

# EPCES NEWS

Volume : 25 Issue : 13

April-June 2023



## Trade and Investment Together - A New Initiative by **CIM**



## Open House at VSEZ by Commerce Secretary

**ZONE-WISE MERCHANDISE EXPORTS IN JUNE 2023**  
(VALUES IN MILLION USD)

| Rank | ZONE               | June 2022     | June 2023     | Growth (%)  | April-June 2022 | April-June 2023 | Growth (%)  |
|------|--------------------|---------------|---------------|-------------|-----------------|-----------------|-------------|
| 1    | Kandla SEZ         | 4135.7        | 2803.0        | -32%        | 12051.1         | 8097.4          | -33%        |
| 2    | Vishakhapatnam SEZ | 461.4         | 646.6         | 40%         | 1455.6          | 1741.5          | 20%         |
| 3    | SEEPZ Mumbai       | 413.6         | 477.2         | 15%         | 1359.5          | 1305.4          | -4%         |
| 4    | MEPZ SEZ           | 281.9         | 289.1         | 3%          | 779.9           | 837.0           | 7%          |
| 5    | Falta SEZ          | 294.2         | 256.1         | -13%        | 974.7           | 773.7           | -21%        |
| 6    | Noida SEZ          | 282.9         | 214.2         | -24%        | 730.1           | 644.1           | -12%        |
| 7    | Cochin SEZ         | 209.3         | 205.3         | -2%         | 525.0           | 505.6           | -4%         |
|      | <b>Grand Total</b> | <b>6079.0</b> | <b>4891.5</b> | <b>-20%</b> | <b>17875.9</b>  | <b>13904.6</b>  | <b>-22%</b> |

**Zone-wise Services Exports in June 2023**  
(Values in Million USD)

| Rank | Zone               | June 2022     | June 2023     | Growth (%) | April-June 2022 | April-June 2023 | Growth (%) |
|------|--------------------|---------------|---------------|------------|-----------------|-----------------|------------|
| 1    | Cochin SEZ         | 2410.5        | 2389.6        | -1%        | 6701.6          | 6089.9          | -9%        |
| 2    | SEEPZ Mumbai       | 1634.6        | 1586.6        | -3%        | 4350.4          | 4080.2          | -6%        |
| 3    | Vishakhapatnam SEZ | 1304.5        | 1546.2        | 19%        | 3459.3          | 3970.0          | 15%        |
| 4    | MEPZ SEZ           | 1562.0        | 1520.4        | -3%        | 4280.6          | 4080.5          | -5%        |
| 5    | Noida SEZ          | 801.5         | 803.5         | 0%         | 2331.9          | 2216.1          | -5%        |
| 6    | Falta SEZ          | 286.6         | 282.9         | -1%        | 728.4           | 733.1           | 1%         |
| 7    | Kandla SEZ         | 69.1          | 97.3          | 41%        | 239.5           | 230.3           | -4%        |
|      | <b>Grand Total</b> | <b>8068.7</b> | <b>8226.5</b> | <b>2%</b>  | <b>22091.7</b>  | <b>21400.2</b>  | <b>-3%</b> |

# Inside



## EPCES NEWS

A Newsletter by Export Promotion Council for EOUs & SEZs (Set up by Ministry of Commerce and Industry, Government of India)

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## EPCES NEWS

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Trade and Investment Together -  
A New Initiative by CIM



Open House at  
VSEZ by  
Commerce Secretary

**Bhuvnesh Seth**  
Chairman, EPCES

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Director General, EPCES

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### Open House at VSEZ by Commerce Secretary

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**Bhuvnesh Seth**  
Chairman, EPCES

It is heartening to note that Hon'ble Commerce & Industry Minister is regularly reviewing the export scenario with EPCs and Industry Associations to address their concerns. However, industry is still awaiting the enactment of the proposed DESH Bill and coverage of EOUs and SEZ under the RoDTEP scheme. EPCES has been following up with the Government on a continuous basis. We hope that Government finalises the Bill and ends this policy uncertainty about SEZs at the earliest which is adversely affecting investment plans.

## *Dear Friends*

**T**here is not much change in the outlook for International Trade as it continues to face headwinds due to high inflation, rising interest rates, continued disruptions due to Russia-Ukraine war and adverse US-China relations.

While Merchandise Exports are down by 15.1% to 102.68 billion in Q1 FY 24 on YoY basis, Services exports have increased by 5% to 80.03 billion. Of the 30 principal Commodity Groups, exports have increased in respect of 11 groups while exports have declined in 19 groups. In the major commodity groups, exports of Petroleum products were down by 33.28%, Engineering Goods down by 7.46%, Gems & Jewellery down by 26.43%, Chemicals down by 19.40%, RMG of all Textiles down by 17.72% while exports of Electronic Goods increased by 47.05% and Drugs & Pharmaceuticals increased by 5.10%.

As regards SEZs, during Q1, FY 24, exports of Goods and Services from SEZ declined by 12%, exports of Goods declined by 22%, export of Services by 3%. Sale of

Goods to DTA from SEZs declined by 16%. During the same period, imports of Goods from SEZs declined by 10% and procurement of Goods from DTA by SEZs declined by 19%.

It is heartening to note that Hon'ble Commerce & Industry Minister is regularly reviewing the export scenario with EPCs and Industry Associations to address their concerns. However, industry is still awaiting the enactment of the proposed DESH Bill and coverage of EOUs and SEZ under the RoDTEP scheme. EPCES has been following up with the Government on a continuous basis. We hope that Government finalises the Bill and ends this policy uncertainty about SEZs at the earliest which is adversely affecting investment plans.

I hope you will find this edition informative and interesting. I will be eager to hear your suggestions to make this magazine more meaningful and useful.

Bhuvnesh Seth



**Alok Vardhan Chaturvedi**  
Director General, EPCES

You will be happy to know that EPCES has taken a new initiative of bringing out monthly Trade bulletin providing detailed country-wise, commodity-wise analysis of exports and imports of goods and services. EPCES has also engaged PwC as consultant to prepare a “To-Do List” of regulatory and infrastructure gaps for government SEZs based on interactions with the units there. They have already held discussions with members in different SEZs.

## Dear Members

As Governor RBI has brought out in his statement, the global economy continues to face challenges of high inflation, huge debt, tight financial conditions, continuing geopolitical tensions, and extreme weather conditions. World merchandise trade volume growth is projected by the WTO to decelerate from 2.7 per cent in 2022 to 1.7 per cent in 2023. Thanks to encouraging domestic demand, India is, however, expected to withstand these external headwinds far better. Real GDP growth for 2023-24 is projected at 6.5 per cent.

While Merchandise Exports are down by 15.1% to 102.68 billion in Q1 on YoY basis, Services exports have increased marginally by 5% to 80.03 billion. As regards SEZs, exports of Goods and Services declined by 12%, exports of Goods declined by 22%, export of Services by 3%.

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As regards the DESH Bill, it is understood that now there is a broad agreement on key issues and soon Cabinet approval might be taken for the revised DESH Bill to be placed in the winter Session of the Parliament for consideration.

Among our regular articles, you will find information about the status of issues taken by the EPCES with the Government, export data of SEZs, and details of queries answered by our knowledge partner in addition to activities at headquarter and Regional levels. We will be happy to hear from you for suggestions for improving the news magazine.

(Alok V Chaturvedi)

# Trade and Investment Together – New Initiative by CIM



So far trade promotion was being taken up by the Department of Commerce in isolation with exporters taking part in exhibitions and fair abroad and organizing BSM abroad and reverse BSM in India by EPCs. In a meeting with EPCs and Industry Associations held on 3.7.2023, Hon'ble Commerce and Industry Minister (CIM), Shri Piyush Goyal, informed about the new initiative of combining Trade and Investment promotion. He announced that Invest India has been empowered to look after Trade as well. Thus, Invest India will function as a unified body to look after trade and investments.

Invest India's MD & CEO, Ms. Manmeet Nanda, delivered a presentation highlighting the Engagement Plan for Trade and Investment promotion. It was informed that a task force comprising JS(DoC), JS(DPIIT), Indian Missions and Invest India was constituted in March 2023. An in-depth research was carried out to study import-export trends across HS code for 20+ countries. Outbound Investment trends and strategic engagements with the countries were also compared. A priority list of 12 priority countries – USA, Brazil, Canada, UAE, Saudi Arabia, UK, Germany, Nordics (Sweden), Japan, Taiwan, South Korea and Russia, was prepared with focus sectors for trade & investment promotion. The Task

Force worked together to identify a calendar of activities for these countries on the basis of anchor events in these countries including MAI events and investment roadshows. Senior officers from the D/o Commerce and D/o Promotion of Industry and Internal Trade were designated for each of these 12 countries. Country wise plan of domestic and international engagement was presented. Basically participation in major international and domestic exhibitions and events was integrated with the Strategic investors meetings and roadshows in these countries. Emphasis was made that events/fairs in India should be upgraded to global event ensure participation of buyers and sellers of all the countries of the relevant sectors. Hon'ble Minister requested for the quick feedback of EPCs and Industry association on the proposed plan.

The meeting was attended by Shri Sunil Barthwal, Commerce Secretary, Ms. Rachna Shah, Textiles Secretary, Shri R K Singh, Secretary, DPIIT, Shri Santosh Kumar Sarangi, DGFT and other senior officers of the Departments, EPCs and Industry Associations.

Export review was also undertaken. DGFT made the presentation about the exports under different sectors. EPCs gave their views about the export outlook in the rest of the financial years and gave some suggestions. CIM assured to look into the suggestions given during the meeting.

## Regular Interactions with Trade by Commerce & Industry Minister

It is very heartening to note that Hon'ble Commerce & Industry Minister is conducting regular monthly meeting with the EPCs and Industry associations. Monthly meetings were held on 24 April, 23 May and 3 July. The next meeting is scheduled on 29 August.



While Merchandise Exports are down by 15.1% to 102.68 billion in Q1 on YoY basis, Services exports have increased by 5% to 80.03 billion. Of 30 principal Commodity Groups, exports have increased in respect of 11 groups while exports have declined in 19 groups. In the major commodity groups, exports of Petroleum products were down by 33.28%, Engineering Goods down by 7.46%, Gems & Jewellery down by 26.43%, Chemicals down by 19.40%, RMG of all Textiles down by 17.72% while exports of Electronic Goods increased by 47.05% and Drugs & Pharmaceuticals increased by 5.10%. Commodity wise export performance is attached. Exports have been facing global headwinds due to high inflation and monetary tightening in export markets, supply chain disruptions due to Russia-Ukraine war and reduced commodity prices.

Shri Srikanth Badiga, Vice Chairman, EPCES raised the following key issues relating to SEZs and EOUs:

- (i) IT/ITES developers are in deep financial trouble. EPCES would like to have a quick resolution on the issue of co-existence of DTA/SEZ units in IT/ITES SEZs. A formulation has been under consideration for quite some time now between Commerce and Revenue departments.
- (ii) Exit processes for SEZs should also be simplified. In principle approval should be given for

de-notification on undertaking given by Developers so that other formalities can be completed quickly.

- (iii) DESH Bill had given a huge hope to investors. But investors are feeling disappointed about the delay in this regard. It should be expedited.
- (iv) SEZs and EOUs should be covered under the RoDTEP. RoDTEP committee has already submitted its recommendations.
- (v) INR payment should be allowed for supply of services from SEZ to DTA
- (vi) SEZ to DTA sales should be based on duty foregone principle and not on payment of full customs duty
- (vii) Compliances for Services should be completely made online. Still insistence is made on 100% endorsement of physical copies of DTA invoices. There is a huge pendency in this regard in DC offices.
- (viii) IT/ITES companies in SEZ should be allowed for sale of used laptops into the Domestic Tariff Area on payment of customs duty without insisting on Import license.
- (ix) Typical import policy restrictions should not be imposed on sale from SEZ and EOUs to DTAs as those restrictions are basically meant for imports from abroad.



- (x) Further, restrictions on imports from abroad such as port restrictions for rubber, MIP prices, etc, should also not be there as EOUs and SEZs are primarily catering to Exports.

| SI. No.  | Commodities                 | (Value in Million USD) |                   | % Change          |
|--|-----------------------------|------------------------|-------------------|-------------------|
|  |                             | April - June 2022      | April - June 2023 | April - June 2023 |
| <b>COMMODITY GROUPS EXHIBITING POSITIVE GROWTH</b> |                             |                        |                   |                   |
| 1  | Electronic Goods            | 4733.57                | 6960.48           | 47.05             |
| 2  | Iron Ore                    | 622.11                 | 839.91            | 35.01             |
| 3  | Oil Meals                   | 334.80                 | 445.79            | 33.15             |
| 4  | Oil Seeds                   | 299.79                 | 375.12            | 25.13             |
| 5  | Spices                      | 937.82                 | 1108.86           | 18.24             |
| 6  | Fruits & Vegetables         | 695.94                 | 794.20            | 14.12             |
| 7  | Ceramic Products & Gassware | 960.50                 | 1051.45           | 9.47              |
| 8  | Tobacco                     | 293.09                 | 314.92            | 7.45              |
| 9  | Drugs & Pharmaceuticals     | 6258.83                | 6578.31           | 5.10              |
| 10   | Coffee                      | 332.92                 | 347.29            | 4.32              |
| 11   | Rice                        | 2722.62                | 2821.40           | 3.63              |

| SI. No.  | Commodities  | (Value in Million USD) |                   | % Change          |
|--|--|------------------------|-------------------|-------------------|
|  |  | April - June 2022      | April - June 2023 | April - June 2023 |
| <b>COMMODITY GROUPS EXHIBITING NEGATIVE GROWTH</b> |  |                        |                   |                   |
| 12   | Petroleum Products   | 26929.33               | 17967.45          | -33.28            |
| 13   | Jute Mfg. including Floor Covering                             | 130.71                 | 94.60             | -27.63            |
| 14   | Gems & Jewellery   | 10232.11               | 7527.42           | -26.43            |
| 15   | Organic & Inorganic Chemicals                                  | 8155.68                | 6573.63           | -19.40            |
| 16   | Mica, Coal & Other Ores, Minerals including processed minerals | 1430.00                | 1169.19           | -18.24            |
| 17   | Plastic & Linoleum   | 2350.35                | 1928.90           | -17.93            |
| 18   | Other cereals  | 306.31                 | 252.02            | -17.72            |
| 19   | RMG of all Textiles  | 4490.66                | 3694.71           | -17.72            |
| 20   | Carpet   | 382.06                 | 326.17            | -14.63            |
| 21   | Cotton Yarn/Febs./made-ups, Handloom Products etc.             | 3164.19                | 2758.30           | -12.83            |
| 23   | Handicrafts excl. handmade carpet                              | 464.41                 | 406.08            | -12.56            |
| 24   | Leather & leather products                                     | 1248.84                | 1093.17           | -12.47            |
| 25   | Marine Products  | 2023.96                | 1772.22           | -12.44            |
| 26   | Meat, diary & poultry products                                 | 1119.59                | 1009.92           | -9.8              |

| SI. No. | Commodities   | (Value in Million USD) |                   | % Change          |
|---------|---|------------------------|-------------------|-------------------|
|         |   | April - June 2022      | April - June 2023 | April - June 2023 |
| 27      | Engineering Goods                                   | 28972.6                | 26812.08          | -7.46             |
| 28      | Cereal preparations & miscellaneous processed items | 722.26                 | 679.58            | -5.91             |
| 29      | Cashew  | 83.18                  | 82.78             | -0.48             |
| 30      | Tea   | 162.91                 | 162.64            | -0.17             |

## Stakeholder Consultation on DESH Bill by the new Commerce Secretary

Shri Sunil Barthwal, the new Commerce Secretary held stakeholder consultations with SEZs developers / Units and other investors about the proposed DESH Bill on 28.6.2023. Shri L Satya Srinivas, Additional Secretary and Shri Vipul Bansal, Joint Secretary, D/o Commerce and other officials dealing with SEZs were also present. A background presentation about the proposed Bill was presented by the officials. In his opening remarks, the Commerce Secretary had set the tone by wanting to know as to what will be the growth in investments /Employment /Exports if the DESH Bill is enacted.

Shri SrikantBadiga, Vice Chairman, EPCES stated that several meetings were held with stakeholders by EPCES before drafting the proposed DESH bill and also discussions were held with several potential investors on International platforms. All investors welcomed the proposed changes. In fact, they are now waiting for the bill to be passed as soon as possible so that they can take decision about their investments.

Shri Sunil Rallen, CGC Member, EPCES focused on stressing the growth potential in economic activity and India's participation in the GVCs. He presented data about the global exports and share of China, Vietnam and other neighboring countries to corroborate the potential for India in terms of exports if conducive

policy framework is in place. He also informed that few Taiwanese companies visited Chennai for investments and mentioned that it's just a tip of the iceberg and the rest will follow in case the Bill is passed. He urged that the DESH Bill should be passed at the earliest.

Captive developers such as Brandix and Cheyyur informed about their investment plans of few thousand crores in case the Bill is passed which supports catering to domestic market as well.

SIPCOT told about the potential in Tamil Nadu and the massive women employment they have created.

It was emphasized that Zero rating of supplies to SEZs, Supplies to DTA on duty foregone principle (return of duty benefits), Payment for supplies od services to DTA in INR, DTA units in IT/ITES SEZs are key features which should be incorporated into the DESH Bill.

Concluding the discussion, Commerce secretary thanked all the participants and informed that the Bill is under active inter-ministerial consultations broad consensus is being evolved on key issues. D/o Commerce is trying to have the new DESH Act to be enacted as early as possible.

# Open House at VSEZ by Commerce Secretary



**I**n a unique initiative, Shri Sunil Barthwal, Commerce Secretary held an Open House meeting with VSEZ units and Board of Approval meeting on 15.4.2023 at VSEZ, Vishakhapatnam.

In the open House meeting, Shri Srikanth Badiga, Vice Chairman, EPCES presented the general concerns on behalf of EPCES as follows :

1. Status of DESH Bill. Too much uncertainty. Investment getting affected.
2. Reforms can be done through amendment in existing SEZ Act/Rules. Basic demands are :
  - (i) Supply to DTA on duty foregone basis is allowed in case of EOUs and MOOWR scheme. The same should be allowed in SEZ by amendment in SEZ Act. SEZ units have no problem with NFE condition as they primarily do exports. Government can do suitable changes for WTO compatibility.
  - (ii) INR payment for supply of services to DTA should be allowed by amendment in SEZ Act. We understand D/o Revenue agrees with it. It should be done immediately.
  - (iii) IT/ITES developers/co-developers may be allowed to denotify a part of built up area for leasing to non-SEZ business operations
  - (iv) Job work from DTA to SEZ and SEZ to DTA should be allowed freely with proper safeguards.
3. RoDTEP should cover SEZs and EOUs. There is no reason why they should not be covered. RoDTEP Committee has submitted its report. Government decision is awaited. There should not be much financial implication as export of goods from SEZs/EOUs is merely 15-20% of total export of goods. And RoDTEP rates for SEZs and EOUs may be little less.
4. There is need to bring down compliance burden in case of IT/ITES. Too much physical paper. None has really looked into it. A separate detailed note has been submitted by TCS representative. The same is attached.
  - (i) Simplification of monthly reporting compliance – There should be single reporting of all export invoices to be used by SEZ authorities for evaluating Softex certification/DSPF/Monthly performance Report/QPR and SERF.
  - (ii) There is limitation on numbers of invoices (only 500 invoices for Softex and 10000 for SERF) on SEZ Online. This should be increased to 10000 and 25000 respectively.
  - (iii) Submission of physical Softex Bulk statement should be stopped immediately. Banks have stopped it.

- (iv) Default list of authorized operations should be expanded and employee related welfare services like canteen, medical, insurance, Gym, housekeeping, food and beverage, stationery, T Shirt for Employees, employee Insurance premium, etc. should be included.
  - (v) Sale of used laptops, electronic items after they have been used by units for 2-3 years and now technology has changed without the need for import licenses.
5. SEZs and EOUs should not be asked to have import licenses for sale to DTA as they are not importing it but this has been generated in SEZs/EOUs only. Import licenses should be for imports from abroad. They will be paying prescribed customs duties. Following Items :
- (i) Sale of Central Pollution Control waste / Scrap in DTA ((from Rain CII Carbon, APSEZ).
  - (ii) Sale of used laptops, electronic items after they have been used by units for 2-3 years and now technology has changed (TCS).
  - (iii) Sale of gold / silver rust, generated in preparing jewellery, etc. (G&J, SEEPZ).
  - (iv) Waiver of MIP condition of US\$50 per sqm on rejects/substandard waste goods generated during manufacturing of export goods (M/s Pokarna Enginnered Stone).
6. Power sale to DTA – BCD @ Rs 2 per unit is allowed if generated from imported/domestic coal. It should be exempted if generated from waste gases. (from Rain CII Carbon, APSEZ).



Later, Shri Barthwal, Commerce Secretary, Shri L Satya Srinivas, Addl. Secretary, Shri Vipul Bansal, Jt. Secretary, accompanied by various Development Commissioners and officials of the Ministry of Commerce visited BIAC. Spread over 1000 acres and located in the coastal city of Visakhapatnam, Brandix India Apparel City is emerging as a preferred destination for apparel & textile industries by bringing 'Fibre to Store' concept. Recognised as a Special Economic Zone (SEZ) by the Government of India, Brandix India Apparel City (BIAC) displays state-of-the-art infrastructure. They also enjoy a host of attractive financial and operational incentives for investors, as well as comprehensive support to facilitate seamless and rapid start-up of operations. Brandix India Apparel City is a hub of innovation, technology and efficiency that provides a platform for end-to-end apparel solutions. The breakthrough concept of seamless 'Fibre-to-Store' integration offers unmatched advantages for global apparel chain partners. BIAC's seamless concept ensures that all needs are met, encompassing raw material sourcing to the shipping of final products, all from one place. BIAC brings together world class apparel chain partners from the design table to consumer brands in seamless integration. BIAC is managed by Brandix, one of the leading apparel manufactures in Sri Lanka, delivering inspired solutions to world-renowned apparel brands.

The BIAC has over 250 acres of land in the non-processing zone for office and commercial spaces, housing, guest rooms, shopping, meeting spaces, a convention centre, recreational facilities and much more.

The team toured Teejay India - one of the leading fabric mills in India and Brandix Apparel Unit 1. During the visit, Commerce Secretary interacted with the employees working in one of the apparel manufacturing factories located in Brandix India Apparel City.





## New Initiatives by EPCES – SEZ Trade Analytics

Commerce Secretary vide his letter to Chairman EPCES dated 2.1.2023 advised EPCs for setting up of a Research Cell within the EPC that would regularly feed into policy inputs and to facilitate the EPCs to act as a nodal point to frequently interact with the Department of Commerce and line Ministries / Departments in the related matters.

Accordingly, EPCES has set up a Research Cell. Detailed data – HSN Code wise, country-wise, specifically in respect of SEZs and EOUs was not available in the public domain. On the request of EPCES, D/o Commerce has requested NSDL/SEZ Online and DGCIS to make SEZ and EOU data to EPCES. EPCES has started receiving data in respect of SEZs and EOUs from NSDL and DGCIS. EPCES had published a Special Bulletin of SEZ Trade for 2022-23. It was followed by the first edition of monthly SEZ trade bulletin. Data for April and May has been combined in the first edition. From then June month onwards, it will be published on a monthly basis. Copies of the Special Bulletin 2022-23 and Apr-May Monthly Trade Bulletin are available at

the EPCES website under the EPCES Publication Button as per the following links:

<https://www.epces.in/epces-publications.php>

It covers SEZ data in great detail as per the following:

- Highlights of SEZ Trade
- Merchandise Trade Data
- Zone-wise Merchandise Exports and Imports
- Sector-wise Merchandise Exports and Imports
- Top 10 countries – Merchandise Exports and Imports
- Top 20 commodities – Merchandise Exports and Imports
- Top 10 Countries x Top 10 Commodities Merchandise Exports and Imports
- Top 10 commodities x Top 5 countries – Merchandise Exports and Imports
- Zone-wise DTA Merchandise Sales and Procurements
- Zone-wise Services Exports
- Top 10 countries - Services Exports
- Top 10 Service Categories – Services Exports
- Top 20 SEZs – Services Exports
- Top 5 Categories x Top 5 Countries – Services Exports
- Top 5 Countries x Top 5 Categories – Services Exports



## Highlights of SEZ Trade Analytics during April - June 2023

- In June 2023, total exports of Goods and Services from SEZs declined by 7%, exports of Goods declined by 20% whereas export of Services increased by 2%. Sale of Goods to DTA from SEZs increased by 39%.



