme, the cost of transportation required to export some specific agricultural products including marine and plantation products have been lowered. Under TMA, freight cost up to a specific limit will be reimbursed by the Government to make Indian agricultural products competitive in the Global market. It also provides benefits for the marketing of agricultural products, which helps to promote the brands and help them attain the recognition for Indian agrarian products in the overseas markets.

3. What is the benefit of TMA Scheme.
   Ans. It is expected to boost exports of specified commodities to certain countries in Europe and North America.

4. How to check the TMA Scheme benefit for my shipments.
   Ans. Applicants can refer to Public Notice. 82/2015-20/ dated 29.03.2019 to check the TMA Scheme benefits.

5. How to claim rewards under TMA Scheme.
   Ans. The applicant has to file an online application at http://dgft.gov.in. The TMA application will be made on a quarterly basis.

6. How should the exporter apply for the TMA Scheme.
Ans. The applicant has to create an online application on a quarterly basis at DGFT site. The claim is available on the CIF shipments basis. There are no late cut provisions applicable for this scheme.

7. What is the fee for claiming benefits under the TMA Scheme.
Ans. An applicant has to pay online to the Government a fee of Rupees 1,000/- for each application.

8. How much time does it take to get the TMA Scheme benefit from DGFT.
Ans. After submission of manual application, the RA of DGFT may check application and may approve the application within 15 to 30 days. Once DGFT approves the application and if funds are available with the DGFT, then payment will be credited immediately to the exporter’s account, or if funds are not available with DGFT, then RA will issue the pre-receipt letter. Once payment is available with DGFT, then the refund will be credited to the exporter’s account.

9. What is time limit to apply for claim under TMA scheme.
Ans. The applicant needs to apply for a claim within one year from the completion of the quarter. For example, if the export was made in the quarter January to March 2020, the claim should be filed by 31.03.2021.

10. Whether export through non-EDI port is eligible under TMA scheme.
Ans. No, only exports made through EDI port is eligible under TMA scheme.

11. Whether TMA scheme is allowed only for sea cargo or also allowed for air cargo.
Ans. TMA scheme is available for sea as well as for air cargo; in case of air cargo the benefit is available per kilogram but in case of sea cargo incentive is available per TEU (twenty-foot equivalent unit).

12. Whether TMA Scheme is available where the consignment is exported under FOB basis i.e. where no freight is paid by the exporter.
Ans. FOB supplies where no freight is paid by Indian exporter, are not eligible for incentive under the TMA Scheme.

13. Whether any scrip is issued under TMA Scheme or the incentive is in cash.
**Transport and Marketing Assistance (TMA) for specified Agriculture...**

**Ans.** The incentive under TMA Scheme is in cash and paid through direct benefit transfer.

**14. Whether products exported under Chapter 85 of Customs Tariff is eligible for TMA benefits.**

**Ans.** No. Only the products exported under Chapters 1 to 24 are eligible for TMA benefits except few items as mentioned in Anexure-1 above.

**15. How long the scheme is available.**

**Ans.** The Scheme is available from 01.03.2019 to 31.03.2021 for specified products exported under Chapters 1 to 24.
Chapter 7

Duty Exemption/Remission Schemes

Objective of the Scheme

The general requirement for the prosperity of the country is that exports are more than imports. The Government keeps track of the schemes and introduces various new schemes to maintain a healthy balance between the two. The Advance Authorization Scheme is one such Government scheme where the import of input is allowed to be duty-free, if it is to be physically used in the product to be exported. This is done after making a normal allowance for wastage. The Government in general sets export obligation as a condition for the issue of such advance authorizations.

Main features of the scheme:

The main features of the scheme are to enable:

A. Duty free import of inputs for export production (up front exemption),
B. Tax free domestic sourcing of inputs (under refund route),
C. Replenishment of inputs used in export production or
D. Remission of duty paid on inputs for export production.

Components of the Scheme

This Scheme consists of the following:

(a) Advance authorization (AA)
(b) Duty free import authorization (DFIA)
(c) Advance authorisation for spices
(d) A Special Advance Authorisation Scheme for export of articles of apparel and clothing accessories.
(e) Schemes for exporters of gems and jewelry.
(f) Scheme for rebate on State and Central taxes and levies (RoSCTL), as notified by the Ministry of Textiles on 07.03.2019, and implemented by the DGFT.

**Advance Authorization**

Advance authorization is issued on pre export basis to allow duty free import or domestic sourcing of:

- Input, which is physically incorporated in export product.
- Fuel, oil, catalyst which is consumed/utilized in the process of production of export product.

**Basis of Advance Authorization**

- Notified standard input output norms (SION); or
- Applicant specific prior fixation of norm by the Norms Committee; or
- Self-declaration as per paragraph 4.07 of Handbook of Procedures; or
- Self-Ratification Scheme in terms of Para 4.07A of Foreign Trade Policy.

**Eligible Applicant**

Advance authorization can be issued:

- to manufacturer exporter or
- to merchant exporter tied to supporting manufacturer
- for pharmaceutical products manufactured through non-infringing (NI) process, it will be issued to the manufacturer exporter only.

**Eligible Export / Supply**

Advance authorization shall be issued for:

- Physical export (including export to SEZ);
- Intermediate supply; and/or
- Deemed exports in terms of Paragraph 7.02 (b), (c), (e), (f), (g) and (h) of FTP
• Supply of "stores" on board of foreign going vessel / aircraft, subject to the condition that there is specific Standard Input Output Norms in respect of the item supplied.

**Advance Authorization for Annual Requirement**

**Eligibility**

• Advance authorization for annual requirement shall be issued only for items notified in Standard Input Output Norms (SION),
• Exporters having past export performance (atleast during the preceding two financial years) shall be entitled for advance authorization for annual requirement.
• *Entitlement in terms of CIF value of imports* shall be upto 300% of the FOB value of physical export and / or FOR value of deemed exports during the preceding financial year or Rs 1 crore, whichever is higher.

**Ineligibility**

Advance authorization for annual requirement shall not be available-

• Where any item of input appears in Appendix 4-J.
• In case of *ad hoc* norms.
• For certain inputs specified in the Foreign Trade Policy.

**Validity of Advance Authorization**

(i) The validity period for import under advance authorisation shall be 12 months from the date of issue of authorisation.

(ii) The Regional Authority may consider a request of the original authorisation holder and grant one revalidation for six months from the expiry date.

(iii) The Regional Authority may further consider a request of the original authorization holder and grant second revalidation for six months from the expiry date of the first revalidation for making imports proportionate to export obligation already fulfilled.

**Time limit to completing the Export Obligation**

The time period for fulfillment of the export obligation under advance
authorisation shall be 18 months from the date of issue of authorisation. The
time limit for EO fulfillment under an advance authorisation shall commence
from date of issue of authorisation, unless otherwise specified.

**Domestic Sourcing of Inputs**

The holder of an advance authorisation / duty free import authorisation can
procure inputs from indigenous supplier/ State Trading Enterprise/ EOU/
EHTP/ BTP/ STP in lieu of direct import. Such procurement can be against
advance release order (ARO), or invalidation letter.

**Currency for Realisation of Export Proceeds**

(i) Export proceeds shall be realized in freely convertible currency except
otherwise specified.

(ii) Export to SEZ units shall be taken into account for discharge of export
obligation provided the payment is realised from foreign currency
account of the SEZ unit.

(iii) Export to SEZ developers/ co-developers can also be taken into
account for discharge of export obligation even if payment is realised
in Indian Rupees.

**Clubbing of Authorisations**

The facility of clubbing shall also be available for advance authorisations for
annual requirement. The request for clubbing shall be made in Form ANF -
4C to the concerned RA who has issued the authorisations. Only such
authorizations shall be clubbed which have been issued within 18 months
from the date of issue of earliest authorization that is sought to be clubbed,
whether such authorizations are valid or not.

This is further subject to the condition that upon clubbing only imports made
within 30 months from the date of issue of earliest authorization shall be
considered. Imports made beyond 30 months of the earliest authorization
shall be regularized as per the procedures.