Cumulatively during 2023-24, exports of Goods and Services from SEZ declined by 12%, exports of Goods declined by 22%, export of Services by 3%. Sale of Goods to DTA from SEZs declined by 16%.

- In June 2023, imports of Goods from SEZs declined by 9%. Procurement of Goods from DTA by SEZs increased marginally by 1%. Cumulatively during 2023-24, imports of Goods from SEZs declined by 10%. Procurement of Goods from DTA by SEZs declined by 19%.

## GOODS

- Cumulatively during 2023-24, exports of Goods were 66% of total production of Goods and sale of Goods to DTA was 34%.
- Cumulatively during 2023-24, imports of Goods were 74% of total purchase of Goods and procurement of Goods from DTA was 26%.
- Cumulatively, highest exports of Goods were from Kandla Zone constituting 58.2% of total exports of Goods, which declined by 33%. Next was Vishakhapatnam zone constituting 12.5% of total export of Goods which increased by 20%.
- Cumulatively, highest exports of Goods were for Petroleum Products constituting 46% of total exports of Goods from all groups/sectors, which declined by 32%. Next was for Engineering Goods constituting 13% of total export of Goods which declined by 9%.
- Cumulatively, highest export of Goods was from Reliance Jamnagar SEZ constituting 47% of total export of Goods which declined by 33%. The next highest was from SEEPZ SEZ constituting 5% of total export of Goods which declined by 11%.
- Cumulatively, highest exports of Goods were to USA constituting 23% of total exports which declined by 4%. Next highest destination of exports was Netherlands constituting 8% of total exports of Goods which increased by 83%.
- In case of USA, highest exports were of HS code 27101290 (Light Oil and preparations: Other), constituting 23% of total exports to USA, which decreased by 9%. Second highest exports to USA were of HS code 30049049 (Other anticancer drugs)

constituting 10% of total exports to USA, which increased by 912%.

- Cumulatively, at 8 digit level, highest export was of Automotive diesel fuel (HS code 27101944) constituting 25% of total exports which declined by 25%. The next highest export of Goods was of HS code 27101241 (Motor Gasoline) constituting 13% of total exports of Goods which declined by 25%.
- In case of exports of Automotive diesel fuel (HS code 27101944), highest exports were to Netherlands constituting 27% of total exports of Automotive diesel fuel, which increased by 172%. Second highest exports were to Australia constituting 19% of total exports of Automotive diesel fuel which increased marginally by 1%.
- Cumulatively, highest imports of Goods were for Petroleum, Crude and Products constituting 34% of total imports of Goods from all groups/sectors, which declined by 28%. Next highest imports was of Gold constituting 26% of total imports of Goods which increased by 13%.
- Cumulatively, highest imports of Goods were from Switzerland constituting 19% of total imports which increased by 62%. The next highest imports of Goods were from Russia constituting 17% of total imports which increased by 65%.
- In case of Switzerland, highest imports were of HS code 71081200 (Other Non-Monetary Unwrought forms of Gold), constituting 99% of total imports from Switzerland, which increased by 63%.
- Cumulatively, at 8 digit level, highest import was of HS code 71081200 (Other Non-Monetary Unwrought forms of Gold) constituting 26% of total imports which increased by 14%. The next highest import was of HS code 27090010 (Petroleum Crude) constituting 25% of total imports which declined by 22%.



- In case of imports of HS code 71081200 (Other Non-Monetary Unwrought forms of Gold), highest imports were from Switzerland constituting 73% of total imports of HS code 71081200 (Other Non-Monetary Unwrought forms of Gold), which increased by 63%. Second highest imports were from South Africa constituting 18% of total imports of HS code 71081200 (Other Non-Monetary Unwrought forms of Gold) which declined by 30%.
- Highest DTA Sales were from Vishakhapatnam zone constituting 42% of total DTA sales which declined by 19%. Kandla Zone was next with 38% of total DTA sales which declined by 18%.
- Highest DTA Procurements were from Kandla Zone constituting 45% of total DTA procurement which declined by 32%. Falta Zone was next with 20% of total DTA procurement which declined by 2%.

## SERVICES

- Cumulatively, highest exports of Services were from Cochin Zone constituting 28% of total export of Services which declined by 9%. Next was from MEPZ zone constituting 19% of total export of Services which declined by 5%.
- Cumulatively, highest exports of Services were to USA constituting 51% of total exports which declined by 5%. Next highest was to UK constituting 18% of total exports which increased by 13%.
- In case of USA, highest exports of Services were of IT design and development Services, constituting 43% of total exports of Services to USA, which increased by 8%. Second highest exports of Services to USA were of Other IT Services constituting 22% of total exports of Services to USA, which also increased by 5%.
- Cumulatively, highest export was of IT design and development Services constituting 44% of total exports of Services which increased by 6%. The next was that of Other Information Technology Services constituting 19% of total export of Services which also increased by 7%.
- In case of exports of IT design and development Services, highest exports were to USA constituting

50% of total exports of IT design and development Services, which increased by 8%. Second highest exports were to UK constituting 16% of total exports of IT design and development Services which increased by 30%.

## Liberalisation in Market Access Initiative Scheme

The Market Access Initiative Scheme (MAI) is operational since 2003. It was continued in July 2021 and is valid till 31.3.2026. Under the scheme the financial assistance



is provided for the following activities to develop new markets to promote new products and new exporters as well as to consolidate the existing Indian export markets :

- (i) Capacity building of exporters on Standards and Regulations, Export Packaging, Export oriented Skill Development, Training;
- (ii) Marketing, Branding, Publicity Campaign and Cataloguing;
- (iii) Promotion of traditional Indian products and services like.
- (iv) AYUSH, Yoga, GI products, crafts and artisanal products.
- (v) including toys, tribal products, etc.;
- (vi) Promotion of e-Business Tools, Communication Technology and Development of Web Portals for trade facilitation and to meet standards;
- (vii) Export Market Research, Product Development;
- (viii) Organizing, participating in Fairs, Exhibitions and Buyer Seller Meets Abroad (Physical/Virtual/Hybrid);
- (ix) Organizing Reverse Buyer Seller Meets - RBSM [Made in India Shows] - (Physical/Virtual/Hybrid).

- (x) RBSM Specials and Shopping Festivals, Visit to Centres of production/excellence;
- (xi) Display of artisanal, GI and other traditional Indian products at International Departmental Stores/ shopping areas, International Airports, etc;
- (xii) Reimbursement of expenditure incurred by exporters on statutory compliances;
- (xiii) Capacity building, training and all incidental matters related to development of districts as export hubs;
- (xiv) Any other components as appropriate, within the contours of the Scheme, to be decided by the Empowered Committee.

In the recent meeting of the Empowered Committee held on May 4th, 2023, many reforms were approved in the operational guidelines of the Scheme. The key changes made are as follows:

- (i) **20% Enhanced Funding Norms:** Funding for all regions was increased by 20% for all regions.



(ii) **Airfare Reimbursement:**

- a. The ceiling of airfare reimbursement to Indian exporters for participation in events abroad and also for hosting foreign buyers in RBSMs in India has been enhanced by 20% ( ₹1,50,000/- for Africa and American continents, ₹90,000/- for other markets).
- b. Reimbursement of airfare to the companies having nil exports/ start-ups/ new exporters have been allowed up to 10% of the total number of participants, subject to the following conditions:

- i. The amount of airfare reimbursable will be 50% of the economy fare, subject to market-wise ceilings.
- ii. The exporter has been active in the domestic market and has at least annual turnover of ₹50.00 lakh in the preceding financial year.
- c. The number of foreign buyers per company were enhanced to 5 for the electrical sector (limited to government and public sector power utilities only).

(iii) **Delegation Support:** Enabling provision has been made for 100% support for mounting delegations comprising of trade experts.

(iv) **Statutory Compliance Abroad**

- a. List of admissible items , presently available to pharma, chemicals. Engineering, agri, services, etc. has been expended to include patent for engineering products, testing and certification of telecom equipment, electronic equipment / components, electronics and computer hardware/software, testing of toys, accreditation charges for sport goods, testing requirement of the textiles sector, cost of documents endorsement / verification by foreign missions in India in respect of tender documents related to project exports.



- b. Time line of submission of claims by exporters to EPCs has been revised from 45 days tom 90 days from the receipt of certificate,
- c. Eligibility of exporters for the scheme has been limited to the exporters having fob value of exports upto Rs 100 cr in the preceding financial year.

(v) **Opening of Showrooms and Warehouses Abroad:** A new provision has been added to support the opening of showrooms, warehouses,

and displays in international departmental stores. The support will be provided on a declining basis over five years.

- (vi) Subscription of Data base to connect with the foreign buyers : A provision has been made for support for subscription of database, including those related to project intelligence and tender information.
- (vii) Support for Fashion Shows : Assistance for fashion shows during fairs/exhibitions/ BSMS/ RBMSs for G&J, apparels, handicraft and leather sectors.
- (viii) E-commerce Support: The scheme now includes support for listing of products on e-commerce sites.
- (ix) Participation in International Conferences: Assistance will now be provided for participation / hosting of international conferences for Project EPC.
- (x) Prominent Foreign Buyer Visits: Financial assistance will be provided for hosting of prominent foreign buyers, regulators, and trade journalists.

- (xi) Enhanced Publicity Support: Enhanced support to EPCs will be provided to use digital/social/print media during events for branding Indian products in international markets.
- (xii) Freight Charges Support: Micro and Small Enterprises (as defined in the MSME Act) will receive support for shipment of exhibits on a 50% funding basis (upto Rs 50,000 per exporter per event).
- (xiii) Display at International Airports: The ceiling for support related to the display of products at international airports has been increased from Rs 1 cr to Rs 5 cr for a maximum period of 5 years on reducing scale..
- (xiv) Support for Indian Missions: The scheme will support activities undertaken by Indian Missions on a 100% funding basis.
- (xv) Outcome Monitoring: Grantee organizations will be required to follow up with Indian exporters post events and submit outcome reports to the Department of Commerce.

Detailed updated guidelines are available on EPCES website.



# Integrating MSMEs with the SEZ Ecosystem will Drive India's Innovation & Growth Momentum

**Ms UMA BHANU K**, Senior Manager – Analyst, Phoenix IT City Pvt. Ltd.,

## MSME's Role in the Indian Economic Growth Story

MSMEs are the backbone of any nation and their role need not be overemphasized, particularly in the context of developing economies. With



around 9 Crore (90 million, Mn) in number currently, MSMEs in India have increased from 6.3 Crores (63 Mn) in 2018 registering a whopping 42.8% increase, at a CAGR of 7.39% over the past five years. These MSMEs account for roughly 80% of the total number of businesses operating in the country, generating roughly 50% of our total employment, with 11 Crore people directly employed. They also account for nearly 30% of our country's Gross Domestic Product, and nearly 50% of our total exports.

## The Growing Importance of Exports Driven Development Coupled with Focus on Domestic Production

The pandemic infused shift in the global supply chains focused on diversification of supply sources, and the growing tendency of

businesses world over to rebuff from over reliance on China as a key supply partner, leading to China Plus strategies has presented several opportunities for India to enhance our participation in the global value chains.

India's national agenda of achieving a \$5trillion economy of 2025 comprises generating an ambitious \$1 trillion in exports by FY2026 and \$2 trillion in exports (with \$1 trillion manufacturing exports) by 2030 translating to a targeted CAGR of 14% over the next seven years.



Under this backdrop, the phase for India to work towards

establishing synergies between its national medium and long-term goals and global opportunities arisen would not have arrived at a more opportune moment, which needs to be seized with both hands.

## SEZs in India's Export Basket

Contributing roughly a third (30%) of our total exports, Special Economic Zones (SEZs) have come a long way from exporting Rs 22,840 Cr in FY 2006 to a massive Rs 796,669 Cr in FY 2020. The national target of \$100 Bn exports (appx. Rs 8,192,490 Cr @ current currency exchange rate) by 2025-26 will entail nearly a 10-fold growth from the 2020 levels, which can be achieved by ensuring the success of SEZs.

## MSMEs Have a Part to Play in the Success of Special Economic Zones

Despite the contribution and importance of MSMEs in the Indian economic environment, and the host of Central government schemes to promote the sector, they are faced with their own set of challenges. India's current SEZ policy too has constraints for the growth and development of MSMEs due to their ecosystems and the scales of operations within SEZs. The scheme



currently is unable to fully integrate MSMEs into SEZ ecosystem for triggering faster growth, and optimally utilize the unique advantages that these units bring in, especially into manufacturing / manufacturing services and ancillary goods production.

## Strategies to Integrate MSMEs into the SEZ Ecosystem for Triggering Growth

The following table details a few solutions to overcome the twin challenges of MSME development and improving the share of SEZs in our export basket. These proposed initiatives are in line with the various existing central schemes designed for the growth of economy/ exports/ manufacturing sector/ investments/ MSMEs.

| Factor              | MSME challenge/ SEZ requirements   | Proposed initiative   | Benefit   | Existing scheme(s) promoted   |
|---------------------|--|---|---|---|
| Scale of operations | There is a requirement for a certain minimum area for operation in SEZs.<br><br>(Or)<br>MSMEs have a disadvantage due to their smaller scale of operations | Reserving certain manufacturing services /goods /intermediary products to be restricted to only MSMEs (or) encouraging more MSMEs to specialize in certain manufacturing services/ goods/ intermediaries for greater competitiveness in an area/sector/industry | Better economies of scale, cost control, improved global competitive advantages, greater participation in value chain development | Make in India<br>AtmaNirbhar Bharat<br>National<br>Manufacturing<br>Competitiveness<br>Program (NMCP) |
| Infrastructure      | SEZs are known for providing high-quality, tailor made, ready infrastructure for attracting investors' trust   | Clustered approach between several MSME firms or between large and MSME firms along a specific value chain, in particular   | Shared infrastructure for reduced transportation costs, resource optimization   | Micro & Small Enterprises Cluster Development (MSE-CDP)   |
| Sourcing            | Disintegrated sourcing patterns  | Integrated on-site facilities for creating long term partnerships to produce sustainable, lower cost of goods and services  | Better logistics frameworks for higher cost control   | Micro & Small Enterprises Cluster Development (MSE-CDP)   |

|                                       |  |   |  |  |
|---------------------------------------|--|---|--|--|
| <b>Regulations</b>                    | Compliance to SEZ specific regulatory framework and governance mechanisms  | Consistent policies, institutional support mechanisms for improved compliance   | Greater confidence to MSMEs and boosting MSME investments  | SEZ & EOU Schemes  |
| <b>Technology</b>                     | Online system of operations followed for meeting regulatory norms, technological competency for winning and fulfilling international business orders | Facilitating effective collaboration between large scale business customers and MSMEs on digital infrastructure   | Effective knowledge transfer between players, value chain development, vendor-supplier digital harmony for enhanced trust and transparency | Digital India<br>Skill India   |
| <b>Business / Market Intelligence</b> | Business intelligence required for effective MSMEs' functioning, better growth and tapping more business opportunities in global markets             | Ancillary services such as legal, business planning, marketing, business development, skill development, technical prototyping, 3D design, product testing etc. on a subsidized or no cost basis. | Creating an enabling environment for MSMEs   | Skill India<br>Market Access initiative<br>Market Development Initiative |
| <b>Skill development</b>              | High quality technical, technological, and managerial skills needed for being a part of the SEZ ecosystem  | Special focus on skill development through Centres of Excellence, existing skill development centres  | MSME competency development, improved industry-academia linkages   | Skill India  |
| <b>Finance &amp; credit</b>           | Lack of availability of cheaper credit for producing cost competitive goods  | Bringing certain MSMEs providing services/ goods to SEZs under the 'Infrastructure status' program  | Promotion of MSMEs, improved competitiveness for SEZs  | Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE)       |

**W**hile SEZs play a vital role in rapid economic development, MSMEs have a distinct advantage of their ability to generate large employment opportunities at low costs, apart from their nimbleness and agility of operations. MSMEs can constitute complete supply chain solutions across industries, owing to their ability to produce diverse product ranges from basic raw materials, intermediaries, and semifinished goods. Integrating MSMEs into the SEZ ecosystem will drive new business

models, foster collaborative working mechanisms, enhance participation in the GVCs and eventually lead to greater economic growth prospects. An inclusive approach of hand in glove working between MSMEs and SEZs is a clear win-win proposition for driving innovation. And only those SEZs that strive to be innovative can be sustainable!



# Important **GST** / Customs/SEZ Regulations Amendments/Updates

## GST

### 1. New CBIC Guidelines for Registration Processing:

To combat fraudulent registrations, the Central Board of Indirect Taxes and Customs (CBIC) has issued comprehensive guidelines for uniform verification processes. These measures are designed to ensure the authenticity, completeness, and relevance of registration applications. Key points of the guidelines include:



- Thorough verification and scrutiny of the GST REG-01 form and accompanying documents by the Proper Officer (PO).
- Cross-checking address documents from publicly available sources to ensure accuracy.
- Utilizing risk parameters and data analytics to assign High, Medium, and Low risk ratings to each Application Reference Number (ARN), facilitating better attention to high-risk cases.
- Special attention to cases involving factors such as prior cancellations/rejections of

PAN-linked registrations, risky business locations, and suspicious address documents.

- If deficiencies are found, the PO will issue Form GST REG-03 notices to applicants requesting clarifications and additional documents.
- Applicants responding with Form GST REG-04 explanations will have their submissions examined by the PO for approval or rejection.
- Physical verification of business premises initiated for cases not opting for Aadhaar authentication.
- Physical verification carried out by jurisdictional officers for deemed approval cases, specific risk scenarios, and high-risk ARNs.
- Introduction of physical verification in cases where it was omitted previously and deemed necessary.

These guidelines enhance the registration process's reliability by implementing rigorous verification methods while mitigating risks associated with fraudulent applications.

### 2. GSTN Advisory on E-Invoicing Enablement Status for Taxpayers:

The Goods and Services Tax Network (GSTN) has issued the following advisory regarding the status of e-invoicing enablement for taxpayers:

- As the threshold for e-invoicing applicability has been reduced to INR 5 crore starting from August 1, 2023, GSTN has enabled all eligible taxpayers with



an Aggregate Annual Turnover (AATO) of INR 5 crore and above for e-invoice reporting across all six Invoice Registration Portals (IRPs), including NIC-IRP.

- Taxpayers can check their enablement status on the e-invoice portal at <https://einvoice.gst.gov.in>.
- It is recommended that taxpayers make use of the sandbox testing facility available at the IRP portals to become familiar with the process of reporting invoices. This will help ensure a smooth transition to the e-invoice system.
- It's important to note that the enablement status shown on the e-invoice portal doesn't mean that taxpayers are legally obligated to use e-invoicing. While the list of enabled GSTINs is determined based on turnover criteria in GSTR-3B, taxpayers must independently verify if they meet the criteria outlined in the notifications and rules. Thus, both buyers and suppliers hold the legal responsibility to ensure compliance.
- If a taxpayer isn't automatically enabled on the e-invoice portal, they have the option to self-enable for e-invoicing using the functionality provided on the portal.

This advisory underscores the significance of familiarizing oneself with the e-invoicing process and emphasizes the individual legal responsibility of taxpayers to ensure compliance with the stipulated regulations' measures align with the government's commitment to ensuring a transparent and credible registration process under the Goods and Services Tax framework.

### 3. GSTN Introduces E-Invoice Verifier App for Information Verification

The Goods and Services Tax Network (GSTN) has introduced a new tool known as the E-Invoice Verifier App, offering a convenient solution for verifying information within e-invoices. This app boasts several key features:

- QR Code Verification: Users can effortlessly scan the QR code present on an e-invoice and authenticate the embedded value.

- User-Friendly Interface: The app boasts an intuitive interface, facilitating easy navigation through its functionalities.



- Comprehensive Coverage: The app extends its support to verify e-invoices reported across all six Invoice Registration Portals (IRPs).
- Non-Login Based: The app doesn't mandate users to create an account, allowing hassle-free usage.

It's important to note that the app does not necessitate any user login or authentication procedure. Individuals are free to scan QR codes and access available information without restrictions.

### 4. Compulsory Two-Factor Authentication for E-Way Bill/ E-Invoice System for Taxpayers with AATO Over INR 100 Crore from 15 July 2023

In a bid to bolster the security of the e-way bill/e-invoice system, the National Informatics Centre (NIC) has introduced a two-factor authentication (2FA) for logging into the e-way bill/e-invoice system. This authentication process adds an extra layer of security by requiring an OTP (One-Time Password) in addition to the traditional username and password.

While previously this 2FA was an optional feature, it will now become mandatory for all taxpayers with an Aggregate Annual Turnover (AATO) exceeding INR 100 crore, starting from 15 July 2023 (as per the latest update by NIC on 12 June 2023).



There are three methods available for generating the OTP:

- SMS: The OTP will be sent to the registered mobile number.

- Sandes App: The Sandes messaging app can be installed on the registered mobile number to receive the OTP.
- NIC-GST Shield App: The NIC GST Shield is a mobile application available exclusively on the e-way bill/e-invoice portal. This app can be downloaded and installed on the registered mobile number. The app displays the OTP, which refreshes every 30 seconds. Notably, generating OTP using this app doesn't require internet connectivity or dependency on the mobile network.

## 5. GSTN introduces New Functionality for Online Compliance on Liability Difference

The Goods and Services Tax Network (GSTN) has rolled out a new online feature to facilitate taxpayers in explaining discrepancies between liability figures reported in GSTR-1/IFF and the amount paid in GSTR-3B/3BQ.

### Key Features of the Functionality:

1. **Comparison and Notification:** The functionality conducts a comparative analysis of the two returns for each reporting period. If the liability declared in GSTR-1/IFF exceeds the liability paid in GSTR-3B/3BQ by a predetermined limit or if the percentage difference surpasses a configurable threshold, the taxpayer receives a notification in Part A of Form DRC-01B (Intimation).
2. **Response and Clarification:** Upon receiving the notification, taxpayers are required to submit a detailed response in Part B of Form DRC-01B. They must provide an explanation by selecting a reason from an automated dropdown. In case the applicable reason isn't listed in the dropdown, taxpayers should provide specific details about the discrepancy.
3. **Timely Response Importance:** Failure to respond to an intimation within a given tax period would lead to the inability to file Form GSTR-1/IFF for the subsequent period. To prevent interruptions in GSTR-1/IFF filing, timely submission of Form DRC-01B Part B is crucial.
4. **Applicability:** Form DRC-01B is relevant for various taxpayer categories, including regular taxpayers (including SEZ units and SEZ developers), casual taxpayers, and those who have opted in or out of the composition scheme.
5. **Frequency of Filing:** For taxpayers filing returns quarterly (QRMP), Form DRC-01B Part B will be generated after the quarterly GSTR-3B filing. Monthly filers will receive Form DRC-01B on a monthly basis after filing GSTR-3B. Hence, the filing frequency of Form DRC-01B Part B depends on the GSTR-3B filing frequency.
6. **Accessing the Intimation:** Taxpayers can access the notification on the GST portal by navigating through Services > Returns > Return Compliance > Liability Mismatch DRC-01B.

Source: [GST News Update]

(<https://www.gst.gov.in/newsandupdates/read/592>)

## B. CUSTOMS/FTP/SEZ LAWS

### 1. Circular on Implementation of SC's Judgement for Pre-Import Condition\*\*

- Recently, in the case of Cosmos Films Limited, the Supreme Court upheld the requirement of a 'pre-import condition' in FTP 2015-2020 and HBP 2015-2020 to claim IGST and Compensation Cess exemption on imported inputs for manufacturing export goods under the AA scheme.
- The Supreme Court directed the Revenue Department to allow refund or input credit (whichever is applicable) for customs duty paid. Taxpayers must approach the jurisdictional commissioner within six weeks of the judgment with supporting documents.
- CBIC issued a circular outlining the procedure for imports that didn't meet pre-import conditions and required IGST and Compensation Cess payment at the Point of Import (POI).

### 2. Procedure for Imports Under Pre-Import Condition Judgment: \*\*

- Importer contacts assessment group at POI with relevant details for tax, cess, and interest payment.
- Payment made via electronic challan in Customs EDI system.
- Assessment group cancels Out of Charge (OOC) and re-assesses Bill of Entry (BE) to charge tax and cess.
- After payment, POI creates notional OOC for BE transmission to GSTN portal (one-time use).
- Input credit available for assessed BE, subject to GST law conditions.
- If such ITC used to pay IGST on outward zero-rated supplies, refund may be available under GST law.

- (Circular No. 16/2023 – Customs dated 7 June 2023)

### 3. Extension of Amnesty Scheme for Export Obligation Default: \*\*

- DGFT extended the last date to apply for Amnesty

Scheme for EO default to 31 December 2023.

- Deadline for customs duty payment with interest extended to 31 March 2024.