**Facility to enhance or reduce the value of Authorization**

An application for the enhancement in CIF or FOB value of authorisation
/reduction in the value of authorisation / EOP extension /revalidation of
authorisation shall be filed online in Form ANF 4D to the concerned Regional Authority.

**Details of Duties exempted under Advance Authorization**

Imports under advance authorization are exempted from payment of:

- Basic customs duty,
- Additional customs duty,
- Social welfare surcharge
- Anti-dumping duty,
- Countervailing duty,
- Safeguard duty,
- Integrated tax levied under Customs Tariff Act, 1975 up to the period notified by CBIC.
- Compensation cess levied under Customs Tariff Act, 1975 up to the period notified by CBIC.

**Actual User Condition for Advance Authorization**

- Advance authorization and / or material imported under advance authorization shall not be transferable even after completion of export obligation. However, the authorization holder will have an option to dispose of products manufactured out of duty-free input once the export obligation is completed.
- Waste / scrap arising out of manufacturing process, as allowed, can be disposed off on payment of applicable duty even before fulfillment of export obligation.

**Import/Export of items that are on Prohibited/Restricted/STE lists**

- No export or import of prohibited item shall be allowed under advance authorization / DFIA.
- Items reserved for imports by STEs cannot be imported against advance authorization / DFIA; however these items can be procured from STEs against ARO or invalidation letter or on high sea sale basis
or can be imported against “no objection certificate (NOC)” for import from STEs by the holders of advance authorization / DFIA holder.

- Items reserved for export by STE can be exported under advance authorization /DFIA only after obtaining a “no objection certificate” from the concerned STE.
- Import of restricted items allowed under advance authorization/ DFIA with specific and prior approval or permission of the DGFT.

**Value addition [VA]**

- Minimum value addition required to be achieved under advance authorization is 15%.
- Export products where value addition could be less than 15% are given in Appendix 4D.
- In case of tea, minimum value addition shall be 50%.
- In case of DFIA the minimum value addition is 20%.
- Minimum value addition for gems & jewelry sector as given in Foreign Trade Procedures.

\[
VA = \frac{[A - B] \times 100}{B}
\]

where

- \( A = \text{FOB value of export realized/FOR value of supply received.} \)
- \( B = \text{CIF value of inputs covered by authorisation, plus value of any other input used on which benefit of DBK is claimed or intended to be claimed}. \)

**Special Advance Authorization Scheme for export of Articles of Apparel and Clothing accessories**

- Under this scheme duty free import of relevant fabrics including interlining as input is allowed; no other input, packing material, fuel, oil and catalyst shall be allowed.
- For non-fabric inputs the exporters shall be eligible for all industry rate of duty drawback. Value of non-fabric input used on which benefit of
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drawback is claimed or intended to be claimed shall be equal to 22% of the FOB value of export realized.

Terms and Conditions

- Authorization shall be issued based on standard input output norms (SION) or prior fixation of norms by Norms Committee
- Fabric imported shall be non-transferable even after completion of export obligation.
- Fabric imported shall be subject to pre-import condition and it shall be physically incorporated in the export product. Only physical exports shall fulfill the export obligation, deemed export not allowed.
- Invalidation of the authorization shall not be permitted.

Duty Free Import Authorisation Scheme (DFIA)

Duty free import authorization is issued on post export basis to allow duty free import of inputs, oil and catalyst which is consumed / utilized in the process of production of export product.

Eligibility

Products for which standard input output norms have been notified.

Ineligibility

No duty free import authorization shall be issued if

- Input is subjected to pre-import condition or
- SION prescribes actual user condition
- Appendix-4J prescribes pre import condition for input

Duties Exempted

Duty free import authorization shall be exempted only from payment of basic customs duty (BCD).

Validity & Transferability of DFIA

- The applicant shall file online application to the Regional Authority concerned for generation of file number before starting export under DFIA.
Duty Exemption/Remission Schemes

- While doing export/supply, the applicant shall indicate the file number on the export/supply documents viz. shipping bill / bill of export / tax invoice for supply prescribed under GST rule.
- Separate DFIA shall be issued for each SION.
- Regional Authority shall issue transferable DFIA with a validity of 12 months from the date of issue.

Advance authorization procedure

- *Issuance of application form:* Form ANF 4A (online application). No physical copy of application is required to be submitted to Regional Authority.
- *Fixation of norms before making an application for advance authorization:* Application in Form ANF 4B.
- Request for clubbing shall be made in Form ANF 4C to the concerned RA who has issued the Authorizations.
- *Export obligation discharge certificate (EODC):* On completion of exports and imports, the authorization holder shall submit online application in ANF-4F for redemption certificate.

Advance Authorization Miscellaneous Provision

- Duty free import of spices permitted only for crushing/ grinding/ sterilization/ manufacture of oils or oleoresins. Authorization shall not be available simply for cleaning, grading, re-packing etc.
- Duty free import of mandatory spares which are required to be exported / supplied with the resultant product permitted to the extent of 10% of CIF value of authorization

Appendix and Aayat Niryat Form (ANF) applicable for EPCG scheme

<table>
<thead>
<tr>
<th>Appendix / ANF</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix-4A</td>
<td>Jurisdiction of Regional Authority and Regional Authority competent to issue nominated agency certificate under schemes for gems and jewellery sector.</td>
</tr>
<tr>
<td>Appendix-4B</td>
<td>List of nominated agencies</td>
</tr>
<tr>
<td>Appendix-4C</td>
<td>Value addition norms for exports for which payments are not in freely convertible currency</td>
</tr>
<tr>
<td>Appendix-4D</td>
<td>Value addition norms (below 15%) for specific product(s) under advance authorisations scheme under Paragraph 4.09 of FTP (2015-20).</td>
</tr>
<tr>
<td>Appendix-4E</td>
<td>Technical details and data sheet for advance authorisation application on self-declaration under Paras 4.04 &amp; 4.07 of HBP.</td>
</tr>
<tr>
<td>Appendix-4F</td>
<td>Replenishment for gem &amp; jewellery</td>
</tr>
<tr>
<td>Appendix-4G</td>
<td>Replenishment scale for gem rep authorisation</td>
</tr>
<tr>
<td>Appendix-4H</td>
<td>Register for accounting the consumption and stocks of duty free imported or domestically procured raw materials, components etc. allowed under advance authorization DFIA.</td>
</tr>
<tr>
<td>Appendix-4I</td>
<td>Register for accounting the consumption and stocks of duty free imported or domestically procured raw materials, components etc. allowed under Advance Authorization for pharmaceutical product manufactured through non infringing process.</td>
</tr>
<tr>
<td>Appendix-4J</td>
<td>Export obligation period for specified inputs with pre-import condition</td>
</tr>
<tr>
<td>Appendix-4K</td>
<td>Format of Chartered Engineer certificate for fixation of SION</td>
</tr>
<tr>
<td>Appendix-4L</td>
<td>Format of Chartered Engineer (chemical) certificate (for pharmaceutical product manufactured through non-infringing process)</td>
</tr>
<tr>
<td>Appendix-4M</td>
<td>Statement of precious metal for the period April-September - Oct-March</td>
</tr>
<tr>
<td>Appendix-4N</td>
<td>Certificate by Regional Authority for Import of precious metal by nominated agencies</td>
</tr>
<tr>
<td>Appendix-4O</td>
<td>Certificate by nominated agency for claiming replenishment of gold - silver against jewellery sold at exhibitions abroad</td>
</tr>
</tbody>
</table>
### Duty Exemption/Remission Schemes

<table>
<thead>
<tr>
<th>ANF-4A</th>
<th>Application for issue of advance authorisation - advance authorisation for annual requirement - advance authorisation for invalidation – ARO</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANF-4B</td>
<td>Application for fixation - modification - revision of standard input output norms (SION)</td>
</tr>
<tr>
<td>ANF-4C</td>
<td>Application for Clubbing of Advance Authorisations</td>
</tr>
<tr>
<td>ANF-4D</td>
<td>Application for enhancement in CIF-FOB vale of authorisation - EOP extension - revalidation of authorisation</td>
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<tr>
<td>ANF-4E</td>
<td>Application for advance authorisation - advance release order (ARO) - invalidation letter for pharmaceutical products, manufactured through non infringing (NI) process</td>
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<td>ANF-4F</td>
<td>Application for waiver of bond-redemption of authorisation</td>
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<td>ANF-4G</td>
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<td>Application for Issue of nominated agency certificate (NAC) - renewal of nominated agency certificate</td>
</tr>
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### FAQs on advance authorizations

1. **What is actual user condition under advance authorizations?**

   **Ans.** Actual user condition means, raw material imported under advance authorization shall not be transferable even after completion of export obligation. Goods imported against such advance authorisation shall be utilized only in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer like job worker). Waste / scrap arising out of manufacturing process, as allowed, can be disposed of on payment of applicable duty even before fulfilment of export obligation. If any authorisation holder not satisfying conditions of actual user (i.e. sale raw material to other person without processing) even satisfying the condition of export
obligation, raw material which is imported under advance authorisation shall require to pay all custom duties with interest on import of such goods.

2. **Whether IGST is exempted under DFIA authorization**

**Ans.** No. Duty free import authorization shall be exempted only from payment of basic customs duty (BCD). Hence IGST is not exempt for import under DFIA authorization.

3. **Is DFIA Authorization issued on pre export or post export basis.**

**Ans.** Duty free import authorization shall be issued on post export basis.

4. **What is the minimum value addition under DFIA scheme and advance authorization scheme.**

**Ans.** The minimum value addition under DFIA scheme is 20% and under advance authorization scheme is 15%.

5. **Whether DFIA authorization and advance authorization are transferable.**

**Ans.** DFIA authorization is transferable but advance authorization is non-transferable.

6. **Whether advance authorization and DFIA authorization can be issued on self-declaration basis.**

**Ans.** Advance authorization can be issued either on basis of:
- Standard input output norms (SION)
- Self-declaration basis
- Applicant specific prior fixation of norm by the Norms Committee
- Self-ratification scheme basis

However, DFIA authorization can be issued only for those items having - standard input output norms (SION) notified.

7. **What is self-declaration and self-ratification by applicant.**

**Ans.** Where there is no SION/valid *ad hoc* norms for an export product and where SION has been notified but the exporter intends to use additional inputs in the manufacturing process, the eligible exporter can apply for an advance authorization under this Scheme on self-declaration and self-ratification basis.
8. **What documents are required for applying for an advance license from DGFT.**

**Ans.** Documents required for filing advance authorisation application depends as per the above four methods. The important documents required are -

(i) DGFT DSC.
(ii) Copy of IEC.
(iii) Application form ANF – 4A.
(iv) Copy of SSI/IEM/MSME
(v) Copy of Export House Certificate (if applicable)
(vi) Copy valid RCMC
(vii) Copy of GST Certificate.

9. **What is SION.**

**Ans.** SION stands for standard input-output norms. Under this method, norms for thousands of products falling under different segments are pre-fixed. In this method, one can apply for advance authorisation license under the said Sr. No. of SION and get the license from DGFT.

10. **What are self-declared norms.**

**Ans.** Under this method, an exporter can apply for an advance authorisation license on a self-declaration basis, if the required export product is not there in the SION or he is not satisfied with import quantity allowed. Here, he will select the import items and quantity of import items as per his requirement.
Objective of the Scheme

The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness.

While advance licenses/authorizations were neutralizing the duty/tax incidence on ‘inputs’, the exporters earlier had no scheme to neutralize the duties/taxes paid on capital goods. Therefore, the EPCG Scheme aims at procurement of capital goods duty/tax free for exporters.

Introduction

EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

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<th>for pre-production</th>
<th>for production</th>
<th>for post-production</th>
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</table>

Capital goods for the purpose of the EPCG scheme

(i) Capital goods as defined in Chapter 9 of FTP 2015-2020 including in completely knocked down/semi knocked down condition thereof.

(ii) Computer systems and software which are a part of the capital goods being imported.

(iii) Spares, moulds, dies, jigs, fixtures, tools & refractories.

(iv) Catalysts for initial charge plus one subsequent charge.

Import of capital goods for projects notified under Project Imports Regulations, 1986 is also permitted under EPCG Scheme.
Export Promotion Capital Goods (EPCG) Scheme

Concessions

1. Exemption from whole of basic customs duty (BCD)
2. Exemption from additional customs duty/CVD and SAD/CVD in lieu of VAT/local taxes (non-GST goods)
3. Exemption from IGST and compensation cess on GST goods up to a date notified by CBIC.

Export Obligation [EO]

Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization. In case of indigenous sourcing of capital goods, specific EO shall be 25% less than the stipulated EO (i.e 5.4 times of notional duties, taxes and cess saved).

EO under the Scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years for the same and similar products within the overall EO period. Such average would be the arithmetic mean of export performance in the preceding three licensing years for same and similar products.

Block-wise Fulfilment of EO

The authorisation holder under the EPCG Scheme shall, while maintaining the average export obligation, fulfill the specific export obligation over the prescribed block period in the following proportions:

<table>
<thead>
<tr>
<th>Period from the date of issue of Authorization</th>
<th>Minimum export obligation to be fulfilled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Block of 1st to 4th year</td>
<td>50%</td>
</tr>
<tr>
<td>Block of 5th and 6th year</td>
<td>Balance EO</td>
</tr>
</tbody>
</table>

The authorisation holder would intimate the Regional Authority on the fulfilment of the export obligation, as well as average exports, within three months of completion of the block, by secured electronic filing using digital signatures. The authorisation holder shall submit to RA concerned by 30th April of every year, report on fulfilment of export obligation by secured electronic filing using digital signatures/ or hard copy thereof.
Incentive for early EO fulfillment

In cases where the authorization holder has fulfilled 75% or more of specific export obligation and 100% of average export obligation during 3 years or less than 3 Years reckoned from the date of issue of authorization, remaining export obligation shall be condoned.

Reduced EO for Green Technology Products

For exporters of ‘green technology products’, specific EO shall be 75% of EO.

Reduced EO for North East Region and Jammu & Kashmir

For units located in Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura and Jammu & Kashmir, specific EO shall be 25% of the EO.

Validity

- EPCG authorization shall be valid for import for 18 months from the date of issue of authorization. Revalidation of EPCG authorization is not permitted.
- Export obligation period of 6 years is reckoned from the date of issue of the authorization

Coverage

EPCG Scheme covers:
- Manufacturer exporters with or without supporting manufacturer(s).
- Merchant exporters tied to supporting manufacturer(s).
- Service provider who is designated / certified as a Common Service Provider (CSP) by the DGFT.

Additional items for import under EPCG Scheme for service providers

EPCG Scheme is available for manufacture as well for service providers like hospital, hotel, university etc., Following are the additional benefits to service providers under EPCG scheme:
Export Promotion Capital Goods (EPCG) Scheme

<table>
<thead>
<tr>
<th>Import of Capital Goods namely</th>
<th>Permissible for imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, carpets, crockery, marble, chandelier, tiles, flooring, doors for rooms, fixing panels.</td>
<td>Permitted only for hotel industry</td>
</tr>
<tr>
<td>Furniture and fixtures, flooring material and furnishing material</td>
<td>Permitted for hospitals</td>
</tr>
<tr>
<td>Construction equipment’s viz. cranes etc.</td>
<td>Permitted only for Services Providers</td>
</tr>
</tbody>
</table>

Export Obligation (EO) conditions
Following conditions shall apply to the fulfillment of EO:

- Authorization holder shall fulfill the EO by export of goods or services which are manufactured or rendered by him or his supporting manufacturer.

- Shipments under advance authorization, DFIA, drawback scheme or reward schemes under Chapter 3 of FTP would also be counted for fulfillment of EO under EPCG Scheme.