- (Public Notice No. 20/2023 dated 30 June 2023)

### 4. Clarifications on Applying for Amnesty Scheme for AA and EPCG Holders: \*\*

- DGFT introduced Amnesty Scheme for one-time settlement of EO default under AA and EPCG scheme.
- Defaulters can file applications through an online form in manual mode on <https://www.amnestyscheme.in>.
- Applicable when authorization/license data is unavailable in the online database or when facing persistent online application filing issues.

Source: [DGFT Circular]

(Please provide the source link if available)

### 5. CBIC Mandates Additional Qualifiers in Import/Export Declarations\*\*

CBIC mandated importers to declare comprehensive descriptions and additional parameters like scientific names, IUPAC names, brand names, etc., for imported goods to enhance assessment efficiency. After consultations with relevant departments, CBIC introduced mandatory additional qualifiers in import/export declarations for specific products, effective from 1 July 2023.



### Additional Qualifiers for Imports:

- For imports falling under Chapters 28, 29, 32, 38, and 39 of the Customs Tariff Act, declaration of IUPAC name and CAS number of constituent chemicals is mandatory.

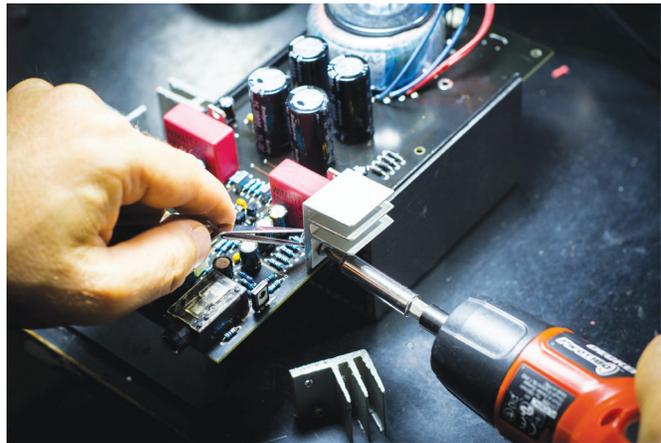
### Additional Qualifiers for Exports:

- For exports of plant parts under Chapter 12, medicinal plant's name needs to be declared.
- For exports of formulations under Chapter 30, formulation name must be declared.
- For exports under Chapter 84, declaration of surface material coming in contact with the chemical is required.
- These additional qualifiers are mandatory for both imports and exports under the mentioned chapters, for all BE and shipping bills filed on or after 1 July 2023.

- (Circular No. 15/2023 - Customs dated 07 June 2023)

## 6. Extension of Maharashtra Electronics Policy, 2016\*\*

The Government of Maharashtra has extended the Maharashtra Electronics Policy (MEP) through a resolution dated 1 June 2023. The policy aims to provide investment-linked incentives to the electronics manufacturing industry in Maharashtra. The extension is effective from 1 April 2023 and remains valid for six months, ending on 30 September 2023, or until a new policy on the subject is introduced, whichever occurs earlier.



### Key Features of the Policy:

- **Applicability:** Targets the electronics manufacturing industry in Maharashtra.
- **Eligibility:** Auto approval under MEP if there's investment approval under SPECS. Otherwise, application to the technical committee established as per MEP.
- **Quantum of Incentive:** Incentives include the Investment Promotion Subsidy (IPS), a reimbursement of SGST on eligible products, up to 100% of eligible FCI subject to guidelines.
- **Unit Categorization:** Units classified as MSME/Large/Mega based on investment, and categorized as A/B/C/D based on taluka.
- Applicable for new and expansion units fulfilling criteria.
- **FCI:** Covers land, building, plant, machinery, development cost, royalties, subject to guidelines.
- This extension offers a favorable window for electronics manufacturers planning to invest or who have already invested in Maharashtra to apply within the extended period.

Source: [CBIC Circular]

(Please provide the source link if available)



# Important Developments Under **Direct Taxes**



## **\*\*CBDT Guidelines and Rules for Online Gaming Winnings and Angel Tax\*\***

### **1. The Finance Act, 2023 introduced Section 194BA under the IT Act for TDS on online gaming winnings. CBDT has issued guidelines regarding:**

- Calculation of 'net winnings' if a user has multiple wallets.
- Treatment of borrowed money in user accounts.
- Handling of bonuses, referral bonuses, and incentives.
- Determining the point of withdrawal.
- Relaxation for insignificant withdrawals.
- Operating guidelines for winnings in kind.
- Valuation of winnings in kind.

h) Applicability and penalties during interim period (April 1 to May 22, 2023).

CBDT also notified Rule 133 of IT Rules (from May 22, 2023) for 'net winnings' computation under Section 115BBJ and 194BA.

(Notification No. 28 of 2023 and Circular No. 5 of 2023, both dated May 22, 2023)

### **2. Angel tax provisions expanded by Finance Act, 2023 for consideration from non-residents. CBDT excludes certain non-resident investors from these provisions:**

- Exemption for government-related investors.
- Banks/insurance entities as per regulations.
- Entities from specified countries, including SEBI-registered Cat-I foreign portfolio investors, endowment funds, pension funds, etc.

CBDT lists 17 countries for this purpose (Australia, Austria, Canada, France, etc.).

(Notification No. 29, dated May 24, 2023)

### **3. CBDT enhances exemption limit for leave encashment for non-government employees:**



- Section 10(10AA) (ii) IT Act provides exemption for leave encashment on retirement.
- Enhanced exemption limit raised from INR 3 lakh to INR 25 lakh.
- Aggregate leave encashment from multiple employers restricted to INR 25 lakh.

- Exemption in subsequent years reduced by earlier claims.

[Notification No. 31 of 2023 and press release dated May 25, 2023]

Source: [CBDT Notifications]  
(Please provide the source link if available)

## **\*\*CBDT Notifications and Clarifications\*\***

### **1. CBDT exempts specified start-ups from angel tax provisions:**

- CBDT's earlier notification (GSR 127(E) dated 19 February 2019) excluded certain start-ups from Section 56(2) (viib) provisions.
- Start-ups need to meet criteria like DPIIT approval, capital limit of INR 25 crore, and not investing in certain assets for 7 years.
- The recent clarification extends this exemption to non-resident investments as per Finance Act, 2023.



(Notification No. 30 dated 24 May 2023)

### **2. Section 56(2)(x) not applicable to strategic disinvestments:**

- Section 56(2)(x) IT Act taxes receipts without consideration or inadequate consideration.

- Rule 11UAC (4) IT Rules amended for AY 2023-2024 onwards; exemption for equity shares from public sector company through strategic disinvestment.

(Notification No. 35 of 2023 dated 31 May 2023)

### **3. Scope of e-Appeal Scheme, 2023 clarified:**

- The e-Appeal Scheme, 2023 does not apply to appeals against assessment orders before 13 August 2020 with disputed demand over INR 10 lakh.
- Exclusions include certain jurisdiction cases, penalties, e-assessment orders, and Faceless Penalty Scheme cases.
- Disputed demand clarified in various scenarios.

(Notification No. 33 of 2023 dated 29 May 2023 and order dated 16 June 2023)

Source: [CBDT Notifications]  
(Please provide the source link if available)

# News From The Zones

## New CSEZ Development Commissioner

In the initial week of April 2023, Ms. P. Hemalatha IAS assumed the role of CSEZ Development Commissioner, succeeding



Welcome to Ms. P Hemalatha IAS, Development Commissioner. Mr. K.K. Pillai, Regional Chairman, Mr. Anikumar, Mr. Joseph, RGC Members and Ms. Supriya, Regional Director, EPCES, Kerala Region.

Mr. D.V. Swamy IAS. With her belonging to the 2000 Batch of the Karnataka cadre, Ms. Hemalatha previously held the position of Secretary for Women & Child Development Empowerment within the Government of Karnataka.

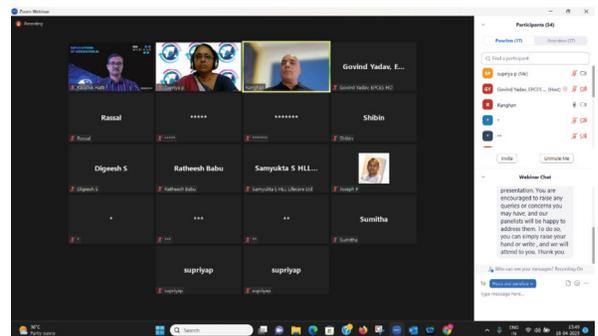
Welcome to Ms. P Hemalatha IAS, Development Commissioner. Mr. K.K. Pillai, Regional Chairman, Mr. Anikumar, Mr. Joseph, RGC Members and Ms. Supriya, Regional Director, EPCES, Kerala Region.

The Regional Chairman, along with the RGC Members and Regional Director, convened at the office of the newly appointed Development Commissioner. They extended their warm welcome by presenting her with a bouquet. Within the course of their deliberations, the Chairman extended an invitation for her presence at an upcoming exporters' gathering, anticipated to be orchestrated by EPCES.

## Webinar on Implications of Generative AI on Social Engineering (Cybersecurity)

Webinar on Implications of Generative AI on Social Engineering (Cybersecurity)

The increasing dependence on online platforms for both business and personal transactions has raised concerns about the security of monetary and data-related activities. Despite assurances of safety, the risk of phishing, data breaches, and other threats persists. It is crucial to understand these potential risks, including



data theft and hacking, and to be aware of safety measures to safeguard data. The reluctance of businesses to embrace the transformative potential of generative AI could lead to significant cost and innovation disadvantages. Swift adopters of this technology must also navigate significant security implications.

Recognizing the importance of cybersecurity, EPCES organized a webinar on April 18, 2023, aimed at empowering members with insights into safeguarding digital transactions. The webinar featured sessions led by Pinochle.AI, esteemed pioneers in cybersecurity services. Shri Raisal, an RGC member and Founder CEO of Forefront Solutions & Consultancies, HashRoot Solutions spanning India, the UK, and the USA, introduced the topic to the participants. Shri Ranghan Venkataraman, CEO of Pinochle, and Shri Kaushik Hatti, Chief Data Scientist of Pinochle, provided comprehensive presentations.

During their discourse, they shed light on the various vulnerable points that cyberattacks can target. They highlighted that their cybersecurity system offers continuous monitoring of these susceptible areas, providing real-time reporting and trends of potential breaches.

The formal inauguration of the webinar was conducted by Shri K.K. Pillai, Regional Chairman of EPCES. Smt. Supriya, Regional Director, extended a warm welcome to the speakers and attendees, while Shri Poovaih, Regional Director of the Karnataka region, expressed gratitude in his vote of thanks. The event witnessed participation from over 53 members.



## Exporters' Meet & Welcome to New Development Commissioner



On April 28, 2023, EPCES organized an Exporters' Meet and Welcome event for the new Development Commissioner. The dignitaries present included Mr. K.K. Pillai, Regional Chairman, Mr. BoniPrasada Rao (DDC), Ms. Asoka Rani (Dy. Commissioner, Customs), Ms. Hemalatha IAS (Development Commissioner), and Mr. Harilal (Joint Director General of Foreign Trade).

Mr. K.K. Pillai, the Regional Chairman, commenced the event with



a Welcome Speech, emphasizing India's developments under G20 leadership and his participation in the Millet exhibition. He expressed optimism about the country's future economic strength. Mr. K M Harilal ITS, Joint Director General of Foreign Trade, projected growth under the new Development Commissioner's leadership. The Deputy Development Commissioner highlighted upcoming developmental plans and sought collaboration from all CSEZ members.

Ms. Hemalatha, the Development Commissioner, shared her affinity for Kerala and pledged support for CSEZ's progress. She thanked EPCES



for the welcome program and believed in the potential of collective efforts. The event facilitated interactions between members, officials, and Ms. Hemalatha. The gathering of over 65 participants included customs officials, ADCs, and others. Mr. Anikumar, an RGC member, extended the Vote of Thanks.



# Open House Meet with FSSAI Officials

On May 26, 2023, EPCES conducted an Open House Meet via Zoom, engaging with officials from the Food Safety and Standards Authority of India (FSSAI) to address pertinent issues related to FSSAI regulations.

Ms. Supriya, the Regional Director of EPCES Kerala Region, extended a warm welcome to both the FSSAI officials and the participants.



Ms. Dhanya, Deputy Director and Authorised Officer of FSSAI, provided introductory remarks. In her address, she assured the EXIM community of her team's commitment to aiding them. She also introduced Ms. Albi Abraham, who was scheduled to present on matters concerning FSSAI registration and licensing. Mr. Vivek, Assistant Director & Designated Officer from the Central Licensing Authority for Kerala, Lakshadweep, Karnataka, and Telangana, also engaged with the participants.

The event featured a comprehensive presentation by Ms. Albi Abraham, delving into topics encompassing FSSAI licensing, registration, and renewal. Member inquiries were addressed by Ms. Dhanya during the session, with a reminder that further questions could be sent via email for subsequent assistance.

Concluding the event, Ms. Supriya expressed gratitude and extended the Vote of Thanks to the FSSAI team for their informative presentation.

Glimpses of presentation made by FSSAI

## MEPZ Chennai

### 1. WEBINAR on Authorized Economic Operator (AEO) Scheme

On April 25, 2023, a hybrid mode webinar discussing the benefits of the Authorized Economic Operator (AEO) scheme was jointly organized by EPCES and MEPZ SEZ. This event took place at the Dr. APJ Abdul Kalam Conference Hall, MEPZ SEZ, Tambaram,



Chennai. The Development Commissioner, Shri Alex Paul Menon, inaugurated the session and introduced the topics. The seminar featured a presentation on the AEO scheme by Md. SalikParwaiz, IRS, Addl. Commissioner, Directorate of International Customs. Shri Balaji DC Customs provided insights into the AEO applications' status for the MEPZ Region (Tamil Nadu & Pondicherry). Additionally, subject matter experts were present for a Q&A session to address attendees' queries. The Regional

Vice Chairman, Shri C. Manoharan, extended the Vote of Thanks. The event garnered significant attention, with participation from 140 members through both online and offline channels.

### **\*\*Key Insights from the Webinar:\*\***

1. **\*\*SAFE Framework\*\***: Adopted in 2005 by the World Customs Organization, the SAFE Framework focuses on enhancing global trade security, preventing terrorism, and revenue collection. It emphasizes elements such as electronic cargo information, risk management, security measures, and cooperation among government agencies to ensure safety.
2. **\*\*Indian AEO Program\*\***: The program outlines eligibility criteria for customs-related businesses, requiring a legal entity established in India with a minimum operation period. Compliance includes legal, financial, and security prerequisites, promoting supply chain security and trade facilitation.
3. **\*\*AEO Certification Levels\*\***: The AEO program offers four certification tiers, each emphasizing compliance and security, with varying levels of validation and review.
4. **\*\*AEO Master Circular\*\***: This circular provides guidelines for the AEO program, including legal and financial compliance criteria, involving factors such as no show cause notices for fraud, financial solvency, and security compliance.
5. **\*\*Benefits of AEO LO Program\*\***: The AEO LO program offers advantages for logistics providers, custodians, customs brokers, and warehouse operators, including waiver of bank guarantees and enhanced recognition through mutual agreements.

6. **\*\*MSME Facilitation Measures\*\***: Flexibilities have been introduced to address challenges faced by Micro, Small, and Medium Enterprises during the pandemic. This includes reduced documentation, application processing time, and bank guarantee requirements for AEO T1 and T2 accreditation.
7. **\*\*AEO T1 Certification Process\*\***: The process involves registration on the AEO website, submitting annexures, compliance with legal and financial requirements, and verification for certification issuance.



8. **\*\*Online Filing of AEO T2/T3 Application\*\***: Applicants can submit physical documents and annexures online for T2/T3 accreditation, monitor application processing, and address deficiencies as required.
9. **\*\*Auto Renewal of AEO T1\*\***: Continuous AEO certification/auto-renewal for T1 entities is facilitated by submitting an annual self-declaration within a specified timeframe. This helps in reducing compliance burdens and promoting facilitation.

The webinar underscored the AEO scheme's significance, offering a comprehensive understanding of its advantages and processes.



# Open House Meeting Regarding **SEZ Rules**

On April 27, 2023, the Development Commissioner (DC) of MEPZ SEZ hosted an Open House Meeting focused on urgent revisions to SEZ Rules. The event occurred at 11 am in the Dr. APJ Abdul Kalam Conference Hall, MEPZ SEZ, utilizing a hybrid mode to accommodate both online and offline participants. The session garnered a participation of over 300 members.

The DC commenced the meeting by extending a warm welcome to all attendees, acknowledging the pending approval of the DESH bill in Parliament, and emphasized the importance of understanding issues and changes to be incorporated into the SEZ Act and Rules. Participants were encouraged



to introduce themselves in both virtual and physical contexts. Mr. Sunil Rallan subsequently presented recommended changes in the Act and Rules, alongside a comparative analysis of different schemes.

Requests were made to address operational challenges faced by Units and Developers under the current Act and Rules framework, seeking amendments or instructions for the benefit of the exporting community. Some key requests under the consideration of the Ministry of Commerce (MOC) included:

- Removal of NFE Condition to align with WTO regulations
- Permitting receipt of INR Payments against service supplies under Section 2(z) of the Act

- Alignment with GST norms
- Digital integration across platforms
- The discussions covered specific sectors:
  - **\*\*IT Sector (Developers/Units):\*\***
    - Permissions for commercial use of SEZ space for offices
    - Guidelines for asset movement
    - Demarcation of non-processing areas
    - Streamlining transfer of used IT assets within the company
    - Provision for sub-leasing
    - Introduction of auto approval or deemed approval in SEZ
    - Transition to online submissions (SOFTEX forms)
  - **\*\*Manufacturing Sector:\*\***
    - Duty-free supply to Domestic Tariff Area (DTA)
    - NFE in freely convertible currency
    - Simplified issuance of non-preferential certificate of origin
    - Duty drawback on INR-based procurement from DTA
    - Relaxation of disclaimer certificate requirement for duty drawback on DTA procurement
    - Introduction of IGST & DRAWBACK benefits for SEZs
    - Formation of a PTFC committee for quarterly issue discussions
  - **\*\*Free Trade and Warehousing Zone (FTWZ) Issues:\*\***
    - Online route for claiming Duty Drawback

- Storage of goods in FTWZ post duty payment
- Sale of FTWZ-held goods to DTA in foreign currency
- Disbursement of drawback for DTA to SEZ supply
- Request for amendment/clarification on NPA for trading and servicing

- Extension of validity for goods clearance under CEPA
- Implementation of common Standard Operating Procedures (SOP)

DC expressed gratitude to all participants and introduced a dedicated email address (ptfcmepz@mepz.gov.in) for addressing concerns. Unit holders were urged to contribute their representations to the specified email. He concluded by thanking participants for their valuable insights, suggestions, and active involvement in shaping the SEZ regulatory framework.



# Sustainable Cluster Development Conference - May 25, 2023

Cluster development, an emerging economic approach, garners significant attention due to its potential for enhancing competitiveness, particularly among micro, small, and medium-sized enterprises. Recognizing the importance of timely credit for MSME growth, the Indian Ministry of Micro, Small and Medium Enterprises (MSME) adopts the Cluster Development approach to bolster productivity, competitiveness, and capacity building.

Grant Thornton Bharat LLP (Knowledge Partner) and EPCES (Supporting Partner), organized the “Sustainable Cluster Development - A Holistic Approach” conference on May 25, 2023, at Hyatt Regency, Chennai. The event was inaugurated by Hon’ble Minister for MSME, Thiru T.M. Anbarasan, Government of Tamil Nadu. Eminent speakers, including the Regional Director of EPCES, MEPZ SEZ, discussed key topics such as cluster-based financing, industry association’s



To deliberate on cluster-focused best practices across Tamil Nadu and the nation, ASSOCHAM Tamil Nadu State Development Council, in collaboration with



role, infrastructural aspects, marketing strategies, policy environment, and interventions in artisan and agricultural clusters. The conference drew participation from over 200 members.



# Status of Pending Issues related to SEZs and EOUs

As on 31-07-2023

## 1. Coverage of SEZs and EOUs under RoDTEP

Finance has asked D/o Commerce to decide the sectors within the overall budget allocation. EPCES has requested DoC to take up at least in some sectors for SEZs and EOUs where domestic procurement of inputs is relatively more such as, Textiles, leather, engineering, etc.

[SEZ division/Revenue]

## 2. Status of DESH Bill

DESH Bill is under Inter-Ministerial Consultation and efforts are being made to evolve consensus over continued zero rating for units along with supplies to DTA on duty foregone basis along with payment for supplies of services in INR. Tentative timeline is the Winter session of the Parliament.

[SEZ division/Revenue]

## Issues which can be taken up through amendments in existing SEZ Acts and Rules

- a. **Payment for sale of Services from SEZ to DTA in INR** (Amendment in Sec 2 (z) of the existing Act)
- b. **Unrestricted job-work/subcontracting between SEZ and DTA** (amendment in existing Rules 41, 42 and 43)
- c. **Sale of goods from SEZs to DTA on payment of duty benefits availed on inputs used in such goods** (amendment in SEZ Act. Allowed in EOUs and MOOWR)
- d. **No export duty on DTA to SEZ** - Deletion of 5th proviso of Rule 27(1). No justification for the same. It should only be applicable if it is on physical exports out of the country. Courts have rules against it. It increases the cost of

raw material for SEZs and making finished goods uncompetitive. In any case levy of duty should be by an Act and not by Rules.

[SEZ division/Revenue]

However, these can be looked into if DESH Bill is not taken up.

## 4. Partial Building - wise, Floor-wise de-bonding/de-notification in IT/ITES SEZs

In case of IT/ITES SEZs, it is possible to have coexistence of SEZ and DTA units and therefore, there should be a provision of demarcation of floor-wise/building-wise dual usage non-processing area in IT/ITES SEZs where businesses engaged in IT/ITES services can be allowed and serve DTA as well exports markets (dual usage). A formulation has been proposed for insertion of a new SEZ Rule as 5B.

[SEZ division/Revenue]

The proposal has been sent to D/o Revenue/DGEP. Discussions are on with CBIC.

## 5. Amendment in SEZ Power Guidelines

- a. Procurement / installation of Solar Power Panels by SEZ Units for exclusive use of SEZ units.
- b. Permitting IT/ITES developers for installation of Roof Top Solar Power plants with fiscal benefits permitted under SEZ Act and without any NFE conditions as they will also be providing the power exclusively to SEZ entities only.

## 6. Clarification on Return of Customs duty on inputs used in SEZ exports where export proceeds have not been realized

SEZ Customs Authorities have recently asked units to surrender the Customs Duty on the inputs utilised in export production of exported goods of which the

export proceeds could not be realised. AD banks have been permitting write-off of unrealized export proceeds within the 10% permissible limits to SEEPZ SEZ units in accordance with Para C.19(i) of Master Direction No. 16/2015-16 dated 01.01.2016 issued by RBI. This system of write-off, whether AD banks or RBI, is working smoothly and units are following it without any hassles. As of now there was no requirement of surrendering of Customs duty in the cases of write-off of concerning units in SEEPZ SEZ. SEZ units are guided by SEZ Act and Rules. SEZs are duty free enclaves with a mandate of export and achievement of Net Foreign Exchange Earning (NFE) to the extent and manner as stipulated under the SEZ Act and Rules. The Duty/ taxes become liable only on removal of goods to DTA or failure to achieve positive NFE stipulated under Rule 53 of SEZ Rules. There is no provision of surrender of duties on inputs.

*The comments from DC SEEPZ have been sought by DoC on 5.4.2023 and 29.5.2023 who in return has sought comments from RBI. EPCES has requested DoC to expedite the resolution of the issue vide email dated 10.7.2023*

**7. Clarification/reconsideration of Instruction No 95 dated 11.6.2019 reg provision of facilities/ amenities by units under Rule 11(5) of the SEZ Rules**

**a. Declaring running of Cafeteria, Medical room, Recreational room, Gymnasium, Crèche, Break-out area etc as authorised operations**

Some SEZ units located in Gurugram/NOIDA have been asked for recovery of GST/Custom Duties for any exemption availed by the units for the space, goods, and other services used in setting up and running of Cafeteria, Medical room, Recreational room, Gymnasium, Crèche, Break-out area etc in the background of the Instructions no 95 dated 11.6.2019. Instructions may be re-examined and necessary clarification/ amendment may please be issued. These should be declared as authorised operations.