EPCG-Miscellaneous Provision

- Import of restricted items is permitted under EPCG Scheme only after approval from Exim Facilitation Committee (EFC) at DGFT Headquarters.

- Export of restricted items is permitted under EPCG Scheme only after approval from Exim Facilitation Committee (EFC) at DGFT Headquarters.

- Import of capital goods for project imports is permitted under EPCG Scheme.

- Imported capital goods shall be subject to actual user condition till export obligation is completed and EODC is granted, means imported capital goods is non-transferable till export obligation is completed and EODC is granted.

Application Form
Application for grant of an authorization shall be made in Form ANF 5A along with ‘nexus certificate’ from an independent Chartered Engineer (CEC) in Appendix 5A.
Documents required for EPCG License

The issuing authority is the licensing authority – Director General of Foreign Trade (DGFT). Form ANF 5B is to be filled along with self-certified copies of the followings:

1. Import Export Code (IEC)
2. Registration cum Membership Certificate (RCMC)
3. Digital signature
4. Registration certificate from Tourism Department
5. PAN Card
6. Excise Registration (if registered)
7. GST Registration Certificate
8. Proforma Invoice
9. Brochure
10. Self-certified copy + Original Certificate of Chartered Accountant
11. Self-certified copy + Original Certificate of Chartered Engineer

Conditions for claiming concessional rate of import duties

1. The importer executes a bond in such form and for such sum and with such surety or security as may be specified by the Deputy Commissioner of Customs or Assistant Commissioner of Customs binding himself to comply with all the conditions of Customs notification as well as to fulfill export obligation.

2. The CSP(common service provider) shall execute the bond with bank guarantee and the bank guarantee shall be equivalent to 100% of the duty foregone, and the bank guarantee shall be given by CSP or by anyone of the users or a combination thereof, at the option of the CSP.

3. The capital goods imported, assembled or manufactured are installed and put to use, after their import, in the importer’s factory or premises.

4. Where the specified capital goods imported are found defective or unfit for use, the said goods may be re-exported to the foreign supplier within three years from date of clearance of said goods.
Certificate of Installation of Capital Goods

The authorization holder shall submit to the concerned RA, within six months from date of completion of import, a certificate from the jurisdictional Customs authority or an independent Chartered Engineer, at the option of the authorization holder, confirming installation of capital goods at factory/premises of authorization holder or his supporting manufacturer(s).

Appendix and Aayat Niryat Form (ANF) applicable for EPCG scheme

<table>
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<tr>
<th>Appendix</th>
<th>Description</th>
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<tr>
<td>Appendix-5A</td>
<td>Format of Chartered Engineer Certificate for nexus under EPCG Scheme</td>
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<tr>
<td>Appendix-5B</td>
<td>Certificate of Chartered Accountants/Cost Accountants/Company Secretary (for issue of EPCG authorization)</td>
</tr>
<tr>
<td>Appendix-5C</td>
<td>Certificate of Chartered Accountants/Cost Accountants/Company Secretary (for redemption of EPCG authorization/issuance of post export EPCG duty credit scrip)</td>
</tr>
<tr>
<td>Appendix-5D</td>
<td>Export obligation under EPCG Scheme – List of services for which payments received in Indian Rupees terms.</td>
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<tr>
<td>Appendix-5E</td>
<td>Computation of annual average Export Obligation under EPCG Scheme</td>
</tr>
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<td>Appendix-5F</td>
<td>List of capital goods not permitted/ permitted for import subject to specific condition under the EPCG scheme.</td>
</tr>
<tr>
<td>ANF-5A</td>
<td>Application form for issuance of EPCG/ Post Export EPCG authorization.</td>
</tr>
<tr>
<td>ANF-5B</td>
<td>Application form for redemption of EPCG authorization/post export EPCG duty credit scrip.</td>
</tr>
<tr>
<td>ANF-5C</td>
<td>Application for clubbing of EPCG authorization.</td>
</tr>
</tbody>
</table>
FAQs on EPCG

1. Whether supply of goods against EPCG authorization is exempt under GST.

   **Ans.** Supply of goods against EPCG authorization is deemed export but not exempted upfront and hence supply against EPCG is liable to GST; however, the recipient or supplier have option either to avail input tax credit or refund of GST paid.

2. Whether capital goods imported against EPCG authorization can be transferred/sold.

   **Ans.** Import of capital goods against EPCG authorization shall be subject to actual user condition till export obligation is completed and EODC is granted, hence capital goods cannot be transferred or sold till export obligation is completed and EODC is granted.

3. Whether benefits of project import regulation and EPCG can be availed simultaneously.

   **Ans.** Yes, concessional benefits under project import regulations and exemption under EPCG can be availed simultaneously and export obligation will be calculated with respect to the concessional tax saving as prescribed under project import regulation.

4. Whether second-hand capital goods can be imported under EPCG authorization.

   **Ans.** The FTP of 2015-20 relating to EPCG provided that second-hand capital goods shall not be permitted to be imported under EPCG Scheme. This clause was deleted during annual review of the policy in 2020. Correspondingly the Appendix-5F prohibiting import of goods subject to conditions under EPCG has now been deleted.

5. Whether two or more EPCG authorizations can be clubbed together.

   **Ans.** Yes, subject to the following conditions:

   (i) All the authorizations have been issued to the same authorization holder.

   (ii) Application for clubbing shall be made to the Regional Authority of the DGFT in Form ANF-5C.
Export Promotion Capital Goods (EPCG) Scheme

(iii) Export products of all the authorizations shall be same or similar.

(iv) Total export obligation would be re-fixed taking into account total of duty saved amount of the clubbed authorizations.

(v) On clubbing, authorizations for all purpose shall be deemed to be a single EPCG authorizations.

(vi) Export obligation period shall be reckoned from first authorization issue date.

(vii) Average obligation shall be highest among all the clubbed authorizations.

(viii) Clubbing would be permitted during valid EOP including extended period, if any.

6. Whether the Regional Authority is empowered to extend export obligation period under EPCG.

Ans. Two extension of one year each in export obligation period may be considered by RA concerned:

(i) on payment of composition fee equal to 5% and 10% respectively of proportionate duty saved amount on unfulfilled export obligation for the first/second year of extension; or

(ii) on enhancement in export obligation imposed to the extent of 10%/ 20% respectively of the total export obligation imposed under the authorizations for first/second year of extension.

as the case may be, at the choice of the exporter.

7. Whether furniture and carpets can be imported duty free under EPCG scheme by a hotel.

Ans. EPCG scheme is available for manufacturer as well as for service providers like hotel, hospital etc., Further, furniture and carpets are allowed to be imported duty free under EPCG scheme by hotel industry only not for the manufacturing company.

8. Whether construction material like cement, steel & computer and printers are allowed to be imported under EPCG Scheme.

Ans. No, as these items are prohibited under Appendix-5F.
9. Can a deemed exporter claim EPCG.
   Ans. Yes.

10. Can a person holding an EPCG authorization source capital goods from a domestic manufacturer.
    Ans. Yes.

10. How the export obligation is determined when capital goods sourced from India.
    Ans. In case of domestic sourcing, export obligation shall be reckoned with reference to notional customs duties saved on FOR value.

11. Can an Exporter claim EPCG after export (post export EPCG).
    Ans. Yes. Post export EPCG duty credit scrip(s) shall be available to exporters who intend to import capital goods on full payment of applicable duties, taxes and cess in cash and choose to opt for this scheme. Basic customs duty paid on capital goods shall be remitted in the form of freely transferable duty credit scrip(s).

12. Can a new exporter avail this scheme.
    Ans. Yes, in such case, there will be no average export obligation.

13. What are the benefits of domestic sourcing.
    Ans. Domestic manufacturers will be eligible for deemed export benefits. Specific EO shall be 25% less than the stipulated EO. Domestic sourcing of capital goods will neutralize GST by refund route to the supplier or recipient till the date notified and extended by Government.