**b. Rental charges and Maintenance charges by**

**the Developer to Unit against the said leased premises shall continue to be at zero rated under IGST**

At present as per instruction no 95 dated 11.6.2019, the Units are not eligible for any exemptions, drawbacks, concessions or any other benefits for creating or opening facilities under Rul 11(5) such as cafeteria, Creche, Gym, etc..The units are utilizing the said leased premises space for cafeteria or gym for exclusive use of their own employees. It should be considered incidental and important part of their authorized operations. Therefore, the 'Rental Charges' and 'Maintenance Charges' made by the Developer to Unit against the said leased premise should continue be at 'Zero rated' IGST

[SEZ division, DGEP]

*DoC is in discussion with DGEP for exempting service tax on rentals for space provided for such services.*

**8. Flexibility of Utilization of Non-Processing Area (Dual Usage) by developers for creation of social infrastructure.**

[Sub rule 3(c) of Notification G.S.R.5(E) dated 02/01/2015 under F.No. C.1/2/2014-SEZ]

- Internal restrictions for various uses (residential, commercial, institutional) were made applicable to SEZs based on DDA norms.
- Social Infrastructure in NPA-II does not enjoy any tax benefits. Considering the locational requirements, the developer would build & operate necessary structures / activities.
- Internal restrictions for creation of social infrastructure for this area would make land utilization unviable and the same would result in scarce land resource remaining vacant. (E.g. a small land parcel cannot accommodate all activities in the specified proportion).
- Rule 11A (amended on 02/01/2015) for Dual-Use NPA should be abrogated. Flexibility for developing social infrastructure need to be given to establish a sustainable SEZ.

[SEZ division]

*DoC will look into this issue afresh. DC MEPZ will submit its comments on the issue.*

## 9. EODB related Issue :

### a. **Doing away with the requirement for 100% physical submission of services invoices and endorsement by SEZ Specified Office for procurement of services from DTA**

SEZ Rule 30(4) requires endorsement by the authorised officer that the goods have been admitted in full into the SEZ. Further, as per CGST Act and Rules (Sec 54 r/w Rule 89), refund claims in respect of such zero-rated supplies of goods and services can be filed by the suppliers only when such endorsement by the specified officer of the zone is also filed with the application. Thus such endorsement is necessary for the refund of GST to the suppliers.

The SEZ online platform has two online modules (one for goods and one for services) where details of procurements made by SEZ unit and developer are required to be updated for approval by SEZ officers. Such approval can as well be treated as endorsement and there should not be any need for physical endorsement of each and every procurement invoice by the officer. At present, manual endorsement of each and every goods and specially service procurement invoice is being insisted upon in the SEZs even after introduction of end-to-end online compliance module on SEZ online platform. This appears impractical and is posing a great challenge for the SEZ units and developers in its compliance. In fact, even during erstwhile regime i.e. Service tax regime when the SEZ online platform was not entirely functional, compliances by way of Form A-1, A-2 and A-3 were more simplified and required lesser time and efforts.

[SEZ division/Revenue]

*DoC will take a meeting with GSTN, ICEGATE and NSDL in this regard*

### b. **Insistence on 100% physical verification of duty exempted assets by Specified officers** in certain jurisdictions in relation to applications seeking exit or inter-unit transfer of assets (e.g. SEZ to STP) leading to delays and inability of units to exit or restructure their operations.

[SEZ Division]

### c. **No specific guidelines on valuation for transfer of goods between two SEZ units.** Specified officers insist on carrying forward the original value to the books of the transferee unit rather than the depreciation value leading to problems in NFE obligations and monitoring by UAC.

[SEZ Division]

### d. **Lack of clarity regarding penal implications for non utilisation of goods or services.** SEZ Rule 25 mentions action under different Acts which include the Customs Act, 1962 resulting in penalty and interest. However there is a provision for penalty for NFE shortfall under SEZ Rule 54 r/w Rule 80. Insistence should be on achieving NFE and the penalty associated with it rather than on utilisation of goods or services as it may create complications for the units.

[SEZ division]

## 10. Non-application of various Import restrictions on imports into SEZs/EOUs as SEZs/EOUs are primarily meant for exports:

### a. **Country wise Quantity Restrictions in IsoPropyl Alcohol as Safeguards Measures by DGTR**

Country-wise quantitative restrictions have been imposed on import of Iso-Propyl Alcohol (IPA) (refer DGFT PN 64 /2015-2020 dated 31.3.2023 to implement DGTR findings vide No. 22/6/2019-DGTR dated 30.9.2021 following a safeguard investigation under the Safeguard Measures (Quantitative Restriction) Rules 2012). However, SEZ units should be exempted from the quantity restrictions of IPA since SEZ units are going to export the product manufactured out of IPA and it will not hamper the domestic market. (representation of M/s Dorf Ketel Chemicals (I) Pvt. Ltd an SEZ unit located at Adani –Port SEZ Mundra)

[SEZ division, DGFT, DGTR]

### b. **Clarification required regarding Extended Producers Responsibility (EPR) registration in case of EOUs/SEZ units**

There is a provision in the Plastic Waste Management (Amendment) Rules, 2018 that under Rule 2 (2) that the Rule 4 shall not apply to the export oriented units or units in special economic zones. However, it is not clear if they are exempted from EPR (Extended Producers Responsibility) registration under Rule 9. Further, it appears that Rule 9 is meant for the producers, importers and brand-owners of carry bags or multi-layered packaging or plastic sheets or like (Rule 3 (t)) and not for the units in general who might be importing their raw material in such packaging material or may be exporting their finished goods in such packaging materials. Further in FAQs regarding registration of PIBO /PWP as per EPR Guidelines Notified by MoEF&CC, it has been stated at item no 26 that Export oriented units are exempted from fulfilling EPR obligations. Thus, there is understanding that EOUs and units in SEZs are exempted from these Rules / EPR registration under the Rules. However, there is a confusion in the units. Therefore, it is requested that it may be clarified that EOUs and the units in SEZs are exempted from these Rules / EPR registration under the Rules.

**c. Request for Exemption from Registration Certificate/Import Permit for Import of Boric Acid for Export-Oriented Manufacturing in SEZ**

M/s Dorf Ketal Chemicals(I) Pvt Ltd, located in Adani Mudra SEZ has requested exemption from the requirement of registration certificate/import permit from the Central Insecticide Board, Faridabad for the import of Boric Acid, which is a raw material for their process chemicals exclusively for export purposes. It was suggested to CIB that the following may be considered:

- i. exemption from the provision of registration certificate/import permit as they are located in an SEZ and will use the entire imported Boric Acid for 100% exports,
- ii. delegation of power to issue registration

certificate/import permit to the Development Commissioner of the SEZ who is a class I officer from Indian Trade Service, or

- iii. making the process of issue of import permit/ registration certificate time-bound and online to improve Ease of Doing Business.

However, CIB has informed that as per the current provisions, importers of the chemicals listed in the Schedule to the Insecticides Act require a registration certificate/import permit from the Central Insecticide Board, Faridabad. At present, the complete applications for import of the chemicals listed in the Schedule to the Insecticides Act, are disposed of in less than two months' time. However, the unit has to get the end-use certificate also from the Chemicals & Petrochemicals division and it takes 2 months. After that, CIB will take another 2 months. So the lead time is almost 4 months. This is affecting their export production. Can the import permit be issued without an end use certificate. They can provide a consumption certificate duly certified by Customs Authority (SEZ unit) for the last 3 years along with the CA certificate mentioned. They are waiting for the end use certificate from the Chemicals and Petrochemical division for last 1.5 month

[SEZ division/ Central Insecticides Board, Directorate of Plant Protection, Quarantine & Storage, Deptt of Agriculture & Farmers Welfare/DGFT]

**d. Regulatory Requirement for import/export of drugs in case of SEZ/EOUs**

Following clarifications are needed in respect of SEZs and EOUs

- i. NOC for exports on every drug consignment required or no
- ii. import registration or authorisation required or not for import of drugs

This is a request from M/s Syngene International Limited.

[SEZ division/ Drugs Controller General of India Central Drugs Standard Control Organization]

- e. Removal of port restrictions for imports for EOUs and SEZs - Rubber, etc. Port restrictions in the

import policy for import of rubber should not be applicable for SEZs and EOUs. Request from M/s Yokohama Off-Highway Tires (YOHT)

[SEZ division/Plantation division/DGFT]

**f. Minimum Import Price for cashew, etc.**

[DGFT/SEZ division/Agri Division]

*It was suggested that these restrictions should not be there for SEZs and EOUs if the 100% imports are being used for exports. Further, it was also stated that SEZ/EOUs should not aim for regulation free area. Rather, they should be pre-cleared areas. DoC will look into it in consultation with DGFT and other relevant Ministries.*

**11. Non-application of various Import restrictions on transfer from SEZ to DTA**

a. Transfer of used laptops and other electronic goods by IT/ITES units in SEZ to DTA (New laptops and electronic goods were imported and after use for more than 3 years or so, they are being transferred to DTA on payment of customs duty, but import license is being insisted upon by SEZ authorities as per import policy)

*It was informed that NOC from M/o Electronics & IT has been received by DGFT and clarification may be issued soon.*

**b. MIP condition on rejects/substandard waste goods transferred to DTA. MIP should not be applicable for SEZ/EOUs transferring goods to DTA, as some of the manufactured goods by SEZ units have been manufactured in India in SEZ/EOU but are of substandard quality and cannot be exported. MIP condition is meant for goods imported from foreign countries.**

M/s Pokarna Engineered Stone Limited, a SEZ unit and EPCES member, is facing problems disposing of substandard grade slabs generated during the manufacturing of export quality slabs due to the MIP restriction of US\$50 per square meter in the import policy. They have accumulated 16,020 substandard grade slabs and have requested a waiver of MIP, as well as the removal of the MIP of US\$50 per sqm insofar as it relates to sale by SEZ/EOU in domestic tariff area. They argue that MIP should not be applicable for SEZ/EOUs

transferring goods to DTA, as these goods have been manufactured in India in SEZ/EOU and are of substandard quality. Earlier, their request was considered and approved by the PRC.

[DGFT/SEZ division]

*DoC will examine this in consultation with relevant Ministries*

**12. FTWZ Issues :**

a. **Lack of clarity felt by DC NSEZ in approving requests of M/s Arshiya 3PL Services Pvt. Ltd., an FTWZ Service Unit at Arshiya Northern FTWZ Limited, Khurja for approval for items under HSN codes 8804, 8807, 8407, 8411 and 88010010.**

b. **Problem faced by Free Trade Warehousing Zone in supplying goods stored by them on behalf of their Foreign Clients to Nepal.**

Some Free Trade Warehousing Zone member of the EPCES (OnnSynex Ventures Pvt Ltd, Gurgaon and Arshiya Ltd) regarding problems being faced by them in supplying goods stored by them on behalf of their foreign clients to Nepal. The problem is that even though the goods stored in FTWZ are of foreign origin, held/owned by foreign companies and have technically been not brought to India, the same are still not being able to be shipped to Nepal by Road. Indian unit in SEZ are able to send goods to Nepal, however, Indian importers who have held foreign goods in FTWZ are not able to send the same despite following the prescribed procedures in Customs Notification No. 45 dated 13-2-1963 which permits export of such goods against irrevocable Letter of Credit. The major problem being the acceptance of goods from Nepal side.

[SEZ division/DoR/MEA/Govt of Nepal]

c. **Transshipment of Containers / Cargo from Port to FTWZ on the basis of trans-shipment bond**

In a normal SEZ, the Units consume the goods and hence they file Bill of Entry (BOE) at the time of goods being transhipped from Port to SEZ. However, in an FTWZ, the goods are not

consumed and they are only warehoused. Further, the volume of containers is many times larger than that in case of an SEZ unit. It is, therefore, proposed that Rule 28(6) and Rule 29(2) be amended to allow transshipment of containers in case of FTWZ units on the basis of the Trans-shipment Bond submitted at the Port.

[SEZ division/D/o Revenue]

**d. GST on the warehousing services provided to foreigners in FTWZ**

Providing warehousing services in India to foreign clients and receiving consideration for such services in FE should be treated as export of services. FTWZ Units are allowed to store goods on behalf of Foreign Supplier (as per Rule 18(5) and DTA Buyer/Supplier & Foreign Buyer (as per Instruction 60). In spite of FTWZ being Special Economic Zone wherein no GST can be levied, GST is being levied on the bill issued for goods stored to Foreign Buyer and Suppliers as they have no physical presence in India, while Indian Buyers and Supplier are able to claim the GST input credit. Pre GST era, foreign clients were exempted from Service Tax but post GST, 18% GST is levied on services rendered and consumed within FTWZ by these foreign clients. This is resulting into export of taxes from India. Problem is due to the definition of export of services u/s2(6)(iii) of IGST Act which says that the place of supply of services should be outside India. In fact, it (iii) should say outside India or in SEZ/FTWZ. Similarly, Section 13(3(a) should be amended to exclude SEZ/FTWZ.

[SEZ division/D/o Revenue]

**e. FTWZ Issues : Exemption of GST on services rendered and consumed within the FTWZ**

The issue was submitted to Ministry of Commerce & Industry and SEZ Section sent its recommendations to Principal Commissioner (GST-1) and GST Law Review Committee

[SEZ division]/D/o Revenue]

*DoC agreed to organise stakeholders consultation on FTWZ Issues*

**13. Permission to import Lab grown diamond by EOUs**

RENAISSANCE GLOBAL LTD , an EOU under KSEZ has applied to DC KSEZ for import raw material “ Lab Grown Diamond” (LGD) for Studded Jewellery manufacturing process on 12.01.2023. The raw material LGD is not restricted or prohibited in ITC (HS) . As per chapter 6 Para 6.01 (d) an 100% EOU unit may import /procure all types goods required for manufacturing process. DC Kandla has taken up the matter with DGFT Delhi 100% EOU Import Section asking some clarification with specific reason. They are facing difficulty in fulfilling their export commitments

[DGFT/SEZ division/DC KSEZ]

**14. Issues relating to GIFT SEZ**

- a. Guidelines for transfer of bullion from SEZ to SEZ or SEZ to DTA as DC GIFT SEZ is expecting some SOPs for the same even through it is permitted in SEZ Rules
- b. Open House for GIFT SEZ units to deal with various issues pointed out by PEVCFOA (Private Equity & Venture Capital CFO Association) like
  - i. Single window clearance for Fund Management Entity and the Associated Fund to provide an integrated form to application as an FME which includes applications to the SEZ for the FME and Fund, Indian Financial Services Regulator, SEBI as an FPI, and forl associated registrations including PAN, TAN, IEC, GST, RCMC, etc.
  - ii. Straight pass through clearance for setting up for established fund managers - with a track record of raising AIFs of at least INR 500 cr, no negative sanctions from SEBI in the last 3 years, with profitability track record.
  - iii. As per SEZ norms for GIFT entities, it is mandatory to have a separate office/unit along with employees for each entity including for AIFs. This is required as a step before issuance of commencement certificate. This is against the operating principles of the Fund as the FME manages and administers the Fund for all intents and purposes. Exemption to Funds setting up in

IFSC from the requirement to have employees in the Fund for issuing commencement certificate , so long as the FME has adequate manpower as stated in the IFSCA FME Regulations, 2022

- iv. Currently, the Funds in SEZ are required to obtain a separate space / lease deed for their registration in addition to the space required for the FME. The Funds are pooling vehicles that don't maintain separate staff and are reliant on the FME for their management. Requiring additional space for the Fund is not in line with Fund Operations Request Allow for registration of funds in the same address as the FME during the application stage. Any additional Funds launched by the FME may be registered in the same address as the FME.

[SEZ division/IFCA]

**15. Clarification regarding applicability of zero rated GST on SEZ built-up area delivered to landowners under Joint Development Agreements**

M/s Phoenix Tech Zone Private Limited, has represented that DGGI authorities have raised objections stating that the SEZ built-up area delivered by them to Neuland (landowner) was not entitled to zero rated GST. They have requested to issue clarification to DC VSEZ to consider land owners as part of SEZ entity and accord entitlement of zero rated GST.

[SEZ division/Revenue]

[SEZ division]

**16. Nomination of elected members of EPCES as Ex-Officio Members of SEZ Authority for Better Representation of SEZ Units/Entrepreneurs**

The EPCES has requested that two elected members, representing SEZ units of the zone/ region, be nominated as ex officio members of the Special Economic Zone Authority, as per Section 31(5)(d) of the SEZ Act. EPCES represents the interests of SEZ units, SEZ developers and Export Oriented Units, with more than 5300 members, and total exports of goods and services from EOUs and SEZs were recorded at US \$151.69 Billion in FY 2021-2022. This will improve the representation of SEZ units/entrepreneurs in the functioning of the SEZ Authority.

[SEZ division]

**17. Inclusion of "Transport of Goods in Vessel" as default Authorised services for units in SEZs**

The representation received from the Kandla SEZ Industries Association. This is required in view of the exemption from IGST on "Transport of Goods in Vessel" (heading 9965) given vide M/o Finance Notification No 7/2021 dated 30.9.2021 not getting extended beyond 30.9.2022.

[SEZ division]



## SUMMARY OF MEMBER QUERIES AND RESPONSES BY EPCES KNOWLEDGE PARTNER GRANT THORNTON (APRIL TO JUNE 2023)

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| <b>S.No. 1</b>                    |  |
| <b>Details of EPCES Member</b>    | <b>Pulkit Kinkhabwala</b><br>Aadidaivam International Private Limited  |
| <b>Query from Member</b>          | Please help us with the following queries related to filing of APR Form for entity setup in Gift City SEZ:<br><br>1. Where to record services which are provided to units in GIFT SEZ itself? Under SEZ Online portal the system is auto fetching data under point 3(a) FOB value of exports for the Year (indicate items of exports) but as per our understanding it should be under point 3(b).<br><br>2. Where do we have to record amount of services availed from GIFT SEZ unit by an entity set up in GIFT City? |
| <b>Response by Grant Thornton</b> | 1. Services provided to another SEZ unit, whether in the same SEZ or in a different SEZ, need to be reported as per Rule 53A(j). Specifically, these services should be reported in column 3(b) of the Annual Performance Report (APR).<br><br>2. If the services procured from SEZ units do not involve foreign currency transactions, they may not be considered for reporting in the APR.   |

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| <b>S.No. 2</b>                    |   |
| <b>Details of EPCES Member</b>    | <b>G R Naidu</b><br>Deepsea Technologies (India) Pvt Ltd.,  |
| <b>Query from Member</b>          | What is the procedure to sell unused imported raw material from EOU to DTA and under what head duty has to be paid in ICEGATE module? Do we have to pay interest also on this unused raw material, if yes, what is the rate of interest?  |
| <b>Response by Grant Thornton</b> | Please note that as per para 6.14 of FTP 2023, an EOU unit may sell the imported unutilized raw material to DTA. Procedure for sale of goods is mentioned hereunder –<br><br>- Intimation to Custom Authorities: The EOU (Export Oriented Unit) unit is required to inform the customs authorities about the sale of imported unutilized raw materials to the DTA through a letter.<br><br>- Tax Invoice: A tax invoice needs to be prepared for the sale of goods to the DTA unit. This invoice should include all the relevant details of the transaction.<br><br>- Duties and Taxes: The applicable duties and taxes on the import of goods would be payable for the sale to the DTA. The EOU unit is responsible for ensuring that the necessary duties and taxes are paid.<br><br>Please note that since the transaction is sale of goods to the DTA unit, it would not be undertaken on ICEGATE Module and would be paid on mere tax invoice. An amount equal to the duty leviable on the goods at the time of import will be reversed through a TR-6 |

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|  | challan. Further, if the goods have been cleared for home consumption, interest would be payable at a rate of 15% as notified under section 28AA of the Customs Act. The interest is calculated on the duty-free import of the goods and is applicable until the date of payment of such duty. |
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| <b>S.No. 3</b>                    |  |
| <b>Details of EPCES Member</b>    | <b>R. Geetha</b><br>Sr Officer - Indirect Taxation & Finance Oliver Valves India Private Limited   |
| <b>Query from Member</b>          | Can you please advice on exit procedure for EOU.   |
| <b>Response by Grant Thornton</b> | Guidelines for exiting an EOU (Export Oriented Unit) is outlined in Appendix-06K of the Handbook of Procedures 2023. Additionally, the specific conditions and procedures for exiting the scheme can be found in Para 6.17 (d) of the Foreign Trade Policy (FTP) 2023. |

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| <b>S.No. 4</b>                    |  |
| <b>Details of EPCES Member</b>    | <b>Jatin Kothari</b><br>Morgan Stanley   Finance   |
| <b>Query from Member</b>          | Could you please help us to understand what falls under FDI investment & Non-FDI investment while filing MPR? <a href="#">FDI &amp; Non-FDI investment while filing MPR?</a>   |
| <b>Response by Grant Thornton</b> | The unit is required to report the investment made in the zone at the end of each month, including both FDI (Foreign Direct Investment) and non-FDI, if applicable. Additionally, as per the instructions outlined in note 1 and note 2, these reported values should be cumulative in nature. This means that the reported investment should reflect the total amount invested up to that point of time, rather than just the investment made within the specific month. The values should be reported in INR crores. |

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| <b>S.No. 5</b>                    |  |
| <b>Details of EPCES Member</b>    | Query received through WhatsApp  |
| <b>Query from Member</b>          | Will you please guide us where to appeal in case extra deposited under protest for DTA bill of entry under SEZ?  |
| <b>Response by Grant Thornton</b> | Refund of any duty amount paid under protest may be applied to the Assistant Commissioner of Customs or Deputy Commissioner of Customs. Kindly refer Section 27 of Customs Act 1962. |

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| <b>S.No. 5</b>                    |  |
| <b>Details of EPCES Member</b>    | Query received through WhatsApp  |
| <b>Query from Member</b>          | How to apply CEPA Certification.   |
| <b>Response by Grant Thornton</b> | A SEZ unit may apply for CEPA certification and COO to its respective SEZ jurisdictional office i.e. NSEZ. |

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| <b>S.No. 7</b>                    |   |
| <b>Details of EPCES Member</b>    | <b>JP Lawania</b> , CEO Megma Group Megma Print O-Pack Pvt. Ltd., MegmaRfid and Labels Pvt. Ltd.  |
| <b>Query from Member</b>          | Kindly let me know any certificates required for Saudi Arabia for Smart cards. Also, please guide for any agencies doing this.  |
| <b>Response by Grant Thornton</b> | <p>Please note that following documents would be required for exporting goods to Saudi Arabia:</p> <ul style="list-style-type: none"> <li>- Copy of Tax invoice;</li> <li>- Copy of bill of lading or airway bill;</li> <li>- Copy of Insurance documents, if shipments are sent CIF;</li> <li>- Copy of Packing list;</li> <li>- Copy of Certificate of Origin (COO)</li> <li>- Product Certificate of Conformity (PCoC)” and a “Shipment Certificate of Conformity (SCoC)” which must be issued via SABER platform (a platform which ensures the imported goods’ conformity to standards and specifications before entering the Saudi market)</li> <li>- Product Certificate of Conformity (PCoC) is required to demonstrate that your products have been registered within SABER and are compliant with applicable Technical Regulations. The PCOC is valid for one year upon issuance.</li> <li>- Shipment Certificate of Conformity (SCoC) is a certificate applied by the Saudi Standards, Metrology, and Quality Organization (SASO) on each imported shipment to Saudi Arabia. It is required for products whether it is regulated or non-regulated in order to be cleared at the customs ports.</li> </ul> <p>However, you may confirm the requirement of the above said document from a Customs House Agent (CHA) dealing with Saudi Arabia engagement.</p> |

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| <b>S.No. 8</b>                 |   |
| <b>Details of EPCES Member</b> | <b>Rahul Kalburgi</b><br>Aequs SEZ, Belgaum   |
| <b>Query from Member</b>       | <p>One of our SEZ units has made sale of goods to a EOU customer from last 6 months. The goods have been moved under the cover of Bill of entry assessed by customs and invoice. There was no duty implication on subject sales since it is transaction of supply of goods from SEZ unit to EOU unit. Recently there was an upward price revision notified by the customer applicable for shipments made from last 6 months. Because of price revision, we need to now raise an invoice/debit note for the differential pricing to the EOU customer without any material movement.</p> <p>In this connection, we require below clarifications:</p> <ol style="list-style-type: none"> <li>1. Duty implication on the invoice/debit note to be raised now for charging the differential pricing. Will this transaction be exempted from duties on similar lines as was exempted during the original shipment.</li> <li>2. Should we raise an invoice or a debit note for claiming the differential pricing.</li> </ol> |