14. Is there any exemption from maintenance of average export obligation.

15. What is installation certificate and where is it required to be submitted.
    Ans. Installation certificate confirms installation of capital goods at factory/
premises of authorization holder or his supporting manufacturer. It may be obtained from Jurisdictional Customs Authority or Chartered Engineering. It is required to be submitted to RA within 6 months from the date of completion of imports.

16. **Whether exports made through third party will be considered for EO.**

**Ans.** Yes, where the names of both authorization holder and supporting manufacturer are indicated in the export documents like shipping bill/bill of exports etc. along with EPCG authorization number.

17. **Whether a capital goods imported by one unit can be transferred to other unit.**

**Ans.** The transfer of capital goods from one unit of the company to its another unit may be allowed by EPCG Committee in DGFT subject to the condition that both the addresses are mentioned in IEC and RCMC and submission of fresh installation certificate is done within 6 months of such transfer.

18. **Whether export under EPCG Scheme is eligible for MEIS and other Schemes.**

**Ans.** Yes, MEIS benefit is over and above all Schemes under the Policy.

19. **What should be done after fulfilling of export obligation.**

**Ans.** An application on the prescribed form ANF 5C along with the specified documents is required to be submitted to licensing authority for redemption.
Chapter 9

Export Oriented Units (EOUs)

Background

Export Oriented Unit Scheme or EOU Scheme is one of the export promotion schemes of the Government of India and is in existence since 1980. Sector specific EOU schemes are also known as Software Technology Park (STP) Scheme for export of software; or Electronic Hardware Technology (EHTP) Park Scheme for export of electronic Hardware; or Bio-technology Park (BTP) Scheme for export of Bio-Technology Products. Under EOU Scheme, manufacturing or service sector units are allowed to be set up with the objective of exporting entire production of goods manufactured or services except limited sale in domestic tariff area (DTA) as provided under the Foreign Trade Policy (FTP).

The EOU scheme is formulated by Government of India in the Ministry of Commerce & Industry. The provisions of EOU Scheme are contained in Chapter 6 of the Foreign Trade Policy (FTP); Chapter 6 of Handbook of Procedures (HOP), Vol. I and Public Notices /Circulars issued by the Department of Commerce. Establishment of units and their performance is monitored by the jurisdictional Development Commissioner (DC) in accordance with the FTP provisions.

Main Objectives

(a) Boosting exports
(b) Earning foreign exchange
(c) Attracting foreign investment
(d) Generating employment
(e) Backward and forward linkage by way of sourcing of raw material from and supply of finished goods to DTA
(f) Attracting latest technology into the country
(g) Upgrading the skill and creating source of skilled man-power
(h) Development of backward area.
Export Oriented Units (EOUs)

Eligibility
Units having a minimum investment of Rs.1 Crore in plant & machinery undertaking to export their entire production of goods and services may be set up under the Export Oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park (STP) Scheme or Bio-Technology Park (BTP) Scheme.

Purpose of EOU
Unit under EOU scheme may be set up for
- Manufacture of goods
- Repair
- Re-making
- Reconditioning
- Re-engineering
- Rendering of services
- Development of software
- Agriculture including agro-processing, aquaculture, animal husbandry, biotechnology, floriculture, horticulture, pisciculture, viticulture, poultry and sericulture.

Sector not covered under EOU concept
Trading units

Location for EOU
EOUs can be set up anywhere in the country.

Conversion from Existing Domestic Unit to EOU unit
(a) Existing DTA units may also apply for conversion into an EOU / EHTP / STP / BTP unit.
(b) Existing EHTP / STP units may also apply for conversion / merger to EOU unit and vice-versa. In such cases, units will avail exemptions in duties and taxes as applicable.
(c) Applications for conversion into an EOU / EHTP / STP / BTP unit from existing DTA units, having an investment of Rs. 50 crores and above
in plant and machinery or exporting Rs. 50 crores and above annually, shall be placed before BOA for a decision.

**Sale of surplus power**

(i) Whenever the Development Commissioner receives proposal for sale of surplus power, it would be examined in consultation with the State Government including State Electricity Board. This shall, however, not apply to sale of power within the SEZ. The Development Commissioner will report the norms of raw materials and consumables required for generation of a unit of power for consideration and approval by the Board of Approval.

(ii) No duty/tax shall be required to be paid on sale of surplus power from an EOU/SEZ unit to another EOU/SEZ unit subject to GST provisions. Development Commissioner of SEZ concerned would be informed in writing of such supply and proper account of the consumption of raw material would be maintained by the supplying unit. The value of imported inputs and consumables shall be taken into account for NFE calculations of the supplying unit.

(iii) The unit will obtain permission of the Assistant Commissioner of Customs/ Central Excise & GST for sale of surplus power in the DTA, after obtaining permission from the SEZs under the relevant statute. Duty/tax on sale of power to the DTA shall be as per the notification of the Department of Revenue in this regard.

(iv) Due care will have to be taken by the Development Commissioner/ Board of Approval while approving the power plants by EOU/SEZ units vis-à-vis their actual requirement.

**Exit from EOU Scheme**

1. With the approval of Development Commissioner (DC), an EOU may opt to exit out of the EOU Scheme. Such exit shall be subject to payment of applicable duties and taxes saved on imported inputs and capital goods. These applicable duties and taxes may also be discharged through advance authorization and EPCG or in cash.

2. An EOU / EHTP / STP / BTP unit may also be permitted by DC to exit from the Scheme at any time on payment of applicable duties and taxes and compensation cess on capital goods under the prevailing
EPCG Scheme for DTA Units. This will be subject to fulfillment of positive NFE criteria under EOU scheme, eligibility criteria under EPCG scheme and standard conditions indicated in Hand Book on procedures.

3. An EOU / EHTP / STP / BTP unit may also be permitted by DC to exit under advance authorisation as one-time option. This will be subject to fulfillment of positive NFE criteria.

Consequence of exit from EOU

If the unit has not achieved the obligations, it shall also be liable to penalty at the time of exit. Further the EOU has to pay the import duties foregone and other benefits like GST (either claimed as refund by EOU or by the supplier, by way of paying GST on outward supply).

Incentives/facilities available to EOUs

(i) Duty free imports or procurement from bonded warehouse /international exhibitions of inputs, consumables, office or other capital goods (including second-hand capital goods) etc.

(ii) Procurement of goods from domestic tariff area without payment of central excise duty.

(iii) Supplies by DTA manufacturer are eligible for deemed export benefits which include drawback, refund of terminal excise duty and issuance of advance authorisation enabling duty free import to the DTA supplier.

(iv) Export income exempted from payment of income tax with a sunset clause.

(v) DTA sale without any limit (including advance DTA sale) on payment of applicable GST and customs duties foregone as BCD/ADD/SGD.

(vi) Only positive net foreign exchange earnings (NFE) to be achieved over a period of five years.

(vii) Duty free goods (except capital goods) to be utilized over a period of 3 years.

(viii) Export proceeds to be realized within a period of 12 months. Retention allowed upto 100% of export earnings in EEFC account.

(ix) Supplies made in DTA under Paragraph 6.9 of FTP & supplies to other
exporting units/bonded warehouse are counted for the purpose of fulfillment of positive NFE.

(x) Goods allowed to be supplied duty free in DTA against advance authorization/ DFIA issued by DGFT.

(xi) Job-work/sub-contracting for or from DTA permitted subject to fulfillment of certain conditions.

(xii) Import/export of goods including precious goods permitted through personal carriage & Foreign Post Office.

(xiii) FDI upto 100% permitted as per the guidelines of Department of Industrial Policy and Promotion.

(xiv) Exemption from industrial licensing for manufacture of items reserved for SSI sector.

(xv) Software units allowed to use computer systems for training purposes (including commercial training).

(xvi) EOUs allowed to install one fax machine and two computers outside the bonded area of the unit.

(xvii) Depreciation upto 100% permissible on capital goods. On de-bonding, the duty to be paid on the depreciated value of the capital goods.

**DTA Sale by EOU**

(i) Units, other than gems and jewellery units may sell finished goods manufactured by them as specified in LoP (including by-products, rejects, waste and scraps arising in the course of production, manufacture, processing or packaging of such goods) which are freely importable under FTP in DTA, subject to fulfillment of positive NFE, on payment of excise duty, if applicable, and/ or payment of GST and compensation cess along with reversal of duties of custom leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption, if any on the inputs utilized for the purpose of manufacturing of such finished goods (including by-products, rejects, waste and scraps arising in the course of production, manufacture, processing or packaging of such goods).

(ii) No DTA sale shall be permissible in respect of, pepper & pepper products, marble and such other items as may notified from time to time.
(iii) Such DTA sale shall also not be permissible to units engaged in activities of packaging/ labeling/ segregation/ refrigeration/ compacting/ micronisation/ pulverization/ granulation/ conversion of monohydrate form of chemical to anhydrous form or vice-versa.

(iv) The DTA sale by EOU/EHTP/STP/BTP units shall be subject to payment of excise duty, if applicable, and/or payment of GST and compensation cess along with reversal of duties of custom leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption, if any on the inputs utilized for the purpose of manufacturing of such finished goods (including by-products, rejects, waste and scraps arising in the course of production, manufacture, processing or packaging of such goods). This reversal of customs duty would be as per prevailing SION norms or norms fixed by Norms Committee (where no SION norms are fixed).

(v) Such DTA sale shall also be subject to refund of any benefits availed by the EOU/supplier as per FTP, on the goods used for manufacture of the goods cleared into the DTA.

(vi) For services, including software units, sale in DTA in any mode, including online data communication, shall also be permissible up to 50% of F.O.B. value of exports and/or 50% of foreign exchange earned, where payment of such services is received in foreign exchange.

(vii) Gems and jewellery units may sell upto 10% of F.O.B. value of exports of the preceding year in DTA, subject to fulfillment of positive NFE. The unit shall pay applicable GST and compensation cess along with reversal of duties of Customs leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption, on inputs used in such jewellery.

(viii) Unless specifically prohibited in LoP, rejects may be sold in DTA on payment of excise duty, if applicable, and/or payment of GST and compensation cess along with reversal of duties of Customs leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption on inputs on prior intimation to customs authorities. Sale of rejects up to 5% of F.O.B. value of exports shall not be subject to achievement of NFE.

(ix) Scrap / waste / remnants arising out of production process or in
connection therewith may be sold in DTA, as per SION notified under Duty Exemption Scheme, on payment of applicable duties and/or taxes and compensation cess. Such sales of scrap / waste / remnants shall not be subject to achievement of positive NFE. In respect of items not covered by norms, DC may fix ad-hoc norms for a period of six months and within these period, norms should be fixed by Norms Committee. Ad-hoc norms will continue till such time norms are fixed by Norms Committee. Scrap / waste / remnants may also be exported.

(x) There shall be no duties / taxes on scrap / waste / remnants, in case same are destroyed with permission of customs authorities. The expression “no duties/taxes” shall not include applicable taxes and cess under the GST laws.

(xi) By-products included in LoP may also be sold in DTA subject to achievement of positive NFE, on payment of excise duty, if applicable, and/or payment of GST and compensation cess along with reversal of duties of custom leviable under First Schedule to the Customs Tariff Act, 1975, if availed on inputs.

(xii) In case of new EOU, advance DTA sale will be allowed not exceeding 50% of its estimated exports for first year, except pharmaceutical units where this will be based on its estimated exports for first two years.

**Sale of Unutilized Material**

In case the EOU unit is unable to utilize goods and services, imported or procured from DTA, it may be:-

(i) transferred to another EOU/EHTP/STP/BTP/SEZ unit, such transfer would be treated as import for receiving unit or

(ii) disposed in DTA with intimation to customs authorities on payment of applicable duties, taxes and cess.

**Applications for Setting up a Unit**

- Application for setting up an EOU shall be considered by

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Export Oriented Units (EOUs)

In case of Bio-Technology Parks (BTP) | Officer designated by Department of Biotechnology
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- For setting up an EOU, three copies of application in Form ANF 6A shall be submitted to Development Commissioner.
- Applications for setting up units under EOU scheme shall be approved or rejected by Units Approval Committee within 15 days.
- Approved EOU / EHTP / STP / BTP unit shall execute an LUT with DC/Designated Officer concerned as in Appendix 6 E of Appendices & ANFs.
- All EOU / EHTP / STP / BTP units should have permanent e-mail address. No LUT for new units shall be executed unless unit has its permanent e-mail address and digital signature on said e-mail ID. In event of an EOU not having permanent e-mail address and digital signature, further imports and DTA sale shall not be permitted by DC

**Letter of Permission & Letter of Intent [LoP / LoI]**

On approval of setting up, a letter is issued by Development Commissioner / Designated Officer to EOU / EHTP / STP / BTP unit. This letter is called letter of permission/ Letter of Intent. Thereafter, unit shall execute an LUT with Development Commissioner/ Designated Officer to ensure positive NFE and to abide the terms and conditions of LoP / LoI.

**Net Foreign Exchange Earnings**

- EOU / EHTP / STP / BTP unit shall be a positive net foreign exchange earner.
- NFE earnings shall be calculated cumulatively in blocks of five years, starting from commencement of production.
- Positive NFE = A – B > 0

Where ‘NFE’ is net foreign exchange;

“A” is FOB value of exports by EOU / EHTP / STP / BTP unit;

“B” is sum total of CIF value of all imported inputs and CIF value of all imported capital goods, and value of all payments made in foreign
exchange by way of commission, royalty, fees, dividends, interest on external borrowings / high sea sales during first five year period or any other charges. It will also include payment made in Indian Rupees on high sea sales. Any goods obtained from another EOU / EHTP / STP / BTP / SEZ unit, or procured from an international exhibition held in India, or bonded warehouses or precious metals procured from nominated agencies, value of such goods shall be included under “B”. Value of imported capital goods financed through leasing companies or obtained free of cost and / or on loan / lease basis, shall also be taken into account for purpose of calculation of NFE.

Accounts to be maintained by an EOU
(a) EOU / EHTP / STP / BTP unit shall maintain proper accounts and shall file digitally signed quarterly and annual report as prescribed in Annexure to Appendix 6 E of Appendices & ANFs to DC / Designated Officer in Deity/ DoBT and Customs and Central Excise & GST authorities.

(b) Unit shall be able to account for entire quantity of each category of homogenous goods imported / procured duty and/or tax free, by way of exports, sales / supplies in DTA or transfer to other SEZ / EOU / EHTP / STP / BTP units and balance in stock. However, at no point of time, units shall be required to correlate every import consignment with its exports, transfer to other SEZ / EOU / EHTP/STP / BTP units, sales in DTA and balance in stock. Any matter for clarification as to whether goods are homogenous or not shall be decided by Units Approval Committee.

FAQs on EOU
1. Whether service unit is allowed under EOU Scheme.
   Ans. Yes, rendering of services is allowed. However, trading units are not allowed.

2. Whether second-hand capital goods allowed under EOU Scheme.
   Ans. Yes, second-hand capital goods, without any age limit, may be imported.

3. What is the treatment of procurement under GST by EOU from DTA.
Export Oriented Units (EOUs)

1. Goods supplied by the DTA units to EOU shall be regarded as deemed export and GST is to be paid on such supply, however due to deeming fiction either supplier or recipient by taking disclaimer certificate may apply for refund of such GST paid.

2. What procedure will be followed by EOU to import goods without payment of customs duty in the GST regime.

Ans. To avail such import benefits, EOUs will have to follow the procedure under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

5. Whether an EOU can clear goods to another EOU (inter-unit transfer). Whether an EOU can send goods for carrying out job work on such goods. In such situations, how will the tax liability be discharged.

Ans. Supply of goods from one EOU to another EOU will be treated as any other supply under GST Law. An EOU can send goods for job work as per section 143 of the CGST Act, 2017 and rule 45 of the CGST Rules, 2017 and the tax liability shall be discharged accordingly.

6. Can a SEZ be converted in to EOU.

Ans. No such provision in SEZ Act, 2005.