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|                                   | <p>3. The original invoices were raised in USD. Can the invoice/debit note for differential pricing be raised in INR.</p> <p>4. As mentioned above, the original sale transaction was made by filing SEZ Bill of entry without any duties. On filing bill of entry by SEZ unit, the subject transaction reflected in IDPMS of the EOU customer. The EOU customer used to submit copy of Bill of entry and instruct its AD banker to make payment and knock-off the transaction from IDPMS. We will now be raising an invoice/debit note to claim the differential price from EOU customer. As there will be no material movement, we won't be filing any bill of entry now. Hence, we would like to know the correct way of doing this transaction from FEMA perspective also.</p> |
| <b>Response by Grant Thornton</b> | <p>1. Yes, same shall be exempted.</p> <p>2. If you have raised any GST invoice, then you are required to raise a debit note for differential amount. However, from customs prospective you also need to re-assess the Bill of Entry basis original invoice and debit note.</p> <p>3. There should be same currency for invoice and debit note.</p> <p>4. Refer our comment in response no. 2</p>  |

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| <b>S.No. 9</b>                    |  |
| <b>Details of EPCES Member</b>    | <b>Sanjay Kapoor</b><br>Chief Operating Officer Interra Information Technologies (I) , Pvt. Ltd.   |
| <b>Query from Member</b>          | <p>I was going through the Instruction No. 109 having File No. K-43013(13)/7/2021-SEZ (<a href="https://seepz.in/pdf/instructions-from/Instruction%20109.pdf">https://seepz.in/pdf/instructions-from/Instruction%20109.pdf</a>).</p> <p>Can you please confirm whether the company is required to take prior approval from Development Commissioner of respective SEZ in case of change in the shareholding pattern of the US Holding company (No change in shareholding of Indian subsidiaries operating in SEZ).</p> |
| <b>Response by Grant Thornton</b> | Please note that as per the said instruction issued by Department of Commerce (SEZ Section), the unit is required to take approval for change of shareholding pattern of the holding company through Unit Approval Committee (UAC).  |

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| <b>S.No. 10</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Rajul Mehta</b><br>Manager Sonic Biochem Extractions, Pvt. Limited  |
| <b>Query from Member</b>          | <p>We had purchase a vehicle (Mahendra Scorpio ) in October 2018 at the time of purchase the vehicle no tax exemption was availed (applicable) and now we are selling the vehicle. Can you confirm that there is no tax (Custom Duty &amp; IGST) applicable on said sale of vehicle.</p>   |
| <b>Response by Grant Thornton</b> | Please note that removal of a car from a Special Economic Zone (SEZ) to the Domestic Tariff Area (DTA) may not attract customs duty, but the applicable Integrated Goods and Services Tax (IGST) would need to be paid on the transaction. The concessional rate of GST on old and used vehicles may be applicable, as specified in Notification No. 9/2018 – Integrated Tax (Rate). Please note that it is important to verify the specific details and conditions mentioned in the notification. Further, you may refer to the judgement |

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|  | of Hon'ble Allahabad High Court in the case of B.I.F.R. Vs M/S LUNAR DIAMONDS LTD, wherein it was held that no customs duty is payable if goods are procured from DTA and being sold in DTA. SEZ unit may refer to this judgement to justify its argument. |
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| <b>S.No. 11</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Shubhojit Nag</b><br>Managing Director, NMC Tools Private Limited   |
| <b>Query from Member</b>          | <p>Historically, we were only into exports and just recently commenced with the DTA Sales. While our products have received good market feedback, we face quite the challenges from respective customers in terms of dealing with the complete DTA Sales process involving Shipping Bill , Payment of Duties and etc. Adding to it, the cumbersome GST credit process for the DTA Customers.</p> <p>To mitigate the same, we wish to keep multiple stock points in DTA areas zone wise. For the same, we have the following queries</p> <ol style="list-style-type: none"> <li>1. We understand that different GST Registration needs to be done for different locations, both within the state or in a different state. Kindly advise, on the process and if there is any specific declaration that needs to be done towards the same.</li> <li>2. We intend to remove goods from the Manufacturing unit, based in the SEZ to the multiple stock points of the company by paying the necessary duties and taxes as applicable and seek the following clarity: <ol style="list-style-type: none"> <li>i. Do we remove goods by invoice, shipping bill as a regular DTA shipment ?</li> <li>ii. How does the credit work for the IGST paid towards the same?</li> <li>iii. In the GST portal, does SEZ declare it a sale even though its an internal stock transfer between the factory and the stock point ?</li> <li>iv. How do we then account for the final sale from stock point to the end customer ?</li> <li>v. What should be the policy for the price of the transfer of the goods between the factory and its stock point ? At Arm's Length ? How to go about the same?</li> </ol> </li> </ol> |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. Yes, separate GST registrations are required for SEZ and non-SEZ (stock point units. Further, GST registration application can be made on GSTN portal by submitting all the requisite details. 2. <ol style="list-style-type: none"> <li>i Yes, goods can be removed from SEZ unit to stock points (DTA) as regular DTA supplies.</li> <li>ii DTA buyer can file bill of entry for such procurement upon payment of IGST. Further, the DTA unit can claim ITC of said IGST paid.</li> <li>iii Any such clearances under the cover of bill of entry would be reported by the DTA unit in its GST returns as imports.</li> <li>iv Such sale from stock point (DTA) would tantamount as normal sales/ outward supplies for said stock point.</li> <li>v Valuation of transfer from factory to its stock points can be done on arm's length basis.</li> </ol> </li> </ol>  |

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| <b>S.No. 12</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Rohith ER</b><br>Accounts Team, Clouidium  |
| <b>Query from Member</b>          | Where can we find the latest approved list of services in SEZ. Also, can you advise whether brokerage comes under the authorized operations in SEZ.   |
| <b>Response by Grant Thornton</b> | Please find enclosed uniform list of services for your reference. Further, please note that brokerage services are not forming part of said list. Hence, if the unit wishes to avail tax exemption on the brokerage services, the unit is required to take approval from the Unit Approval Committee (UAC). |

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| <b>S.No. 13</b>                   |  |
| <b>Details of EPCES Member</b>    | Operations Team Cloud Spaces at Cloudscapes Cyber Park   |
| <b>Query from Member</b>          | Kindly advice where to find the latest and update list for authorized operations in SEZ.   |
| <b>Response by Grant Thornton</b> | We understand that the unit is seeking the updated default list of services. Hence, we have enclosed the same for your kind reference. |

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| <b>S.No. 14</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>JP Lawania, CEO Megma Group</b><br>Megma Print-O-Pack Pvt. ltd., Megma Rfid and Labels Pvt. ltd.   |
| <b>Query from Member</b>          | In furtherance to below resonse please clarify - Bank will treat it DTA but payment in USD ( treating under export in fact it is supplied in DTA).  |
| <b>Response by Grant Thornton</b> | Please note that said movement of goods to the DTA unit on instructions of foreign customer would not qualify as export. Remittance received in foreign currency from overseas buyer may not be objected by the bank. Further, do let us know if you foresee any specific issue in this regard. |

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| <b>S.No. 15</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>JP Lawania, CEO Megma Group</b><br>Megma Print-O-Pack Pvt. ltd., MegmaRfid And Labels Pvt. ltd.  |
| <b>Query from Member</b>          | Our US customer asking us to deliver materials with his installation in India. Payment will be made in USD.<br><br><ol style="list-style-type: none"> <li>1. How a NSEZ unit can deliver materials based on his order in India?</li> <li>2. What documentation to be done Bill to Ship to</li> <li>3. Bank will treat it DTA but payment in USD ( treating under export in fact it is supplied in DTA)</li> </ol> |
| <b>Response by Grant Thornton</b> | Please note that as per Section 2(m) of the SEZ Act 2005, export means taking goods out of India from the Special Economic Zone. In the present scenario as the goods are not moving outside India, the same cannot be considered as exports. Further, as per Section 30 (a)  |

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|  | <p>any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties under Custom Tariff Act. Hence, duty as applicable needs to be paid by filing Bill of Entry for home consumption.</p> <p>Further, in case of supply from the SEZ unit to a DTA unit, DTA buyer shall file a Bill of Entry for home consumption giving complete description of goods and/or services, such as make, model number, etc. along with invoice and packing list. In order to get inward remittance from foreign buyer, the invoice with “bill to” party as foreign customer and contract copy with all the relevant details should be submitted.</p> |
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| <b>S.No. 16</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vinod Parekh</b>   |
| <b>Query from Member</b>          | What will be the time limit for settlement of Import Payments, when the goods are received in FTWZ Will Provision B.5. of FED Master Direction No. 17/2016-17 apply to entities operating from FTWZ.    |
| <b>Response by Grant Thornton</b> | As per Master Direction issued by RBI, there is no specific bifurcation among units depending upon their status. Hence, as permitted in said Circular import realization shall be made within 6 months. |

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| <b>S.No. 17</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Aslam Basha</b><br>Customs & Trade – INDIA   |
| <b>Query from Membe</b>           | Could you please clarify the applicability of DSPF filing for SEZ service procurement from SEZ unit invoiced in Foreign currency. |
| <b>Response by Grant Thornton</b> | No, such transactions to be reported in APR.  |

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| <b>S.No. 18</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Aslam Basha</b><br>Customs & Trade – INDIA  |
| <b>Query from Membe</b>           | We have been rendering export services from SEZ to SEZ unit. Do we need to file SOFTEX or any other specific filing as per SEZ rules.  |
| <b>Response by Grant Thornton</b> | Please note that filing of SOFTEX is not required for supply of services from one SEZ unit to another SEZ unit. Further, it is to be noted that said supply of services is required to be reported while filing Annual Performance Report (APR) by the SEZ unit. |

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| <b>S.No. 19</b>                |                           |
| <b>Details of EPCES Member</b> | <b>Pitchumani Ganesan</b> |

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| <b>Query from Membe</b>           | Need clarification w.r.t. mentioning of AD Code in Bill of Entry. If we don't enter AD Code, then in BOE is printed with no outward remittance.                                  |
| <b>Response by Grant Thornton</b> | Please note that AD code is required to be mentioned in BOE if payment is received in foreign currency. Further, the same is not mandatory in case payments are received in INR. |

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| <b>S.No. 20</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Swapnil Suresh Khade</b>  |
| <b>Query from Membe</b>           | <p>We need quick guidance on below queries :</p> <ol style="list-style-type: none"> <li>1. As per project requirement if SEZ Unit procures material on respective SEZ PO (Import/DTA). Kindly suggest if SEZ Unit will be able to ship material to customer (outside India) on project completion. - Material procured by taking SEZ benefits.<br/>-Material procured without taking SEZ benefits.</li> <li>2. Suggest a possible solution wherein, SEZ Unit procures material and wants to ship material back to customer (outside India) on project completion.</li> <li>3. Kindly suggest applicable SEZ Rule for de-bonding the assets from SEZ unit. After De-bonding can this hardware/assets/equipment be exported to client at overseas location. Please suggest process and documentation involved for this.</li> </ol> |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. You can export goods so procured (in the course of Project) to overseas customers without payment of taxes irrespective whether SEZ benefits are availed or not.</li> <li>2. Point two is already answered in point one above.</li> <li>3. De-bonding of assets can be under rule 49. Recipients of de-bonded goods can dispose of them for export as well.</li> </ol>   |

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| <b>S.No. 21</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Pavithra</b>  |
| <b>Query from Member</b>          | Please confirm the due date for submission of APR for SEZ units.                     |
| <b>Response by Grant Thornton</b> | Please note that the due date for filing of APR for FY 22-23 is 30th September 2023. |

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| <b>S.No. 22</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Rama Shankar Sharma</b><br>Manager (Finance & Accounts), PK Identification  |
| <b>Query from Member</b>          | Is the RCM (Reverse Charge Mechanism) is applicable on the SEZ unit.?  |
| <b>Response by Grant Thornton</b> | GST is exempted on services exigible to RCM provided these services are listed in uniform list and are used for 'authorised' operations. |

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| <b>S.No. 23</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India   |
| <b>Query from Member</b>          | So we have to make e-invoice for re-export invoice, even though there is no supply involved and no payment receivable for re-export invoice. |
| <b>Response by Grant Thornton</b> | Alternatively, a delivery challan under GST law can also be prepared for re-exported goods.  |

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| <b>S.No. 24</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India  |
| <b>Query from Member</b>          | We have realised full invoice value for original export invoice and now we cannot issue credit note for this. Do we required to generate e-invoice for re-export or not.  |
| <b>Response by Grant Thornton</b> | Please note that in the given scenario, ideally the Company is required to issue a credit note against the original invoice and a new invoice is required to be generated for such re-export after repair/rework. Further, it is to be noted that payment received earlier against the original export invoice is required to be mapped with the new invoice through AD banker. |

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| <b>S.No. 25</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India  |
| <b>Query from Member</b>          | For re-export of goods, do we need to generate e-invoices?  |
| <b>Response by Grant Thornton</b> | Ideally you should issue a credit note against the original invoice and issue a fresh e-invoice at the time of re-export. |

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| <b>S.No. 26</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>S. Kalyani</b><br>Rd MEPZ SEZ   |
| <b>Query from Member</b>          | Please share procedure for PIMS registration.  |
| <b>Response by Grant Thornton</b> | The importer can apply for PIMS registration on the official website of Department for Promotion of Industry and Internal Trade (DPIIT) ( <a href="https://imports.gov.in/imsdpiit/">https://imports.gov.in/imsdpiit/</a> ) by selecting the import category as 'Paper'. The link will redirect to a new page and the importer can log in to the portal using IEC to get PIMS registration number. The importer may submit an application for registration up to 75 days before the anticipated arrival date of import consignment and no later than 5 days post said date. The automatically assigned Registration Number issued in this manner would be valid for 75 days. |

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| <b>S.No. 27</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>S. Kalyani</b><br>Rd MEPZ SEZ   |
| <b>Query from Member</b>          | Is Paper Import Monitoring System (PIMS) registration compulsory for SEZ units importing items covered under PIMS?   |
| <b>Response by Grant Thornton</b> | Please note that registration under PIMS shall be required at the time of import by a Unit in SEZ/FTWZ of the items covered under Paper Import Monitoring System (PIMS). |

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| <b>S.No. 28</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>R.Basu</b><br>DRK Metallurgical Pvt. Ltd.   |
| <b>Query from Member</b>          | Whether SEZ unit is liable to pay GST under RCM.   |
| <b>Response by Grant Thornton</b> | Please note that no RCM is applicable on services procured by SEZ unit provided that these services are covered under uniform list of services and are used for authorised operations. |

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| <b>S.No. 29</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Sai Priya, Accountant</b><br>P: 080 22484996 M: +91 99000 63557<br>A: #1/18, 1/19, Bannerghatta Road, Near MICO Back Gate, Bangalore, India   |
| <b>Query from Member</b>          | We Colors Of Rainbow hereby state that we are a Manufacturer, Exporter and Traders of Quartz slabs. We are paying GST on export goods and are getting IGST Refunds once we submit our GSTR3B. But since March 2023 we have not received our IGST refund which was paid against export of goods. After rejection of GST refund we have downloaded the invoice details from the GST portal. In that excel sheet we found that, DGARM has placed the risk alert "IGST /liability more than 90% and % value of export on IGST payment over the value of total exports>75%" We went to the GST department at Hosur for clarification for rejection, we got a reply from them stating they thought it was a regular claim applied without any attachments, so they rejected and issued the order. After our person went and explained everything, they now don't know how to issue the refund and asking us to go for an appeal. |
| <b>Response by Grant Thornton</b> | Please note that if the proper officer is unable to take any action or reinstate said refund application, then it is suggested that the unit may file an appeal with the Commissioner (Appeals) under Section 107 of CGST Act, 2017 read with Rule 108 of CGST Rules 2017 in FORM GST APL-01, mentioning the grounds of appeal along with all relevant documents within the prescribed time limit.   |

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| <b>S.No. 30</b>                |  |
| <b>Details of EPCES Member</b> | <b>Sharad Bhat</b><br>Manager – Finance and Accounts   |
| <b>Query from Member</b>       | We need to know that, was there any waiver or deferment during the Pandemic/ Covid eriod for DSPF? |

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| <b>Response by Grant Thornton</b> | During pandemic zonal DC have issued several clarifications as regard to relaxation from physical filings of documents. However, we have not come across any specific relaxation from online filing of DSPF. |
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| <b>S.No. 31</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Achyuthanand R I</b>  |
| <b>Query from Member</b>          | Please let us know the remedies available to a Special Economic Zone (SEZ) unit in the event of non-payment of invoices by a client located outside India. Additionally, is there any assistance provided by the government in such cases. Moreover, I would like to inquire reversals if we declare the respective invoice as bad debt. Lastly, I would be grateful if you could provide guidance on the availability of options to insure invoices when clients fail to make payments. |
| <b>Response by Grant Thornton</b> | In the event of non-receipt of remittance or being bad debts, you have an option to get your softex cancelled on SEZ portal.<br><br>Further for insurance of invoice to protect you in such scenario, you may check with your banker and general insurance providers and they may be able to provide you some clarification.   |

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| <b>S.No. 32</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Manimaran K</b><br>Alcomm India Private Limited  |
| <b>Query from Member</b>          | We are planning to transfer materials from one SEZ to another SEZ zone through zone-to-zone transfer. Could you please confirm if we are eligible to claim depreciation for such material transfers between SEZ zones? Or is depreciation only allowable for Domestic Tariff Area (DTA) sales?  |
| <b>Response by Grant Thornton</b> | Please note that as per Rule 30(15) read with Rule 38 of SEZ Rules 2006, a SEZ unit may transfer goods/ services to another SEZ unit. However, there is no specific provision for valuation in relation to depreciation of said goods. Further, we understand that valuation of said goods may be considered as per its value in books of accounts on the day of transaction. Hence, depreciated value of such goods may be considered. |

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| <b>S.No. 33</b>                |  |
| <b>Details of EPCES Member</b> | <b>C R Subramaniam</b>   |
| <b>Query from Member</b>       | We have a MOOWR licensed Unit, (Salcomp Technologies Private Limited) wherein we are manufacturing a similar product in the SEZ unit<br><br>Hence our proposal is that the finished goods from the MOOWR licence facility to SEZ facility. There will be no value addition to be performed by the SEZ Unit. However each unit will have its identification, which can be validated before the remobl. Only mere testing of the finished goods will be done in the testing chamber and there are no charges for the same which will be billed |

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| <b>Response by Grant Thornton</b> | We understand from our discussion over call that the company is seeking clarification on implication on transfer of finished goods by Private Bonded Warehouse to SEZ unit for testing purposes. Further, we understand there would be no value addition on the goods that would be made in the SEZ unit. In the above backdrop, it is to be noted that Rule 28(4) allows inward movement of goods into SEZ from a bonded warehouse. We are of the concise view that the SEZ unit may file Ex-Bond Bill of Entry for import of finished goods into SEZ and undertake the testing process. On completion of the required services, the company shall file a bill of export for removal of goods to Bonded Warehouse without payment of duty. Also, it is to be noted that the exemption from payment of duty and GST is only for the authorised operations as per LOA filed by the SEZ unit. |
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| <b>S.No. 34</b>                   |   |
| <b>Details of EPCES Member</b>    | Query received through WhatsApp   |
| <b>Query from Member</b>          | Please let is know if there is any update on due date for filing APR for FY 22-23?  |
| <b>Response by Grant Thornton</b> | In Form H of SEZ Rules 2006, condition no 7 for the words “ninety days”, was substituted by the words “one hundred eighty days” vide Special Economic Zones (Amendment) Rules, 2016 G.S.R. 1094(E) - Special Economic Zone dated 21st November, 2016.<br>Accordingly, due date for filing APR is 30th Sep of subsequent year. |

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| <b>S.No. 35</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India   |
| <b>Query from Member</b>          | Please confirm the applicability of notification number 45/2017- Customs on EOUs or notification number 52/2003 - Customs would be applicable on EOUs.   |
| <b>Response by Grant Thornton</b> | Please note that Notification No. 45/2017 - Customs does not apply on goods re-imported which were exported by EOUs.<br>Relevant extract i.e. 2nd Proviso of said notification has been reproduced below for your quick reference:<br>“Provided further that nothing contained in this notification shall apply to re-imported goods -<br>(a) which had been exported by a hundred percent, export-oriented undertaking or a unit in a Free Trade Zone as defined under section 3 of the Central Excise Act, 1944 (1 of 1944);”<br>Hence, we are of the concise view that an EOU can re-import goods exported earlier for repairs by following the terms and conditions mentioned under Notification No. 52/03-Customs dated 31.3.2003. Both notifications have been enclosed herewith for your quick reference. |

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| <b>S.No. 36</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India  |
| <b>Query from Member</b>          | In furtherance to below query, please note that GSTN portal does not allow us to alter invoice number and date while filing GSTR-1. And if we alter by deleting the GSTR-1 data and enter fresh data with below suggested mail process then it will not link in ICEGATE/ will not transmit as invoice date as per E-way bill AND E-invoice and shipping bill differs. |
| <b>Response by Grant Thornton</b> | Given the situation, you can file an amendment in GSTR-1 with respect to invoice date for transmission of data to icegate.  |

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| <b>S.No. 37</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India   |
| <b>Query from Member</b>          | We have generated invoice dated 04.05.2023 ; E invoice and e way bill was also made dated 04.05.2023 But while entering data in customs DHL have wrongly entered invoice date as 05.05.2023 Given above situation : GSTR1 data shows invoice date 04.05.2023 based on our E invoice and E way bill. ICEGATE data shows invoice date 05.05.2023. Query: While filing GSTR1 which Invoice date we should consider? |
| <b>Response by Grant Thornton</b> | Ideally the invoice date mentioned on the tax invoice and e-waybill data, should be referred while filing GSTR-1.  |

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| <b>S.No. 38</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Konan</b>  |
| <b>Query from Member</b>          | Can you please confirm the penal provisions in case of non-compliance with section 46 of SEZ Act, 2005, and rule 70 of SEZ Rules, 2006 with respect to identity card?   |
| <b>Response by Grant Thornton</b> | Currently no penalties are prescribed by the authorities under SEZ law for non-compliance with provisions of identity cards. Further, as per section 55 of SEZ Act, 2005, the central government may make a relevant set of rules in this regard. |

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| <b>S.No. 39</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Dheeraj Bhalla</b><br>Finance, Accounts & Commercial, Popular Card Technology Private Limited  |
| <b>Query from Member</b>          | I have some doubt in your advice as we have just received a bill of entry of a SEZ unit, who have sold their used batteries with IGST payment only (Without Custom Duty). Tariff Heading of battery is 85481010.  |
| <b>Response by Grant Thornton</b> | SEZ Rules 48, 49 deal with DTA sale by SEZ unit.<br>Sub rule (3) of Ruel 48 and 49 respectively provides that goods can be supplied back to DTA supplier with IGST (no BOE) subject to no export benefit availed by DTA supplier. Given the facts we understand that used batteries shall be subject to applicable customs duty and IGST. |

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|  | Further CTH 85481010 was deleted by DGFT vide notification No. 54/2015-20 dated 09 February 2022 and new CTH for such waste and scrap of batteries is 85492100. Basic customs duty on goods falling under chapter heading 85492100 is 10%. Further, there is a High court ruling which states that no customs duty is payable if goods are procured from DTA and being sold in DTA. You may refer to this ruling to convince the authority. |
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| <b>S.No. 40</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Dheeraj Bhalla</b><br>Finance, Accounts & Commercial, Popular Card Technology Private Limited   |
| <b>Query from Member</b>          | Please advise on the applicability of Custom duty on the removal of old UPS batteries which were procured initially from a DTA unit. Please confirm whether custom duty on the removal will be exempted as UPS batteries were procured from DTA.           |
| <b>Response by Grant Thornton</b> | Please note that the proposed transaction of sale to DTA would attract applicable duties of customs. The rate of duties will be based on tariff classification of goods. You may check the same from the purchase invoice and use the same classification. |

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| <b>S.No. 41</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Dheeraj Bhalla</b><br>Finance, Accounts & Commercial, Popular Card Technology Private Limited   |
| <b>Query from Member</b>          | We had purchased the UPS batteries during the year 2018 from a DTA unit at Pune. Now these batteries are not working properly so we need to change them. A DTA unit from Delhi who has a hazardous certificate is ready to purchase our old batteries and supply us new batteries. Kindly confirm about the duty & IGST liability on the removal of old batteries from our SEZ unit. |
| <b>Response by Grant Thornton</b> | It is to noted that as per Rule 49 of Special Economic Zones Rules, 2006 read with para 2.31 (Import Policy for Second Hand Goods) of FTP 2023, a unit may remove capital goods to DTA after use in SEZ on payment of applicable duty/ IGST on the depreciated value thereof and at the rate in force on the date of removal of the goods.   |

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| <b>S.No. 42</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Raghav Jhunjunwala</b><br>Director, Aarshi Overseas Private Limited  |
| <b>Query from Member</b>          | If an FTWZ is catering to a Foreign client and is earning foreign exchange, then are they eligible to claim SEIS?                         |
| <b>Response by Grant Thornton</b> | SEIS and MEIS schemes were not applicable to FTWZ. In any case, the SEIS scheme was discontinued by the Government after 2019-20 for all. |