7. Is there any time limit to give approval for EOU.

Ans. Applications for setting up units under EOU Scheme shall be approved or rejected by Units Approval Committee within 15 days, as per criteria indicated in the policy/procedures.

8. Is there any requirement to commence production/service activity within a specified period on approval of EOU.

Ans. On approval, a letter of permission (LoP) / letter of intent (LoI) shall be issued by DC / designated officer to EOU/ EHTP / STP /BTP unit. LoP /LoI shall have an initial validity of 2 years to enable the Unit to construct the plant and install the machinery and by this time the unit should have commenced production. In case the unit is not able to commence production during the initial validity period of 2 years, an extension of one year may be given by the DC for valid reasons. Subsequent extension of one year may be given by the Unit Approval
Committee subject to conditions. Further extension, if necessary, will be granted by the Board of Approval.

9. **How long the approval for EOU valid.**

**Ans.** Once an unit commences production, LoP / LoI issued shall be valid for a period of 5 years for its activities. This period may be extended further by DC for a period of 5 years at a time.

10. **Can anyone start EOU in leased premise.**

**Ans.** Yes. EOUs shall have separate earmarked premises for separate LoP. Similarly, EOUs may be approved on leased premises provided the lease has been obtained from Government Department / undertaking / agency. However, in case lease is obtained from private parties, it shall have a validity period of five years from date of LUT and DC shall satisfy himself of genuine nature of lease.

11. **Can EOUs procure inputs/capital goods domestically.**

**Ans.** Yes.

12. **Can EOU procure second-hand capital goods domestically and/ or import.**

**Ans.** Yes.

13. **Can EOU export through other exporters?**

**Ans.** Yes. An EOU / EHTP / STP / BTP unit may export goods manufactured / software developed by it through other exporter, or any other EOU / EHTP/ STP / BTP /SEZ unit subject to the following conditions:

(a) Goods shall be produced in EOU / EHTP / STP / BTP unit concerned.

(b) Level of NFE or any other conditions relating to imports and exports as prescribed shall continue to be discharged by EOU / EHTP / STP / BTP unit concerned.

(c) Export orders so procured shall be executed within parameters of EOU /EHTP / STP / BTP schemes and goods shall be directly transferred from unit to port of shipment.

(d) Fulfilment of NFE by EOU / EHTP / STP / BTP units in regard to such exports shall be reckoned on basis of price at which goods
Export Oriented Units (EOUs)

are supplied by EOUs to other exporter or other EOU / EHTP / STP / BTP / SEZ unit.

(e) All export entitlements, including recognition as ‘status holder’ would accrue to exporter in whose name the foreign exchange earnings are realized.

However, such export shall be counted towards fulfilment of obligation under EOU / EHTP / STP / BTP scheme only.

14 Can an EOU set up show rooms or retail outlets for sale.

Ans. Yes. EOUs may set up showrooms / retail outlets at International Airports for sale of goods in accordance with procedure laid down by customs authorities. Items remaining unsold after a period of 60 days shall be exported or returned to respective EOUs.

15. Can an EOU supply or sell samples.

Ans. Yes. (a) EOU / EHTP / STP / BTP units may, on the basis of records maintained by them, and on prior intimation to customs authority, supply or sell samples in DTA for display / market promotion on payment of excise duty, if applicable, and/or payment of GST and compensation cess alongwith reversal of duties of customs leviable under First Schedule to the Customs Tariff Act, 1975, if availed on inputs.

(b) Remove samples without payment of duty and/or taxes on furnishing a suitable undertaking to Customs authorities for bringing back samples within a stipulated period.

Appendix and Aayat Niryat Form (ANF) applicable for EOU scheme

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Objective

The objective of deemed exports is to ensure that the domestic suppliers are not in a disadvantageous position vis-à-vis foreign suppliers in terms of the fiscal concessions. The underlying theory is that foreign exchange saved must be treated at par with foreign exchange earned by placing Indian manufacturers at par with foreign suppliers. Further deemed export benefits are extended to create a level-playing field to domestic manufacturers.

“Deemed Exports” for the purpose of FTP

“Deemed Exports” for the purpose of this FTP refer to those transactions in which goods supplied do not leave country, and payment for such supplies is received either in Indian rupees or in free foreign exchange. Supply of goods specified in Paragraph 7.02 of FTP regarded as “deemed exports” for the purpose of FTP provided goods are manufactured in India.

Supply of goods specified in Paragraph 7.02 of FTP: “Deemed Exports” for the purpose of FTP

Supply of goods under following categories (a) to (d) by a manufacturer and under categories (e) to (h) by main / sub-contractors shall be regarded as “deemed exports”:

A. Supply by manufacturer:
   (a) Supply of goods against advance authorisation / advance authorisation for annual requirement /DFIA;
   (b) Supply of goods to EOU / STP / EHTP /BTP;
   (c) Supply of capital goods against EPCG authorisation;
   (d) Deleted

B. Supply by main / sub-contractor(s):
   (e) (i) Supply of goods to projects financed by multilateral or bilateral Agencies /Funds as notified by Department of Economic Affairs
Handbook on Foreign Trade Policy - Incentives, Schemes …

(DEA), MoF, where legal agreements provide for tender evaluation without including customs duty.

(ii) Supply and installation of goods and equipment (single responsibility of turnkey contracts) to projects financed by multilateral or bilateral Agencies/Funds as notified by Department of Economic Affairs (DEA), MoF, for which bids have been invited and evaluated on the basis of “delivered duty paid” (DDP) prices for goods manufactured abroad.

(iii) Supplies covered in this Paragraph shall be under International Competitive Bidding (ICB) in accordance with procedures of those Agencies /Funds.

(iv) A list of agencies, covered under this Paragraph, for deemed export benefits, is given in Appendix 7A.

(f) (i) Supply of goods to any project or for any purpose in respect of which Customs have issued Notifications and had permitted import of such goods at zero customs duty (with exemption of both BCD and CVD) subject to conditions specified therein. Benefits of deemed exports shall be available only if the supply is made under procedure of ICB.

(ii) Supply of goods required for setting up of any mega power project, as specified in the customs notification and subject to conditions mentioned therein, shall be eligible for deemed export benefits provided such mega power project conforms to the threshold generation capacity specified in the above said Notification.

(iii) For mega power projects, ICB condition would not be mandatory if the requisite quantum of power has been tied up through tariff based competitive bidding or if the project has been awarded through tariff based competitive bidding.

(g) Supply of goods to United Nations or International organization for their official use or supplied to the projects financed by the said United Nations or an International organization approved by Government of India in pursuance of section 3 of United Nations (Privileges and Immunities Act), 1947. List of such organization and conditions applicable to such supplies is given in the relevant Customs
notifications. A list of agencies, covered under this Paragraph, is given in Appendix-7B.

(h) Supply of goods to nuclear power projects provided:
   (i) Such goods are required for setting up of any nuclear power project as specified in the relevant customs notification and subject to conditions mentioned therein.
   (ii) The project should have a capacity of 440 MW or more.
   (iii) A certificate to the effect is required to be issued by an officer not below the rank of Joint Secretary to Government of India, in Department of Atomic Energy.
   (iv) Tender is invited through national competitive bidding (NCB) or through ICB

Benefits for Deemed Exports

Deemed exports shall be eligible for the following benefits, subject to terms and conditions as given in HBP and ANF-7A:

(a) Advance authorisation / advance authorisation for annual requirement/ DFIA.

(b) Deemed export drawback for BCD.

(c) Refund of terminal excise duty for excisable goods mentioned in Schedule 4 of Central Excise Act 1944 provided the supply is eligible under that category of deemed exports and there is no exemption.

(d) Terminal excise duty refund on fuel.

Criteria for claiming ‘Deemed Export’ Benefits

In respect of supply of intermediate goods to advance authorisation/ DFIA holder, against invalidation letter, issued, application to obtain advance authorisation for import of duty free inputs to be made.

In respect of supply of goods to advance authorisation/ DFIA, against advance release orders (ARO), procedure given shall be followed.