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| <b>S.No. 43</b>                |  |
| <b>Details of EPCES Member</b> | <b>Vikram</b><br>Assistant Manager   British Engines India |

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| <b>Query from Member</b>          | <p>We are an EOU unit and has re-imported certain goods for the purpose of repair. The unit now intends to re-export these goods outside India after the necessary repairs. Further, we are taking exemption only for BCD in annexure III and paying IGST for all our Imports.</p> <p>In this regard, the Company wants to know whether they can avail Input Tax Credit (ITC) on IGST paid at the time of re-import of goods and utilize such credit for exports with payment of tax, and claim a refund of the tax paid under Rule 96 of the CGST Rules, 2017</p>  |
| <b>Response by Grant Thornton</b> | <p>On the first part of the query regarding the availability of ITC on the IGST paid during the re-import of goods, since no explicit details were provided, it is assumed that the Company provides such repair services under warranty, without charging any consideration to the customer. In these cases, the cost of warranty services are already included in the determination of the supply value of the goods sold. In view of this, the IGST paid by the Company will be eligible for credit based on the Bill of Entry, subject to fulfilment of the conditions prescribed under Section 16 of the CGST Act, 2017. If the repair services are not covered under warranty and the Company is charging the customer separately for these services, the above view remains true. Given that the re-imported goods are subsequently sent back to the customer located outside India after undergoing necessary repairs and without being put to any use in India (other than for the purpose of repair), as required under the proviso to Section 13(3) of the IGST Act. Regarding the second part of the query, it should be noted that Rule 96 of the CGST Rules, 2017 does not impose any restrictions on the category of ITC that can be claimed and refunded. Therefore, as long as the ITC meets the eligibility criteria, it can be utilized for the payment of IGST for the Company's regular export invoices. This enables the Company to claim a refund under Rule 96 of the CGST Rules.</p> |

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| <b>S.No. 44</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Rajesh Aggarwal, CFO</b><br>Associated Lighting Co.   |
| <b>Query from Member</b>          | <p>We as a SEZ unit manufacturer of Lamp Shades and authorized and nominated by overseas buyer to supply the lamp shade to all its DTA Exporters, who are further exporting the lamps with our shades. The HSN also changed while the goods exported with lamp. Now the case is:-</p> <p>The duty paid by SEZ unit is not claimable by the DTA exporter hence he asked the Duty Credit Note it is direct loss to the SEZ unit.</p> <ol style="list-style-type: none"> <li>1. How duty can be saved?</li> <li>2. Is any possibility that DTA exporter obtained the advance license and procure the goods from SEZ unit on advance license?</li> <li>3. Is that any possibilities that DTA Exporter take the duty refund?</li> </ol> |
| <b>Response by Grant Thornton</b> | <p>We would like to inform you that your DTA buyer can procure the goods from your SEZ unit under Advance Authorisation. A brief analysis of the provisions are as below:</p> <p>DGFT Provisions for DTA units : Domestic tariff area (DTA) units can procure goods from SEZ units under "Advance Authorisation". DTA units holding Advance authorization need to apply for a "Certificate of Supplies" under Para 4.20 of FTP-23 and follow procedures under Para 4.30 (e) &amp; Para 4.35 (d) of HBP-23.</p>   |

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|  | <p>DTA unit can apply for the certificate of sale by login into DGFT portal by following the below path:</p> <p>Services &gt;&gt;&gt; Advance authorisation/DFIA &gt;&gt;&gt; invalidation/certificate of supplies Provisions for SEZ units: Such supplies from SEZ unit will be considered for calculation of NFE under Rule 53 A (a). As per SEZ online process, such DTA sales can be recorded as per below - DTA sale / Deemed Exports &gt;&gt; Deemed Export &gt;&gt;&gt;other NFE supplies [53(A)]</p> |
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| <b>S.No. 45</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | In relation to below response, we will file the BE and move the cargo with duty. Do we also have to file a Bill of Export at the SEZ? Kindly confirm.   |
| <b>Response by Grant Thornton</b> | Since the goods are cleared to DTA, the domestic unit clearing the goods needs to file the Bill of entry for home consumption to clear the goods and hence no Bill of Export is required to be filed by the SEZ unit. |

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| <b>S.No. 46</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>   |
| <b>Query from Member</b>          | <p>We have received an order from a US customer to supply products to their vendor in India. We will receive payment in USD from our foreign customer (including customs duty), and we will need to supply goods from our SEZ to their Indian vendor.</p> <p>Type of transaction: Permanent sale mode of payment: Payment in advance in USD</p> <ol style="list-style-type: none"> <li>1. Please advise if we can supply goods to an Indian vendor using USD currency against payment which received from our foreign customer.</li> <li>2. Will Bank accept the BE in the name of Indian company to complete the remittance against the USD payment received from our foreign customer?</li> </ol>  |
| <b>Response by Grant Thornton</b> | <p>It is to be noted that as per Section 2(m) of the SEZ Act 2005, export means taking goods out of India from the Special Economic Zone. In the present scenario as the goods are not moving outside India, the same cannot be considered as exports. Further, as per Section 30(a), any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties under Custom Tariff Act. Hence, duty as applicable needs to be paid by filing Bill of Entry for home consumption. With respect to the above provision, goods can be supplied to Indian Vendor but the same will not be qualified as export of goods. Further, the bill of export should have the names of both the foreign company and Indian vendor to complete the remittance against the USD payment received.</p> <p>Also, it should be noted that the receipt of payment in foreign currency is subject to FEMA regulations.</p> |

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| <b>S.No. 47</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Pavithra</b>   |
| <b>Query from Member</b>          | If SEZ units are incurring continuous losses will there be any penalty for renewal of SEZ Units?  |
| <b>Response by Grant Thornton</b> | Please note that there are no penalties levied on SEZ units on renewal of LOA in case the unit is incurring losses. However, in case the unit is not achieving positive NFE, penalties may be levied. |

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| <b>S.No. 48</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Raghav Jhunjhunwala, Director</b><br>Aarshi Overseas Private Limited  |
| <b>Query from Member</b>          | We have had certain goods/services procured from local vendors who did not have LUT or were not willing to apply for LUT to supply to us. Hence IGST were charged by them. Is there any provision for claiming this IGST by the SEZ unit? If yes, please specify the process. If not, can this amount be treated as an expense in the books? |
| <b>Response by Grant Thornton</b> | Please note that where the SEZ unit is procuring goods and services from DTA suppliers along with payment of GST and affecting export supplies, the unit may proceed to file a refund application of said unutilized input tax credit with the GST authorities.  |

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| <b>S.No. 49</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Senthil, General Manager</b><br>V.K.A. Polymers Pvt. Ltd   |
| <b>Query from Member</b>          | EOU is able to give the item to Merchant Exporter. However, the payment will be made in Indian Rupees, and as a Manufacturer, our unit is name will appear on the shipping bill. Could we account that this is an export?   |
| <b>Response by Grant Thornton</b> | Based on the telephonic discussion, we understand that the Company is engaged in manufacture of goods and sells the same to a merchant exporter. The merchant exporter exports the goods to a foreign country and pays the company in INR. The shipping bill is jointly filed with the name of the company as the manufacturer of the goods. The company seeks clarification whether the transaction can be treated as exports.<br><br>In the above backdrop, it is to be noted that as per Para 6.19 of Handbook of Procedures, an EOU can export goods through another exporter (in this case, a merchant exporter) and the same is considered as exports. It has to be ensured that a positive NFE is achieved and the value at which goods sold to merchant exporters is considered for NFE purposes.<br><br>Further, the company needs to ensure they follow the other conditions as provided by FTP/HBP as amended from time to time. |

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| <b>S.No. 50</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Namdeo Shelke</b><br>Schmalz India, Pvt. Ltd.  |
| <b>Query from Member</b>          | In relation to below query, please confirm what documents and approvals/ permission are required for re-export of moulds imported on FOC basis.   |
| <b>Response by Grant Thornton</b> | Please note that below mentioned documents/ approvals as prescribed or as per practice adopted by Customs are required: <ol style="list-style-type: none"> <li>1. GR waiver from your AD bank as prescribed under RBI / FEMA provisions;</li> <li>2. An undertaking along with documents of previous import viz Bill of Entry, Invoice etc.;</li> <li>3. A communication from your German counterpart regarding ownership of the goods and intention to receive back the goods;</li> <li>4. Permission from SEZ/ Customs authorities is not required in this instant case, however you may send an intimation to both authorities.</li> </ol> |

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| <b>S.No. 51</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Aruna Rajesh</b><br>Nissi Engineering Solution Pvt Ltd   |
| <b>Query from Member</b>          | We are having the following service activities as authorized operation in our LOA: <ol style="list-style-type: none"> <li>1. Scientific and technical consultancy services.</li> <li>2. Erection, commissioning and installation Service.</li> <li>3. Maintenance or repair service.</li> <li>4. Technical testing and analysis service/Technical inspection and certification agency service.</li> <li>5. Design service other than interior decoration and fashion designing.</li> <li>6. Supply of Tangible Goods Service.</li> <li>7. Information technology software service.</li> <li>8. Other Taxable Services- Other than the ones mentioned above. Please clarify whether we can do the following activities with existing approved LOA: <ol style="list-style-type: none"> <li>1. Can we procure [From DTA] and supply [To abroad] some consumable to complete the Erection and Installation services &amp; Maintenance or repair services?</li> <li>2. Can we do the lumpsum projects with design, engineering, supply of goods, erection, installation, testing, commissioning services under the Erection, commissioning and installation Service &amp; Maintenance or repair service? If yes, kindly advise us on the process. If not, kindly advise me to do the said activities.</li> </ol> </li> </ol> |
| <b>Response by Grant Thornton</b> | It is to be noted that as per Section 7 of SEZ Act, 2005, any goods procured from DTA by a unit in SEZ shall be exempt from the payment of taxes, duties or cess under all enactments specified in the First Schedule if the same is as per the letter of approval of the unit. Therefore, the Company is permitted to perform all the activities permitted in the LOA issued to the company. In case, any additional activity is to be performed, necessary approval from the Board of Approval can be obtained through the UAC meetings.  |

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| <b>S.No. 52</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Ganapathi. R</b> , Deputy Manager – Commercial<br>Intimate Fashions (India) Pvt Ltd  |
| <b>Query from Member</b>          | We, Intimate Fashions (India) Pvt Ltd., a 100% EOU manufacturing ready-made garments. We have a proposal of setting up a new premises in SEZ to manufacture textile accessories to supply in the local market, for which we are planning to source raw materials indigenously.<br><br>1. Can we sell our product in the local market without any customs duty as we are sourcing RM indigenously and is that allowed being situated in SEZ?<br>2. If it is allowed without payment of customs duty, is there any limitations set? |
| <b>Response by Grant Thornton</b> | As per Section 30(a) of SEZ Act 2005, we are of the view that any goods removed from a SEZ to DTA shall be chargeable to duties of customs which includes basic customs duty, IGST, antidumping, countervailing and safeguard duties (under the Customs Tariff Act, 1975), where applicable, as liveable on such goods when imported.   |

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| <b>S.No. 53</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Sameer Gokhale</b>  |
| <b>Query from Member</b>          | How to report import of service on SEZ portal.   |
| <b>Response by Grant Thornton</b> | Details of import of service are not required to be reported on monthly basis on SEZ portal. Same is reported at the time of filing APR. Further, such import of services are required to be reported on GST portal. |

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| <b>S.No. 54</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Mr. Ashokan</b><br>Inca Hammock  |
| <b>Query from Member</b>          | We have made EOU to EOU sale of fabric without duty in 2017-18 as per Chapter 6 procedure. But now GST Audit is raising query to make payment of GST as per Customs circular 8/8/2017 dated 4.10.17. Please check and confirm whether it is correct.  |
| <b>Response by Grant Thornton</b> | In the above backdrop, it is to be noted that as per Circular No. 8/8/2017-GST dated 4.10.2017 and Q.No 16. of FAQs on Export Oriented Unit, we are of the view that any supply of goods from one EOU to another EOU will be treated as any other supply as per GST Law. Hence, payment of GST is to be made accordingly. |

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| <b>S.No. 55</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Raghav Jhunjhunwala</b> , Director<br>Aarshi Overseas Private Limited   |
| <b>Query from Member</b>          | Please update on the status of integration of ICEGATE and SEZONLINE. The project has suddenly gone into limbo with no update from any of the parties.  |
| <b>Response by Grant Thornton</b> | Please note that currently the registration process for SEZ units on ICEGATE portal has been enabled for units in GIFT city only. There is no communication in this regard for units in other zones as of now. |

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| <b>S.No. 56</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Balasubramaniyan. V</b><br>Sr.Manager (Exports & Commercial)  |
| <b>Query from Member</b>          | <p>We are from SEZ unit located in CCCL Pearl city SEZ -Tuticorin, Kindly clarify the following w.r.t to GST rules.</p> <ol style="list-style-type: none"> <li>1. Can we Ship the Export FCL Shipments from our SEZ unit to Tuticorin port without E-way bill , distance will be 35km?</li> <li>2. Is it mandatory to mention our unit's GSTIN in commercial invoice for export shipment?</li> <li>3. We normally ship 7-9 containers per shipment under one Shipping Bill, Invoice &amp; Packing list. In this case, Customs assessed Shipping Bill, AO signed gate pass, commercial invoice &amp; packing list will be given to one trailer. Other trailer will not have any shipping documents. Is it a statutory compliance to send photocopies of same shipping documents to other trailers.</li> </ol> |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. E-Way bill is required for movement of goods from business premises to port for export, if the value of consignment exceeds INR 50,000.</li> <li>2. GSTN is mandatory to be updated in all tax invoices issued by the company. For Export it is mandatory to issue a tax invoice.</li> <li>3. It is recommended to send duly certified copies of shipping documents along with all the consignments and the original copy shall be sent with the last consignment.</li> </ol>  |

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| <b>S.No. 57</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>K. Janardhana Rao</b>  |
| <b>Query from Member</b>          | <p>In the case of partial de-bonding of an EOU Unit, upon obtaining permission from the concern SEZ Authorities and EPD Authorities (Customs Dept.), EOU is required to pay the applicable customs duties with IGST etc., on manual TR-6 Challan. Under GST Act, manual GST credit against TR-6 Challan is not permitted. All the GST credits should be in line with online GSTR-2A. In this regard, we request you to kindly advise us whether the IGST amount paid along with customs duty in TR-6 Challan is available as IGST input credit or not. If yes, how avail the IGST credit?</p> |
| <b>Response by Grant Thornton</b> | <p>Input tax credit of IGST on the strength of a TR-6 challan may be available as it can be regarded as "such other tax paying documents as may be prescribed".</p>   |

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| <b>S.No. 58</b>                |   |
| <b>Details of EPCES Member</b> | <b>Kavitha Kanthan</b><br>We Route Global Fund Solutions Pvt. Ltd.  |
| <b>Query from Member</b>       | <p>We are an ancillary service provider where we have only Export of services, Please confirm whether we need to migrate to ICEGATE or we can continue with our SEZ online portal itself. Request your expert guidance on the same.</p> |

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| <b>Response by Grant Thornton</b> | We wish to apprise you that integration of Customs operation to ICEGATE portal is for SEZ units undertaking customs operations/ filings in relation to movement of goods i.e. filing of Bill of Entry and other supporting documents. Furthermore, transactions related to services are excluded from such integration. Reporting of service transactions to be continued on SEZ portal. Hence, we understand that since the unit is engaged in export of services only, said registration on ICEGATE portal would not be required. |
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| <b>S.No. 59</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Bighnesh</b><br>Toyotsu Rare Earths India Pvt. Ltd. APSEZ, Atchutapuram   |
| <b>Query from Member</b>          | We want to sell one of our equipment which is not in use as a scrap, can you please suggest the procedure. As this was a capital equipment and not is use from last 4 years, our management has decided to scrap it out. It need to be cut into pieces and taken out and sold as scrap. The primary material is Stainless steel. |
| <b>Response by Grant Thornton</b> | As per Rule 39(1) of SEZ Rules, 2006, a SEZ unit may destroy goods including capital goods procured from DTA/ imported/ manufactured, without payment of applicable duties. Further, same is required to be done after advance intimation to Specified officer of the unit.  |

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| <b>S.No. 60</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Bharat Bhushan</b><br>Associate Director-Supply Chain   |
| <b>Query from Member</b>          | We are an 100% EOU engaged in manufacturing of pharmaceuticals products. While importing the shipments we make the payment to shipping company. The shipping line issue the online invoice and receipt neither digitally signed nor manually signed. The shipping lines do not agree for the signatures on their invoices. Now while claiming the GST refund, the officers are insisting for the sign and stamp. Request to advise whether it is mandatory to have the invoices signed and stamped despite paying the shipping lines online.   |
| <b>Response by Grant Thornton</b> | Please note that Rule 46 of CGST Rules, 2017 outlines necessary details which are required to be included on a tax invoice issued by a registered person. 'Signature or digital signature of the supplier or authorised representative' is one of the mandatory particulars mentioned in said rule. It is also provided that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic invoice in accordance with the provisions of the Information Technology Act, 2000 (21 of 2000). Accordingly, in case of invoices without any signature/ digital signature of the supplier or his authorised representative, the authorities may raise an issue with reference to the authenticity of invoices. |

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| <b>S.No. 61</b>                |  |
| <b>Details of EPCES Member</b> | <b>Karuppasamy M</b><br>Finance Team, Zen Linen International Private Limited  |
| <b>Query from Member</b>       | We are a manufacturer and exporter. Our procurement has been from China and other east Asian countries. Due to higher freight cost and transportation delays, we are planning to get our fabrics from India. Since integrated suppliers in India are very few and the cost is high for our operations, we need to procure fabric which needs further processing at a different supplier/ |

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|  | <p>job worker. We place our order with our DTA fabric supplier (Location A) and subsequently send this fabric for processing in a printing mill (Location B). We inform the supplier A to shift the fabric to Supplier B and after printing, the fabric is moved to SEZ unit (Location C). We will be issuing two separate PO's - first on Supplier A giving instructions to deliver the fabric to Supplier B with zero rates GST and second on supplier B giving the delivery location at SEZ unit (location C) with zero rates GST. This will enable us to save cost. The finished fabric is consumed at our SEZ units. We need to procure the same without duties/taxes as we are a SEZ unit where duties/taxes are exempted. If we procure from a DTA unit and send to another DTA unit for further processing, then we need to pay taxes which are non-refundable. Further we will also get the following benefits.</p> <ul style="list-style-type: none"> <li>- Our domestic supplier sends the raw materials to our SEZ Unit which we send to Job workers. Once the process is completed, Job workers send the processed materials to our SEZ unit. Due to this we are incurring huge transportation costs. - The above activity is time consuming, and we are facing lead time &amp; waiting time and delay in process.</li> <li>- If we pay GST, we cannot claim since we don't have the input credit and claiming refund options. We need approval from the SEZ Development Commissioner and SEZ Customs for the above. Hence, we request you to clarify and advise on the above.</li> </ul> |
| <p><b>Response by Grant Thornton</b></p> | <p>We understand that the Company seeks inputs on the procurement from DTA supplier and delivery to subcontractor premises.</p> <p>In the above backdrop, it is pertinent to note that as per SEZ law, a unit is not allowed to directly get the goods delivered at the subcontractor premises considering the procedural and administrative requirements to validate the quantum of goods delivered to the subcontractor premises. Hence, the Company would be required to bring in the goods at SEZ and then send for subcontracting purposes.</p>   |

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| <p><b>S.No. 62</b></p>                   |   |
| <p><b>Details of EPCES Member</b></p>    | <p><b>Santhosh. S</b><br/>PCA Motors Private Limited</p>  |
| <p><b>Query from Member</b></p>          | <p>Request you to provide us the clarity on filing credit notes against software export invoices in the below scenarios:</p> <ol style="list-style-type: none"> <li>1. After filing the SOFTEX against export invoices, how to consider the credit note raised against same export invoice in system, since we will receive the short payment by considering credit note, how to knockoff the same in EDPMS.</li> <li>2. After filing the SOFTEX against export invoices and subsequently payment received. However, credit note raised for the same. How to regularize the above transaction.</li> </ol> |
| <p><b>Response by Grant Thornton</b></p> | <ol style="list-style-type: none"> <li>1. As per RBI Master Circular No.14/2013-14, we are of the view that credit notes raised for invoices whose softex forms have already been certified shall be furnished to the AD Banker and respective softex forms shall be settled by AD banker accordingly.</li> <li>2. Since the payment has been received, we are of the view that there is no requirement of cancelling the respective softex forms. In case the same is for different financial years, kindly also check with the AD banker.</li> </ol>  |

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| <b>S.No. 63</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Sharad Bhat</b><br>Manager – Finance and Accounts   |
| <b>Query from Member</b>          | If anyone wants to export services in individual capacity, get sale proceeds in forex, does he have to register with STPI? Can he get credit of his inwards/sale proceeds in foreign currency? Is there any other FEMA/RBI compliance he has to fulfil in his business of export of service/consultancy? |
| <b>Response by Grant Thornton</b> | Please note that registration under STPI is required for entities engaged in export of IT enabled services or computer software via data communication link or via physical media. Further, sale proceeds in foreign currency can be received by the Company through its AD bank.                        |

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| <b>S.No. 64</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vimal Kumar Sharma</b><br>Sainik Lifestyle   |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. Transport bill have received in SEZ without LUT than RCM is applicable?</li> <li>2. If we deposit the amount then we will book it in expenses because in SEZ we cannot adjust the amount from sale.</li> </ol>  |
| <b>Response by Grant Thornton</b> | We understand that the SEZ unit has received transport services and wishes to determine if GST under reverse charge mechanism (RCM) is applicable to the transport services it has received. In the above backdrop, it is to be noted that SEZ unit can procure services, where they are liable to pay GST under RCM, without payment of GST provided the actual recipient i.e. SEZ unit furnishes a letter of undertaking (LUT). Accordingly, requirement of payment/ booking of GST under RCM is not warranted in the given scenario. |

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| <b>S.No. 65</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Balasubramanyan T</b><br>Modular Fabrication Facility-Kattupalli, Larsen & Toubro Limited   |
| <b>Query from Member</b>          | <p>We are going to sale the used scaffolding materials (Carbon Steel) from L&amp;T Kattupalli, SEZ to DTA. These scaffolding materials were imported 3 years back. Please clarify the below:</p> <ol style="list-style-type: none"> <li>1. How we can compute the value of these material?</li> <li>2. Value of the material should be depreciated as per SEZ Rules?</li> <li>3. Procedure/rule we need to adhere for this sale according to FTP.</li> </ol> |
| <b>Response by Grant Thornton</b> | It is to be noted that, as per Rule 49 of the SEZ Rules, Capital goods to be removed from SEZ to DTA after use is to be valued at the depreciated value. Depreciation is to be computed in a straight-line method at the rate as provided from the date such asset was put to use till the date the bill of entry is presented for home consumption. There is no specific provision under FTP that covers the said transaction.                              |

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| <b>S.No. 66</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Rahul Kalburgi</b><br>Aequis SEZ, Belgaum   |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. Can we (EOU unit) claim refund of GST paid on local procurement of goods (inputs/ raw materials/ capital goods) under Deemed export procedure. If yes, let us know the procedure for claiming refund. Alternatively, can we ask the supplier to claim refund under Deemed export procedure and what is the procedure to be followed for the same.</li> <li>2. Need clarification on amount of Bond and Bank Guarantee to be executed by a EOU unit. As per our understanding, Bond must be executed for 25% of the duty foregone on imported capex and</li> <li>3. Months requirement of imported RM. Further, Bank Guarantee will have to be executed for a value of 5% of the Bond amount. Kindly advise if our understanding is correct and provide relevant reference in this regard.</li> </ol>   |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. We are of the view that Supply of goods by DTA unit to an EOU unit would qualify as a deemed export as per Section 147 of the CGST Act 2017. (Notification 48/2017 dated 18.10.2017 lists down the supplies that would qualify as deemed export and as per point 3 of the said notification 'Supply of goods by a registered person to Export Oriented Unit' would qualify a deemed export. Refund under GST is allowed under GST as per Section 54 of the CGST Act and 2nd proviso to rule 89(1) of CGST rules 2017 provides that, in case of deemed exports, refund can be claimed by the recipient or by the supplier of deemed supplies (provided the recipient does not avail ITC and furnishes an undertaking to such effect).</li> <li>2. Yes, your understanding is correct with regard to the bond to be submitted by the EOU unit. However, as per Circular No. 27/2018 Customs dated 14.10.2018, there is no requirement of executing a bank guarantee/ surety by an EOU unit.</li> </ol> |

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| <b>S.No. 67</b>                   |   |
| <b>Details of EPCES Member</b>    | Received through Whatsapp   |
| <b>Query from Member</b>          | Request to confirm Para (k) Chapter-6 of Foreign Trade Policy 2023 is referred to what? Need valuable advise.   |
| <b>Response by Grant Thornton</b> | EOU with or without payment of duty and/ or taxes may procure goods from DTA used for consolidation of manufactured articles and export thereof along with manufactured article. Upto the extent of 5% FOB value of exported by the unit in preceding financial year. |

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| <b>S.No. 68</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>AKR Avalakondarayappa</b>   |
| <b>Query from Member</b>          | Request you to guide whether import of Television is permitted for testing or are there any restrictions. Please share related notification/circular.            |
| <b>Response by Grant Thornton</b> | There is no restriction on import of television or any goods for the purpose of testing or otherwise, provided it is covered under unit's authorised operations. |

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| <b>S.No. 69</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>   |
| <b>Query from Member</b>          | We are not sending the complete raw materials to the EOU unit, they will procure the major components by their own and one or two components we need to support them for manufacturing. And so, the Customs officials are suggesting us to move the raw materials under rule 46 (12) of SEZ rules through the EOU procurement certificate. Will EOU unit be able to provide the procurement certificate for FOC transaction. |
| <b>Response by Grant Thornton</b> | Considering the same is a practical scenario, we recommend validating the scenario with the specified officer or regional authority of the EOU unit.   |

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| <b>S.No. 70</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Rahul Kalburgi</b><br>Aequis SEZ, Belgaum   |
| <b>Query from Member</b>          | We have a EOU unit and are planning to procure few assets (machines) from a unit operating under MOOWR scheme. In this regard, we wish to know the following: <ul style="list-style-type: none"> <li>- Whether taxes/duties are exempted on sale of goods from MOOWR unit to EOU unit. If yes, kindly provide reference of section/notification.</li> <li>- If not, Applicable taxes/duties on supply of goods from a unit in MOOWR to a unit in EOU.</li> <li>- Documentation and procedure for procurement of goods by EOU unit from MOOWR unit.</li> </ul>  |
| <b>Response by Grant Thornton</b> | It has to be noted that as per Para 6.01 of FTP a unit can procure from a bonded warehouse in DTA without the payment of customs duty and any additional duty leviable under the first schedule of Customs Tariff Act, 1975. Further, such procurement shall be made without the payment of IGST and compensation cess leviable under section 3(7) and 3(9) of Customs Tariff Act, 1975. In light of the above we are of the view that the Company can procure assets (machine) without payment of duties and taxes. However, it is suggested that a prior intimation is provided to the jurisdictional customs authorities and appropriate records for the transaction is maintained. |

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| <b>S.No. 71</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Benny Varghese</b>   |
| <b>Query from Member</b>          | Are EOUs required to submit both monthly Form A and IGCR quarterly returns simultaneously? Following the implementation of GST, we were only submitting the IGCR quarterly return based on the view that it superseded the erstwhile Form A requirement.  |
| <b>Response by Grant Thornton</b> | It is important to note that due to the implementation of GST, Circular 35/2016 and Notification No. 52/2003- Customs has not been rescinded and therefore the procedure and compliances as prescribed in circular 35/2016 needs to be followed. Thus, a digital copy of Form A, containing transactions for the month, shall be provided to the proper officer, each month (by the 10th of month) in digital manner (in CD or Pendrive, as convenient to the unit). Additionally, the unit shall maintain its current practice of filing reports on a quarterly basis until the system infrastructure of ICEGATE is fully developed and officially announced by CBIC |

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| <b>S.No. 72</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>J Balasubramaniam</b><br>Dy. Director – Global Supply Chain  |
| <b>Query from Member</b>          | Glad to hear that EOU can import the Capital goods Duty Free and provide it to the supplier who is supplying a finished part used in our Export product. Only clarification here is that there is NO sub-contracting activity. The supplier will solely make the part fully finished condition and the part will be directly assembled in the Export product at the EOU. Only support here is providing the Tool by EOU, as they are eligible to import it Duty-Free. Hence, there cannot be any Sub-contracting process. Hope we can still provide the Capital good(Tools) to the supplier. Under what document should this be given, should we take the Customs Or Development Commissioner’s permission? How long can the Tool(capital good) remain with the supplier? |
| <b>Response by Grant Thornton</b> | As per FTP and Handbook of procedure, we are of the concise view that there is no provision for lease or transfer of capital goods(tools) from EOU to DTA and the Possible way for transfer of capital goods (tools) from EOU to DTA can be either by subcontracting or through sale with the payment of applicable duty and GST.   |

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| <b>S.No. 73</b>                   |   |
| <b>Details of EPCES Member</b>    | Received through Whatsapp   |
| <b>Query from Member</b>          | Please suggest whether RoDTEP incentives are available to Nepal export. Where payment terms in INR only.              |
| <b>Response by Grant Thornton</b> | As per guidelines issued by icegate portal, duty credit scrips are permissible but under freely convertible currency. |

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| <b>S.No. 74</b>                |  |
| <b>Details of EPCES Member</b> | <b>J Balasubramaniam</b><br>Dy. Director – Global Supply Chain   |
| <b>Query from Member</b>       | Can you please clarify w.r.t previous response:<br><ol style="list-style-type: none"> <li>1. Please note that a view may change if the domestic supplier is a sub-contractor of the unit. Can you please help us understand on why a sub-contractor may be eligible and not a supplier ?</li> <li>2. However, the domestic supplier can consider an option of imports of tools under Export Promotion Capital Goods Scheme (EPCG) and supply to EOU considering them as deemed exports. Please note, certain conditions and obligations as prescribed under Chapter 5 of the FTP would be required to be adhered to by the EPCG license holder. What is the procedure to be followed if the supplier has to obtain EPCG license and import the tools in his name ? Does he have to show Allison Transmission India as the Buyer(Customer)? Also, alternatively, please let us know if the EOU can import the Tools on duty exemption and lease/lend it to the supplier for use in the manufacture of parts for the EOU.</li> </ol> |

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| <b>Response by Grant Thornton</b> | <p>The view that we were referring to if the domestic supplier is a sub-contractor is that the EOU unit may import such capital goods without duty and send them to the subcontractor place where the sub-contractor is carrying out certain manufacturing activity on behalf of the company. Hence, to answer your query A1 and B, the company can consider the mechanism of sub-contracting as per Para 6.21 of the Handbook of Procedures to FTP.</p> <p>In response to query 2, with respect to the domestic supplier getting EPCG License, such supplier may obtain the EPCG license independently analyzing his domestic and export performances obligations and following the procedure as prescribed under Chapter 5 of Handbook of procedures (FTP). Further, there is no requirement to mention the details of Allison on the license obtained by the supplier.</p> |
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| <b>S.No. 75</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>J Balasubramaniam</b><br>Dy. Director – Global Supply Chain   |
| <b>Query from Member</b>          | We are an EOU in the manufacture of Automatic Transmissions under Chapter heading - 8708:4000 (Gearbox & parts thereof). One of our domestic supplier, wants to import Tools (for High-pressure Die casting) from Europe, for the manufacture and supply of aluminum casting parts. Please let us know if they can avail 100% Duty Exemption on such imports (of Tools) as it is meant to be used in the manufacture and supply of parts to Export Oriented Unit, to be used in the manufacture of Export products. Please advise us what procedure to be followed by our supplier for availing the Customs Duty exemption.  |
| <b>Response by Grant Thornton</b> | Kindly note that the domestic supplier cannot avail duty exemption on the import of high-pressure die casting that is used for the manufacturing and supply of aluminum casting parts to EOU, which is used for the manufacturing of products for supply to EOU. Please note that a view may change if the domestic supplier is a sub-contractor of the unit. However, the domestic supplier can consider an option of imports of tools under Export Promotion Capital Goods Scheme (EPCG) and supply to EOU considering them as deemed exports. Please note, certain conditions and obligations as prescribed under Chapter 5 of the FTP would be required to be adhered to by the EPCG license holder. |

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| <b>S.No. 76</b>                |   |
| <b>Details of EPCES Member</b> | <b>G. Kothandaraman</b><br>DurferritAsea Private Limited  |
| <b>Query from Member</b>       | We are a 100% EOU manufacturing and exporting surface treatment chemicals in Renigunta A.P. As per the new policy, Bank Guarantee is not required for taking B17 bond if the unit is in operation for more than 5 years with unblemished track record and more than Rs 5 crores turnover. We have been in EOU status for more than 15 years and we want to take additional B17 bond as some imported Raw material prices have gone up. We also have one Star status certificate which was issued for 2015-20 FTP. Hence if we want to take additional B17 bond for our unit, can we get waiver of Bank Guarantee in lieu of star status certificate which is valid till September 2023 (as per the notification in the latest FTP, if the old one is valid till March 2023) and also in view of the new 2023 policy. Earlier B17 bond we got waiver of Bank Guarantee in view of star status. |

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| <p><b>Response by Grant Thornton</b></p> | <p>B-17 Bond is a surety bond taken to cover all activities of the unit which include transshipment of import/export goods, duty free import/procurement from indigenous sources and warehousing/storage in unit, movement of duty-free goods for job work and return, temporary clearance for repair and display in exhibition, testing/approvals, movement of goods against AR-4, AR-3A, and CT-3 etc. and transfer from one warehouse to another. The Bond amount is equal to 25% of duty foregone of capital goods required in next 5 years plus duty foregone on value of raw material required for a period of 3 months. Surety or security equivalent to 5% of bond amount in the form of bank guarantee is required to be given by EOUs. The eligibility criteria to recognize an exporter as a “status holder exporter” are as below:</p> <ul style="list-style-type: none"> <li>- The applicant for the grant of Star Export House must have IEC.</li> <li>- The certificate is given depending upon certain level of export performance achieved by exporters. In case of one start status holder, export performance in 2 out of 3 year is USD 3 million. However, as per para 6.11 of FTP 2023, the unit will not be required to furnish bank guarantee at the time of import or for job work in DTA, where: <ul style="list-style-type: none"> <li>i the unit has turnover of Rs. 5 crore or above; and</li> <li>ii the unit is in existence for at least three years; and</li> <li>iii the unit has achieved positive NFE/export obligation; and has not been issued a SCN or a confirmed demand, during preceding 3 years, under the penal provision of the Customs Act, GST Acts, the Central Excise Act, the Foreign Trade (Development &amp; Regulation) Act, 1992, FEMA Act, the Finance Act, 1994 on account of fraud/collusion willful misstatement/suppression of facts etc. The Company may not be required to furnish Bank guarantee at the time of import or for job work in DTA in case all above conditions mentioned in FTP 2023 are fulfilled and exemption would not be granted only based on holding one status holder certificate.</li> </ul> </li> </ul> |
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| <p><b>S.No. 77</b></p>                   |  |
| <p><b>Details of EPCES Member</b></p>    | <p><b>Mr Rajesh</b><br/>(DDC)</p>  |
| <p><b>Query from Member</b></p>          | <p>Please check on whether domestic sourcing for reconditioning is allowed for EOUs.</p>   |
| <p><b>Response by Grant Thornton</b></p> | <p>As per Para 6.15 of FTP-2023, EOU units may be allowed to carry out reconditioning, repair, remaking, testing, calibration, quality improvement, upgradation of technology, and re engineering activities for export in foreign currency. However, no DTA sale or sale against EPCG/AA or any other scheme under FTP is allowed. Such units may import the goods for the above-referred activities. However, DTA clearance of such goods is restricted by FTP. Further, there are no provisions for setup such units or carrying out such activities for DTA or on products procured from DTA.</p> <p>As per Para 6.16, finished goods sold in DTA may be brought back into the unit for the above-referred activities. Further proviso of Para 3 of Notification No. 52/2003-Customs, also restricts clearance of such goods into DTA. In the above background, we are on the concise view that units working under a 100% EOU scheme cannot procure or source goods from DTA to carry out reconditioning, repair, or remaking activity except for the goods sold by the unit.</p> |

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| <b>S.No. 78</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Benny Varghese</b>  |
| <b>Query from Member</b>          | <p>We are an EOU, importing duty-free goods under Notification No. 68/2017 - Customs (N.T.) for Import of Goods at Concessional Rate (IGCR), which mandates us to file a quarterly return of imports. In 2022, Customs introduced an IGCR facility in ICEGATE for return filing and IGCR related compliances, which was made available to all importers except EOUs. As a result, we continued filing our quarterly returns manually, before the Jurisdictional Customs office. Later, Customs issued Notification No. 74/2022 - Customs (N. T.) on 09.09.2022, which supersedes the previous notification and requires importers to file a monthly report. However, no reporting facility has been made available in the IGCR portal for EOUs. Given the above circumstances, we are uncertain whether we should now file a monthly return offline since no online facility is available or continue with the existing quarterly return. Kindly advise us on whether we should switch to monthly returns or continue filing quarterly returns.</p>  |
| <b>Response by Grant Thornton</b> | <p>The Government of India vide Circular No. 04/2022-Customs. has addressed various ambiguities regarding implementation of automation in the Customs (IGCRD) Rules, 2017 w.e.f. 01.03.2022, basis which, currently there is a requirement for EOUs to follow Rule 5 of Customs (IGCR) Rules, 2017 to be eligible for claiming exemption of duties/ taxes on the import of goods. The system architecture with respect to the above rule in respect of EOUs is under development. Till such date, procurement certificates can continue to be submitted by EOUs for import of goods in lieu of generating IIN in the system.</p> <p>Further, as per Circular No.18/2022-Customs, changes mentioned in Customs (IGCRD or for Specified End Use) Rules, 2022 are in order to broaden the scope of coverage of IGCR. These rules are not a departure from the existing procedure and hence all clarifications provided vide Circulars 48/2017,10/2021 and 04/2022, will continue to be in effect, unless specifically modified by this Circular. Therefore, it is advisable for EOUs to adhere to previous procedures outlined in IGCR,2017, which entail filing returns on a quarterly basis. Furthermore, in case of an EOU that imports goods under exemption notification No.52/2003 and adheres to procedures outlined in Rule 5, the compliance requirements specified in Rule 6 for filing a monthly statement in Form IGCR-3 do not apply, since the EOU already complies with obligation of submitting a monthly Form A, as stipulated in Notification No.52/2003, along with Circular No.35/ 2016-Customs. Basis above, Sance Laboratories may continue filing its reports on a quarterly basis until the system Infrastructure of ICEGATE is prepared and officially notified by CBIC. It is crucial to ensure that Form A is submitted to the proper officer within specified timeline. Once necessary system infrastructure is in place and notification from CBIC is received, Sance Laboratories may transition to filing monthly returns accordingly.</p> |

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| <b>S.No. 79</b>                |   |
| <b>Details of EPCES Member</b> | <b>Ch.S.S.Sekhar</b><br>R.D-EPCES-VSEZ  |
| <b>Query from Member</b>       | <p>The Company have three units in Hyderabad one of its lease rent due will be June 2023. But their LOA was valid till 05.09. 2025. Now the unit is intended to renew its lease agreement for four years i.e. beyond the LOA validity period. But the developer insisting as per SEZ Act the lease agreement has to be obtained for 5 years. Please advise can the unit get renewed the lease agreement below five years.</p> |

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| <b>Response by Grant Thornton</b> | <p>As per the amended Rule 11(5) of SEZ Rules 2006, “a land or build up space in the processing area or Free Trade shall be given to entrepreneurs holding a valid letter of LOA , the lease period shall be not less than five years but notwithstanding any other condition in lease deed, the lease rights would cease to exist in case of the expiry or cancellation of the Letter Of Approval”.</p> <p>As per the above-mentioned Rule, the lease period for land or built-up space in the processing area or Free Trade shall be at least five years. Further, in case LOA is not renewed or is cancelled, the lease rights of the entrepreneur will also cease to exist, regardless of any other condition mentioned in the lease agreement. Therefore, as per the provisions of Rule 11(5) of SEZ Rules, renewal of lease agreements for entrepreneurs holding a valid LOA may not be allowed for a duration less than five years.</p> |
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| <b>S.No. 80</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Suresh Kumar</b><br>DGM - Commercial Quadragen, Vet Health Pvt. Ltd.,  |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. We have some old used and junked machines which we wish to sell for a nominal scrap value received from a bidder. We have purchased this machinery locally probably with VAT exemption before GST was introduced. The SEZ officer informed that as per the SEZ rules, we are supposed to clear it after payment of applicable customs duties though we informed we would pay the applicable GST as there are no import components.</li> <li>2. We have obtained approval from the SO for Job work to a GST registered DTA unit in Andhra Pradesh who have the required facilities and drug manufacturing license. However, when we sought for GST exemption for Direct supply of few raw materials, consumables locally procured by units for direct supplies to this DTA job worker location to save on time &amp; transportation cost, it was denied by CSEZ stating that there are no provisions in SEZ rules for this arrangement.</li> </ol> |
| <b>Response by Grant Thornton</b> | <p>We understand that the Company being a SEZ unit is seeking clarification on applicability of duties on sale of old machinery to DTA and direct delivery of goods to sub contractor premises:</p> <p>In the above back drop, it is pertinent to note that as per Rule 49 of the SEZ Rules 2006, a unit is allowed to remove capital goods to DTA on payment of applicable duty which includes BCD and IGST. Hence, we are of the concise view, duty is required to be remitted when capital goods are removed from the unit. Further, as per Rule 41 of SEZ Rules, 2006, a unit is not allowed to directly get the goods delivered at the subcontractor premises considering the procedural and administrative requirements to validate the quantum of goods delivered to the sub contractor premises.</p>  |

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| <b>S.No. 81</b>                |  |
| <b>Details of EPCES Member</b> | <b>Hariharan S</b>   |
| <b>Query from Member</b>       | <p>We E-con (MEPZ SEZ) is a manufacturing unit having trading permission to sell raw materials from the SEZ. We subcontracted an EOU unit to produce the semi-finished product (PCBA for digital camera) for us. For manufacturing support, we would need to supply a few components to our subcontractor (EOU unit) in order for them to mount the PCBA. This would be a FOC transaction, and we would not receive any payment remittance</p> |

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|                                   | on this component transaction as their finished product would be supplied to our SEZ unit under sale invoice. Please advise if we can supply the components (raw materials) to EOU for free under FOC invoice.   |
| <b>Response by Grant Thornton</b> | It is to be noted that as per Rule 41 & 42 of SEZ Rules 2006, the SEZ units are allowed to subcontract a part of their production or any production process to units such as DTA, EOU, STP, or EHTP units on prior permission from Specified officer (SO) on an annual basis without payment of duty on a condition that the goods are brought back within prescribed time limit. From the above provisions we are of the concise view that the company can supply the components (raw materials) to EOU for subcontracting without payment of duty. |

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| <b>S.No. 82</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>T. Soundara Pandian</b><br>Global Polybags Industries P Ltd.   |
| <b>Query from Member</b>          | Kindly request to confirm whether the following product are eligible for Production Linked Incentive Scheme.<br>1. Polythene Bags (Chapter No. 39232100).<br>2. Plastic Moulded Product (Chapter No. 39231090).<br>3. Paper Bags (Chapter No. 48194000).  |
| <b>Response by Grant Thornton</b> | It is to be noted that presently Product linked incentive schemes have been issued for certain specific sectors such as pharmaceuticals, electronics etc. based on their potential for revenue and employment generation.<br>We are of the concise view that the products Polythene bags, Plastic moulded products and Paper bags, do not fall under the present available sectors for Product Linked Incentive Scheme. |

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| <b>S.No. 83</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>K Naveen Kumar</b>  |
| <b>Query from Member</b>          | We are manufacturing wheelchairs and per container we are loading nearly 200 qty to 400 qty and exporting to Europe and middle east.<br>We are group company Vermeiren Group under this have factories in Poland, China and India.<br>We get the technology so that no deviation in our brand wheelchairs should be identified. For this we must bring wheelchairs at least 2 qty of each model, so that we can prepare same kind of drawings, moulds, frames without any deviation.<br>Now our import got hold by officer in Sricity saying this comes under trading. This import container also contains raw materials for producing at least 5 export containers, that got hold now. Please suggest SEZ rules/notifications to bring in this container. |
| <b>Response by Grant Thornton</b> | As per Notification No. 154/94-Customs, issued on 13.07.1994, an exemption from BCD and additional duty is granted if the import qualifies either as Samples, Commercial samples, Price list, Prototypes of engineering goods imported as samples for executing or for use in connection with securing export orders or Bona fide commercial samples and   |

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|  | <p>prototypes. According to the above-mentioned notification, each type of import mentioned above has specific conditions attached to it which must be mandatorily fulfilled. In essence, prototypes refer to initial or representative models of products used specifically for product development, testing, evaluation, or quality control purposes. As such, wheelchairs that have been imported for drawing or moulding purposes may be regarded as prototypes and are therefore eligible for exemption from import duty as provided in the Notification No. 154/94-Customs, subject to specified conditions. Moreover, the company is required to furnish the customs officer with sufficient proof that the raw materials contained in the imported container are intended for manufacturing purposes, rather than for trading. In consideration of the aforementioned points, we are of the view that, Vermeiren Group may likely be obligated to pay the duty on the import of wheelchairs utilized for the creation of moulds and drawings if conditions in abovementioned notification remain unfulfilled (Conditions mentioned in column No.3, Entry number 4- Prototypes of engineering goods imported as samples for executing or for use in connection with securing export orders). In order to obtain clearance from customs for sample wheelchairs and other raw materials, the Company must adhere to the aforementioned procedure.</p> |
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| <b>S.No. 84</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | We are a manufacturing unit located in MEPZ-SEZ. We supplied electronic components to our subcontractor (EOU) under trading account. We supplied to them duty free in accordance with SEZ Rule 30(14). The components are rejected by the EOU unit due to quality issues. Please let us know how to return the components from EOU to SEZ. Can we take the rejected components from the EOU via the rejection invoice and avail the duty exemption by filing the SEZ bill of entry? |
| <b>Response by Grant Thornton</b> | Yes, movement of goods into SEZ for authorised operations can be allowed.   |

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| <b>S.No. 85</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | We E-con is a SEZ manufacturing unit, and our subcontractor holds an EOU license. Our subcontractor (EOU Unit) lacks a trading license and wishes to sell their surplus raw materials (electronic components) to our SEZ unit. Is it required to pay duty if we sell that raw materials from the EOU unit to the SEZ? Or can we obtain duty exemption for this transaction by filing the home consumption bill of entry at SEZ unit? Please advise. |
| <b>Response by Grant Thornton</b> | As per Rule 27(1) of the SEZ Rules 2006, we are of the view that an SEZ may procure all type of goods, including capital goods, raw materials, semi-finished goods, (including semi-finished Jewellery) component, consumables, spares goods and materials for making capital goods required for authorized operations without payment of duty, taxes and cess from an EOU for its authorised operations.   |

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| <b>S.No. 86</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | We would like to send the finished goods as a free sample to our DTA customer from our SEZ unit. The item will be of value around Rs.3000-7000/-. our customer will not have any payment remittance with us as this is a free sample. Please advise is this mandatory to pay duty/tax to customs for taking out the free sample from the SEZ unit. Is it possible to obtain duty exemption for sample shipments? Please provide guidance. |
| <b>Response by Grant Thornton</b> | As per Rule 50(1) of SEZ Rules 2006, we are of the view that a SEZ unit may temporarily remove finished goods as free samples to a DTA unit without payment of duty or integrated goods and service tax.  |

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| <b>S.No. 87</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | <p>We want to send electronic components to our subcontractor (a DTA unit) for job work. Our subcontractor's job is to mount the components in PCB boards and send us the finished product (populated PCB assembly for digital camera). Since the components are very small in size and sensitive to handling in SMT machines, which may result in a defective/dropout while assembling the PCB, we like to send some extra components as a replacement and for safety. SEZ Customs is raising a query to declare the wastage for this job work in accordance with the SION. When we check with DGFT, our item is not listed in the SION. When we approached the DGFT consultant about fixing the wastage in our product, we were told that only DTA units with an Advance Authorization Scheme could file an application for fixing the wastage for the finished goods.</p> <ul style="list-style-type: none"> <li>• Please advise, whether SEZ unit can file an application with the DGFT to fix waste from job work?</li> <li>• If we receive the wastage components along with the finished goods from our subcontractor, can we avail the duty exemption on the wastage components value?</li> </ul> |
| <b>Response by Grant Thornton</b> | <p>As per SEZ Rules, 2006 wastage can be cleared as per SION norms. Where SION norms are not fixed, the unit can approach DGFT.</p> <p>As per FTP, DGFT may in public interest pass such orders or grant such exemption, relaxation or relief, as he may deem fit and proper, on grounds of genuine hardship and adverse impact on trade to any person or class or category of persons from any provision of FTP or any Procedures. We do not observe any specific restriction for fixation of norms for SEZ. Hence, it is suggested that Company puts forth a strong case for requirement of Norms.</p>  |