In respect of supply of goods to an EPCG Authorisation holder, against invalidation letter, application for advance authorisation/ DFIA shall be made as per procedures given.
Terminal Excise duty refund on Fuel

For supply of high speed diesel (HSD) from depots of domestic oil public sector undertakings, terminal excise duty shall be refunded on the basis of duty paid certificate issued by concerned domestic oil public sector undertaking in the given format. Duty refund will be allowed for quantity of HSD procured by EOU / EHTP / STP / BTP unit for its production activities, as certified by concerned DC / Bond authorities.

Procedure for claiming ‘Deemed Export’ Benefits-
(a) Supplier/ recipient of goods shall submit application for claiming deemed export benefits, in ANF-7A, along with the documents prescribed therein, to the concerned Regional Authority.
(b) In case of supply of goods to an EOU, claim shall be filed with the concern Development Commissioner. A domestic tariff area (DTA) Unit shall claim benefits from the concerned Regional Authority.

“Deemed Exports” for the purpose of GST

“Deemed exports” for the purpose of GST would include only the supplies notified under Section 147 of the CGST/SGST Act, on the recommendations of the GST Council. The benefits of GST and conditions applicable for such benefits would be as specified by the GST Council and as per relevant rules and notification.

Deemed exports are not zero rated supplies by default, unlike the regular exports. Hence all supplies notified as supply for deemed export will be subject to levy of taxes i.e. such supplies can be made on payment of tax and cannot be supplied under a Bond/LUT. However, the refund of tax paid on the supply regarded as Deemed export is admissible to either the supplier or the recipient. The application for refund has to be filed by the supplier or recipient (subject to certain conditions) of deemed export supplies, as the case may be.

Deemed Exports under GST

The Central Government in exercise of powers conferred under Section 147 of the CGST Act, has issued Notification No. 48/2017-Central Tax dated 18.10.2017 wherein the following categories of supply of goods has been declared as Deemed Exports: -
Deemed Exports

Description of Supply

01. Supply of goods by a registered person against advance authorization.

02. Supply of capital goods by a registered person against export promotion capital goods authorisation.

03. Supply of goods by a registered person to export oriented unit.

04. Supply of gold by a bank or public sector undertaking specified in the notification No. 50/2017-Customs, dated the 30th June, 2017 (as amended) against advance authorization.

Procedure to be followed to claim refund of GST under Deemed Export supplies

Rule 89 of the CGST Rules, 2017 as amended vide Notification No. 47/2017-Central Tax dated 18.10.2017 allows either the recipient or supplier of such supplies to claim refund of tax paid thereon.

Time Limit for filing refund claim

For obtaining refund the recipient or supplier of deemed export supplies has to file an application in FORM GST RFD-01 through the common portal, either directly or through a Facilitation Centre notified by the Commissioner before the expiry of two years from, the date on which the return relating to such deemed export supplies is to be furnished electronically.

Procedure and safeguards in respect of supplies to EOU / EHTP / STP /BTP units

(i) The recipient EOU / EHTP / STP / BTP unit shall give prior intimation in a prescribed preform in “Form–A” bearing a running serial number containing the goods to be procured, and the details of the supplier before such deemed export supplies are made. The said intimation shall be given to :-

(a) the registered supplier;

(b) the jurisdictional GST officer in charge of such registered supplier; and

(c) its jurisdictional GST officer.
The registered supplier thereafter will supply goods under tax invoice to the recipient EOU / EHTP / STP / BTP unit.

On receipt of such supplies, the EOU / EHTP / STP / BTP unit shall endorse the tax invoice and send a copy of the endorsed tax invoice to—

(a) the registered supplier;
(b) the jurisdictional GST officer in charge of such registered supplier; and
(c) its jurisdictional GST officer.

The endorsed tax invoice will be considered as proof of deemed export supplies by the registered person to EOU / EHTP / STP / BTP unit.

The recipient EOU / EHTP / STP / BTP unit shall maintain records of such deemed export supplies in digital form, based upon data elements contained in “Form-B”.

FAQs

1. When refund application by recipient of ‘deemed exports’ can be filed

Ans. If the recipient of ‘deemed exports’ has paid the tax amount on inward supplies received which is qualified as deemed exports and have taken credit of tax paid in their electronic credit ledger, then the recipient of deemed exports can claim refund of tax amount paid by them, which has been posted as input tax credit in their electronic credit ledger, by providing the declaration that the supplier has neither claimed nor shall claim any refund with respect to the said supplies.

2. What are the relied upon documents which I have to upload with refund application of recipient of deemed export?

Ans. The supplier has to upload documents as are required to be filed along with Form RFD-01A, as notified under CGST Rules or Circulars issued in the matter and other such documents as the refund sanctioning authority may require. Statement 5B shall be uploaded mandatorily with the details of invoices for which refund is to be claimed. Taxpayers have an option to upload up to 4 documents with the refund application, of size up to 5MB each. Therefore, any supporting document can be uploaded by the taxpayer, if required.
3. To whom should a supplier file his application with.

Ans. The taxpayer shall file the refund application in Form RFD-01A on GST portal. Taxpayer shall choose ground of refund as recipient of deemed exports for claiming refund. After filing, refund application shall be assigned to Refund Processing Officer and applicant can track the status of refund application on GST Portal.

4. When/how will the refund Form RFD-01A be processed.

Ans. Once the ARN is generated on filing of refund application in Form RFD-01A, the refund application along with the documents attached while filing the form would be assigned to Refund Processing Officer for processing the refund. The taxpayer can track the status of refund application using track status functionality. The application will be processed and refund will be disbursed by the Jurisdictional Authority after scrutiny.
Chapter 11

Important changes in FTP due to spread of Pandemic COVID 19 in 2020

- The export of personal protection equipment i.e PPE Medical Coveralls for Covid-19 is currently prohibited. However, from the issuance of this notification the export of PPE Medical Coveralls for COVID-19 is restricted for monthly Export Quota of 50 Lakh PPE Medical Coveralls for COVID-19.

- “Other items that are part of PPE kits and listed in the description against Serial No. 207A in the Notification No. 14 dated 22.06.2020, however, continue to remain prohibited for exports whether exported as individual items or as part of PPE kits and monthly quota shall not be applicable on the export of these items”. However Surgical Drapes Isolation Aprons, Surgical Wraps and X-Ray Gowns are not prohibited for export.

- Certain variety of tyres meant for motor cars (including station Wagons and racing cars), buses, lorries, motor cycles, scooters, by-cycles are now restricted for import.

- Procedure for issuance of license for export of samples is prescribed. Export of quantity up to 50 units of PPE Medical Coveralls for Covid 19 per IEC and per Country will be allowed. The export license is valid for 3 months only.

- Import of power tiller is restricted. Part of power tiller viz., engine, transmission, chassis & rotavator are restricted.

- Export of non-owen fabrics for 25-70 GSM is prohibited whereas non-owen fabrics other than 25-70 GSM except melt blown category is free.

- Import of cut flowers and flower buds suitable for bouquet or ornamental purpose continue to be free but permitted only through Chennai Airport.

- Export of cut and polished diamonds with re-import facility at zero duty allowed subject to Customs Notifications and FTP conditions.
Important changes in FTP due to spread of Pandemic COVID 19 in 2020

- Export of Hydroxychloroquine and formulation made from Hydroxychloroquine are free. Earlier these items were under prohibited list.
- Human embryos, gametes, gonad tissues are free for export subject to NOC obtained from ICMR.
- Alcohol based hand Sanitizers exported in containers with dispenser pump prohibited for export. Any other form of packaging ‘Free’ for export.
- Export of ‘paracetamol’ is free.
- All masks except non-surgical/non-medical masks are prohibited for export.
- Diagnostic kits are restricted for export.
- Export of bone and bone products and gelatine ‘free’ subject to ‘Health Certificate’ issued by Export Inspection Council.
- A 2% additional adhoc incentive along with MEIS for export of Mobile phones (both bush button type and other than bush button type).