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| <b>S.No. 88</b>                |  |
| <b>Details of EPCES Member</b> | <b>Hariharan S</b>   |
| <b>Query from Member</b>       | We want to import a bar code scanner and adaptor for our SEZ unit. Is a BIS certificate required for importing the items to the SEZ? If not, is there any Customs or SEZ notification that BIS is not required for SEZ import? |

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| <b>Response by Grant Thornton</b> | Generally, certification scheme of BIS is voluntary in nature. However, certain products as notified by Government of India under Quality Control Orders, can be imported to India only with Standard Mark under a valid license from BIS. It is suggested that the Company validates the product to understand the mandate for BIS. |
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| <b>S.No. 89</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | <p>We want to send a robot from our SEZ to Germany for a trade show. The robot will return to our SEZ unit within one month of the demo. We want to take benefit of the duty exemption at the destination, so our freight forwarder suggests shipping the robot via ATA carnet.</p> <ul style="list-style-type: none"> <li>• Please advise whether we can ship the robot from the SEZ using an ATA carnet. If so, please let us know the procedure and documents required.</li> <li>• Is it necessary to file the shipping bill online at SEZ for ATA carnet shipment? Please provide assistance with customs documentation.</li> </ul> |
| <b>Response by Grant Thornton</b> | As per rule 46(9), a unit may export goods for display or participation in exhibition abroad by giving an advance intimation to the DC and submit the shipping along with the relevant document to the AO. The goods unsold shall be brought back to the unit within 45 days of the exhibition by filing BOE subject to the same procedures as applicable to import of goods. The goods shall be allowed into the unit free of duty.  |

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| <b>S.No. 90</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Hariharan S</b>  |
| <b>Query from Member</b>          | We would like to send calendars to a foreign customer from SEZ unit. The courier companies have asked us to file a shipping bill for sending the calendar in sample mode. They are treating this as a commodity and requesting us to move it in cargo mode with a GR waiver. Please advise on the procedure for exporting the calendar and gift (bag/pen) items from the SEZ unit to our foreign customers. |
| <b>Response by Grant Thornton</b> | Considering the units authorised operations, we understand that the same will not fall under scope of SEZ. If the same is under authorised operations, the same will be allowed.  |

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| <b>S.No. 91</b>                |   |
| <b>Details of EPCES Member</b> | <b>Sharad Bhat</b><br>Manager – Finance and Accounts  |
| <b>Query from Member</b>       | <p>What will be the consequence for:</p> <ol style="list-style-type: none"> <li>1. Not giving the invoices endorsed from SEZ authority to the vendor for supply to us (SEZ unit) by those vendors. Since in the past as well as in the present, few vendors do supply to us with LUT, few vendors without having LUT. They check with us about invoice to get endorsed, only when their GST assessment comes &amp; their GST officer asks for copy of endorsement for supply to our SEZ unit.</li> <li>2. In past, in few of the cases, while supplying to us without IGST, few vendors have taken</li> </ol> |

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|                                   | <p>declarations/ undertaking from us, that if any GST liability comes in their GST assessment because of supply to us with ZERO% in future, our unit will owe it. At that time, there was no great clarity about endorsement (DSPF) for their invoices, since during those periods there was no great such clarification &amp; requirements &amp; now if we are taking those old invoices for (DSPF) endorsement with SEZ authorities, we are facing challenges, being an old invoices.</p> <p>3. What if, few of the vendors have made supply to us in past without IGST, but they did not have LUT for that period.</p>  |
| <b>Response by Grant Thornton</b> | <p>1. Per Rule 30 of SEZ Rules, 2006 goods procured from DTA units are required to be endorsed by the authorized officer, as evidence that goods have been admitted in full into SEZ and said goods are eligible for zero-rated exemption. Endorsement of invoices for services procured from DTA is also required to be completed by the SEZ unit and shared with the vendor within 45 days of procurement. Further, per Rule 89 of CGST Rules, 2017, endorsed copies of invoices are required to be submitted by the DTA unit while filing GST refund application with GST authorities.</p> <p>2. Unit may approach and request the Authorised Officer for endorsement of said invoices, on providing him sufficient reasons for such delay in non-endorsement of pending invoices. Please note that endorsement of all pending invoices are at discretion of the authorities.</p> <p>3. Please note that as per section 16 of IGST Act, DTA suppliers need to possess a valid LUT for undertaking zero rated supply (for authorised operations) without payment of IGST. If the vendor has undertaken zero-rated supplies without charging IGST in absence of valid LUT, GST authorities may question and demand tax liability from the DTA unit. Further, there is no obligation on SEZ unit from the GST perspective.</p> |

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| <b>S.No. 92</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Melwin Mathew</b><br>Associate Manager   Finance Pune, Tata Elxsi   |
| <b>Query from Member</b>          | Furtherance to above, Rule 42 talks about goods only, in our case our unit is IT/ITES. There will be no movement of goods. Can we still do subcontracting?   |
| <b>Response by Grant Thornton</b> | <p>Please note that Rule 42 of SEZ Rules, 2006 specifically provides for subcontracting in case of goods only. There is no explicit provision for subcontracting of services under SEZ Rules. Further, as per Rule 27 any SEZ unit may import or procure goods or services from another SEZ unit. and as per Rule 53 (A) (h), such services may be treated as export and counted for calculation of NFE.</p> <p>Since there is no explicit provision for subcontracting of services under SEZ Rules, we are of concise view that subcontracting provisions may not apply in case of IT/ITES services and the unit can enter into transaction with another SEZ unit as per the provisions of Rule 27 of SEZ Rules, 2006 as described above.</p> |

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| <b>S.No. 93</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Melwin Mathew</b><br>Associate Manager   Finance Pune, Tata elxsi  |
| <b>Query from Member</b>          | We have two SEZ units. One SEZ unit in Kozhikode & another SEZ unit in Trivandrum. Can our Trivandrum SEZ unit subcontract part of the project work they received to our Kozhikode SEZ. The client PO will be issued in the name of SEZ Trivandrum & final billing to client will also happen from SEZ Trivandrum.  |
| <b>Response by Grant Thornton</b> | It is to be noted that as per Rule 42 of SEZ Rules, 2006, a Unit, may subcontract a part of its production or any production process, to a unit(s) in a SEZ with prior permission of the Specified Officer to be given on an annual basis and subject to compliance with the time limit and other conditions mentioned under said rule. Hence, we are of the concise view that Trivandrum SEZ unit may sub-contract part of its work to another SEZ unit i.e. Kozhikode SEZ unit. |

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| <b>S.No. 94</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Nithin Bohra</b><br>Manager, Company Secretary, CDK Global  |
| <b>Query from Member</b>          | We are operating from SEZ and would like to understand your expertise knowledge on below query: <ol style="list-style-type: none"> <li>1. Is sharing of infrastructure, to be specific VPN, is allowed under section 27(5) of SEZ rules, between SEZ and DTA units, where the entities are different;</li> <li>2. is sharing of VPN is allowed between SEZ and STPI unit, where the entities are different under the above rule.</li> </ol>  |
| <b>Response by Grant Thornton</b> | As per Rule 27(5) of SEZ Rules 2006, an SEZ unit may import or procure from DTA, all types of goods and services, without payment of duty, taxes of cess for creating a central facility for use by Units in SEZ and where such facility is created for software development, the same may also be accessed by software exporters of DTA. This rule permits sharing of infrastructure facilities subject to conditions. SEZ units are permitted to offer IT and ITES, which frequently involve the use of virtual private networks (VPNs). If a VPN is used to develop software, it could be deemed as a shared infrastructure facility and shared among SEZ and DTA units. Further, as per Rule 15 of SEZ Rules, 2006, it is advisable to inform the Approval Committee about sharing of common infrastructure facilities, in specific VPNs, between SEZ and DTA units, as part of SEZ operations. Additionally, the Approval Committee supervises SEZ units and might ask for reports on SEZ's operations, including use of shared facilities. To be compliant, it is suggested to keep the Committee updated on the use of shared facilities. Furthermore, upon perusing the minutes of several meetings held by diverse SEZ Approval Committees, it has come to our attention that sharing of VPN infrastructure facilities between SEZ, STPI and DTA units necessitates approval. Consequently, we recommend that you pursue obtaining the necessary approval from your respective SEZ Approval Committee. Based on the above details, we are of the following views: <ol style="list-style-type: none"> <li>1. Sharing of infrastructure to be specific VPN, is allowed under section 27(5) of SEZ Rules 2006, between SEZ and DTA units, subject to obtaining prior approval from the UAC.</li> <li>2. Sharing of VPN is also allowed between SEZ and STPI unit, subject to obtaining prior approval from the UAC.</li> </ol> |

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| <b>S.No. 95</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Aresh Goel</b><br>General Manager Special Projects Consultant Regulatory Customs   |
| <b>Query from Member</b>          | <p>The issue is not that the customs officers are differentiating SEZ from FTWZ, the issue comes for a service unit, and procurement is actually from a client of unit &amp; the supply certificate states “the authorisation holder may procure the necessary inputs from the SEZ unit”.</p> <p>They are ready to accept it if the FTWZ unit is a trader themselves (i.e. owner of the cargo being sold to DTA buyer) &amp; the buyer is procure from them, but they are not ready to accept, Procuring from unit is equivalent to procure from a client of a unit.</p> <p>So a clarification from Department is needed saying FTWZ unit also means client of a unit. OR the supply certificate is changed to words like “may procure the necessary inputs from the SEZ unit/ FTWZ/FTWZ service unit (or client of a FTWZ unit)”</p> |
| <b>Response by Grant Thornton</b> | We will discuss with EPCES to take this up.   |

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| <b>S.No. 96</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Aresh Goel</b><br>General Manager Special Projects Consultant Regulatory Customs  |
| <b>Query from Member</b>          | <p>We are an FTWZ unit with locations in Chennai and Mundra. Several Indian clients have cleared cargo to DTA from our unit with advance authorization. However, recently, we have encountered problems with officers who claim that because we do not own the cargo, no DTA buyer may use advance authorization to clear from the cargo that is in our unit.</p> <p>In order to avoid misunderstandings, the certificate of supply that is being acquired from DGFT should either include SEZ/FTWZ/FTWZ service unit OR a clarification from the DGFT making it clear that the state’s inputs should be purchased from a SEZ unit, means from a SEZ/FTWZ/FTWZ service unit.</p> <p>As it states, “the authorization holder may procure the necessary inputs from the SEZ unit.”</p> <p>A DTA unit technically cannot purchase from a FTWZ service unit because it does not legally own the cargo.</p>   |
| <b>Response by Grant Thornton</b> | <p>We understand that Kerry Indev (FTWZ unit) is facing issue in clearing goods to DTA units against having advance authorization. The authorities are emphasizing on the fact that advance authorization benefit cannot be availed by a DTA unit while clearing goods from FTWZ units since FTWZ units are not specifically mentioned in para 4.20 of FTP 2023 and it includes only SEZ units. In this regard, it is to be noted that as per para 4.20 (v) of FTP 2023 - “Advance Authorization holder under DTA can procure inputs from / SEZ units against Certificate of supply till EDI message system between SEZ and Customs is enabled.”</p> <p>Further, reference can be drawn from the definition of term ‘SEZ’ and ‘unit’ as per SEZ law which clearly includes FTWZ as well. Relevant definitions has been extracted below for your quick reference: Section 2(za) of SEZ Act, 2005, “Special Economic Zone” means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone;”</p> <p>Section 2(zc) of SEZ Act, 2005, “Unit” means a Unit set up by an entrepreneur in a Special Economic Zone and includes an existing Unit, an Offshore Banking Unit and a Unit in</p> |

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|  | <p>an International Financial Services Centre, whether established before or established after commencement of this Act;”</p> <p>In the above backdrop, it can be construed that a unit in SEZ includes a unit in FTWZ as well. However, to avoid any possible dispute a clarification can be issued by MoC in this regard.</p> |
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| <b>S.No. 97</b>                   |  |
| <b>Details of EPCES Member</b>    | <b>Supriya P</b><br>Regional Director, Export Promotion Council for EOU's & SEZs, CSEZ - Cochin Region   |
| <b>Query from Member</b>          | <p>We at Garrett Motion Engineering Solutions Private Limited (GMES) have a SEZ Unit in RMZ Campus Bangalore and our registered office is based in Pune . We have been issued LOA for the Development of Computer Software/ ITES. Our sister concern Garrett Motion Technologies India Pvt Ltd (GMT) who are a manufacturing DTA has been an ACP client of the Customs , and since the AEO was introduced, they have been a AEO T2 client of the Customs. Though we are ITES services exporting SEZ, we are actively involved in the international movement of goods from and to the various manufacturing locations of Garett, R&amp;D Laboratories of Garrett , vendors , customers, and external labs. We adhere to all requirements to ensure international supply chain security and facilitate movement of legitimate goods. We also ensure security within our premises and the systems we use . We are proud that we meet all the AEO defined requirements. We are keen on obtaining an AEO certification for our organization. We were advised by customs to file our AEO application with Pune authorities since that is where our registered office is located, accordingly on 13.10.2022 we filed the AEO T2 application. However, our application has not been processed. While the law doesn't restrict the issue of AEO status to a service SEZ Unit, the authorities processing Garrett's application are of the view that AEO status cannot be granted to service SEZ Unit. The authorities are neither rejecting the application in the absence of any specific provision, nor are processing it due to their personal opinions.</p> <p>We shall be obliged if you could share your expert opinion, whether we as a Service SEZ are eligible to AEO certification.</p> |
| <b>Response by Grant Thornton</b> | <p>Circular No. 33/2016-Customs dated 22.7.2016 elaborates and reiterates the conditions mandated to apply/ obtain an AEO license. The following criteria must be fulfilled:</p> <ol style="list-style-type: none"> <li>1. The applicant must have handled 25 document (Shipping bills &amp; Bills of Entry) in the last financial year</li> <li>2. The applicant should undertake customs related activity in the country.</li> <li>3. The applicant should be a part of international supply chain.</li> <li>4. AEO can only be given to legal Entity and not group of company.</li> <li>5. The applicant should have business activities for at least three financial years preceding the date of application (can be waived in deserving cases).</li> </ol> <p>The list of entities eligible for applying AEO certification is not exhaustive, but the applicant must actively be involved in the international supply chain. Nevertheless, the list includes exporters, importers, logistic providers (e.g. carriers, airlines, freight forwarders, etc.), Custodians or Terminal Operators, Customs House Agents and Warehouse Owners. Others who may qualify include port operators, authorized couriers, stevedores.</p>   |

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|  | We request the unit to clarify the objective behind applying for the AEO scheme as GMES may likely not have any import/ export documents in its name (shipping bill/ bill of entry in the name of GMES). Furthermore, GMES does not appear as a logistic provider (such as CHA, carrier etc.) as the LoA held by GMES is for IT enabled services and not as a CHA, freight forwarder etc. |
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| <b>S.No. 98</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Rahul Kalburgi</b><br>Aequus SEZ, Belgaum  |
| <b>Query from Member</b>          | We are planning to import Titanium and articles of titanium for use in manufacturing operations as inputs/raw materials/components. In this connection, we would like to know if there are any restrictions/compliances for importing titanium articles from China under the Customs Law or under the FTP. Similarly, is there any restriction/compliance in case of export of titanium products from India.  |
| <b>Response by Grant Thornton</b> | Please note that according to Chapter 81 of First schedule of Customs Tariff Act, 1975, the importation of titanium is subject to a BCD of 5%, as specified in tariff rate item “81082000”. Additionally, BCD of 10% applies to the importation of titanium articles, as per tariff rate item “81089090”. Therefore, upon importation of such goods, the company would be liable to discharge import duties along with IGST at the rate of 18% according to serial no. 291 of Schedule III of Notification no. 1/2017 – IT(Rate). There is currently no specific tariff rate assigned to the export of titanium products. Therefore, the company is not required to discharge any export duty on such products. Also, we do not observe any specific restrictions/ requirements on importing and exporting titanium products from India as per above mentioned HS codes as per FTP. |

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| <b>S.No. 99</b>                   |   |
| <b>Details of EPCES Member</b>    | <b>Vikram</b><br>Assistant Manager   British Engines India  |
| <b>Query from Member</b>          | Is there any specific permission required for RE import /Re Export for modification/ Rework/ from CSEZ/EPC or only intimation is necessary.   |
| <b>Response by Grant Thornton</b> | Please note that as per para 6.16 of the FTP, General provisions of FTP relating to export / import of replacement/repair of goods would also apply equally to EOU/EHTP/STP/BTP units. Further, as per para 2.28 of the FTP, Capital goods, equipment, components, parts and accessories, whether imported or indigenous, except those restricted under ITC (HS) may be sent abroad for repairs, testing, quality improvement or upgradation or standardization of technology and re-imported without an Authorization.<br><br>However, referring to PN 25/2021 issued by Customs Commissionerate Bangalore, in all cases of re-export, the units are required to seek prior approval from the jurisdictional EPCs. |

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| <b>S.No. 100</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Chandru Ramachandran</b>   |
| <b>Query from Member</b>          | As per FTP, EOU is eligible to clear wastage/scrap/remnants, arised out of production process from the duty-free imported inputs, in DTA as per SION or within norms fixed by the Norms Committee. It appears from Customs Notification No. 59/2017 that clearance of such items as per SION norms are exempted from payment of duties/taxes. However, clearance of such items over and above SION norms is bound for payment of duties & taxes. Kindly clarify and confirm whether this exemption is allowed for clearance of such items in DTA. It is understood that FTWZ is governed under SEZ Rules. Please clarify whether movement of goods from DTA, EOU or MOOWR units into FTWZ would be treated as Export under zero rated supply. |
| <b>Response by Grant Thornton</b> | As per Chapter 6 of Para 6.08 of FTP, Sale of Finished Products / Rejects / Waste/ Scrap / Remnants and By-products to DTA would be subject to payment of excise duty, GST and compensation cess (as applicable) along with reversal of duties of Customs availed as exemption. As per Notification No. 52/2003 as amended and PN 25/2021, the waste/ scrap sold to DTA shall be as per SION norms and liable to duties over and above SION norms.<br><br>Further, supplies to SEZ has been considered as zero rated, the term SEZ includes FTWZ as per the SEZ Act, 2005. Therefore, supplies would be considered as zero-rated supplies.  |

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| <b>S.No. 101</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>G V B Reddy</b>   |
| <b>Query from Member</b>          | We are the Co developer Divyasree Tech Park Contractors Pvt. Ltd. SEZ (ITIES ). We are planning to purchase lighting fixtures as per below scenario:<br><ol style="list-style-type: none"> <li>1. Rajkamal Traders Pvt, Ltd had imported the material and sold it to Bombay Electrical Pvt. Ltd through High Sea Sale material is under (FT Warehouse Zone Mumbai).</li> <li>2. Bombay Electrical Pvt. Ltd proposed to sell the same material from (FT Warehouse Zone Mumbai) to Divya Sree Tech park Pvt. Ltd Hyderabad on Zero rated Customs duty and IGST. Can Divyasree Techpark Contractors Pvt. Ltd eligible for tax benefit.</li> </ol> |
| <b>Response by Grant Thornton</b> | We understand that the co-developer is clearing goods from FTWZ Mumbai for its own consumption. In this regard, please note that as per Rule 27 of SEZ Rules, 2006, a unit or developer may import goods from warehouse without payment of duties and taxes.   |

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| <b>S.No. 102</b>               |   |
| <b>Details of EPCES Member</b> | <b>S. Damodharan</b><br>Asst. Manager – Exim  |
| <b>Query from Member</b>       | We are planning to import goods from China and same will be exported to Germany under “High Sea Sales” without reaching Indian ports / Customs. Please let us know the procedure and documentation required for the same. |

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| <b>Response by Grant Thornton</b> | Please note that trading of goods from one foreign country to another foreign country without touching the Indian ports is permitted in FTP 2023 specified under para 2.39 as “Merchant Trading”. We are of the concise view that, the compliance for Merchant trade except for goods/items in the CITES & SCOMET list is subject to RBI guidelines as per the RBI circular No-20 dated 23.01.2020. As per the guidelines issued, the AD bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. The AD bank may, if satisfied, rely on online verification of Bill of Lading/ Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the AD bank shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions. |
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| <b>S.No. 103</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Murali Mohan MG</b><br>Siemens Healthcare Private Limited  |
| <b>Query from Member</b>          | We are exporting tax services to our customers from SEZ unit in which currency will be either in USD/ EUR & services to be provided in India & to overseas as well (i.e. Indonesia/ Bangladesh) In tax service invoice which been supplied to India, service/ sales tax will be mentioned but still currency will be USD. In above scenario do we need to file Softex or DTSE.  |
| <b>Response by Grant Thornton</b> | We understand that the company is engaged in providing tax services to its customers within India and overseas. The Company intends to understand whether any specific requirements should be satisfied for sale to DTA. As per Rule 47(1) of SEZ Act 2006, a unit can sell goods and services including rejects or wastes or scraps or remnants to DTA on payment of Customs duties under Section 30. From a procedural front, a manual issued by NSDL prescribes filing of DTA sale form for such sales to DTA. |

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| <b>S.No. 104</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Ajit Shinde</b>   |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. Can SEZ Unit purchase vehicle without GST for its Directors/Partners. There are dealers who are willing to sell vehicle without GST, but we are also encountering dealers who are not.</li> <li>2. As per our understanding vehicle used by Director/partner will fall under Authorized Operations, please confirm.</li> <li>3. Can IT Services Unit raise invoice in INR to another SEZ unit (within same SEZ).</li> </ol>  |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. Exemption from the levy of GST shall only be available if the goods (vehicle) is used for the authorized operations of the SEZ unit. Additionally, to claim the benefit of zero rating, the supplier of the vehicle must possess a valid LUT which is in force as on date of the supply.</li> <li>2. As highlighted above, the exemption can only be available if the vehicle is used for the authorized operations of the unit. However, we understand that said purchases would be personal in nature to the extent of its usage for directors/partners of the unit. Same may be questioned by SEZ authorities at a later stage.</li> <li>3. Yes, the SEZ unit can raise invoice in INR to another SEZ unit for supply of services.</li> </ol> |

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| <b>S.No. 105</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Arun Jain</b><br>Partner, KinaiInfotech LLP   |
| <b>Query from Member</b>          | We are a unit based in SEZ. We export services relating to software. Can we raise an invoice in INR and can the payment against the same can be realized in INR.   |
| <b>Response by Grant Thornton</b> | <p>Please note that as per section 2(z) of SEZ Act, 2005, “services” means such tradable services which,-</p> <ul style="list-style-type: none"> <li>- are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15th day of April 1994;</li> <li>- may be prescribed by the Central Government for the purposes of this Act; and earn foreign exchange. As per above, we are of the concise view that the proposed transaction is not in alignment with the definition of service as provided in SEZ law. Also, it is to be noted that RBI has allowed invoicing and payments for international trade in INR vide A.P (DIR Series) Circular No. 10 RBI/2022-2023/90 dated 11.07.2022. Further, the framework put in place by RBI is applicable for any partner country seeking to undertake trade with India in INR in terms of said circular. Accordingly, the unit needs to see if the partnering country falls under the list of such countries.</li> </ul> |

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| <b>S.No. 106</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Namdeo Shelke</b><br>Schmalz India Pvt Ltd  |
| <b>Query from Member</b>          | <p>We are 100% EOU located in Pune. We have imported FOC moulds from Germany for the production in India and now we need to send back the moulds to Germany being changes in the design/ dis-continuation of the production etc. These moulds will not be imported back to India and will remain with Germany only (since they are the owner of the moulds). What documents / permission we need to obtain for re-export of the moulds?</p> <ol style="list-style-type: none"> <li>1. GR Waiver from the bank – being NOT receiving the remittance of these moulds (since they are FOC imported earlier).</li> <li>2. Undertaking to the Customs that the moulds are the property of Germany and we are sending back.</li> <li>3. Letter or mail from German counter part for sending the moulds back permanently. In this case, do we need to take the permission from DC, SEEPZ or Pune Customs for re-exporting the moulds ?</li> </ol> |
| <b>Response by Grant Thornton</b> | It is to be noted that as per Notification No. 52/03-Customs dated 31.3.2003, the unit may re-export the goods imported without payment of duty. The jurisdictional officer may, subject to such conditions and limitations as may be imposed by him and subject to the provisions of FTP permit re-export of such goods.  |

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| <b>S.No. 107</b>               |   |
| <b>Details of EPCES Member</b> | <b>Namdeo Shelke</b><br>Schmalz India Pvt Ltd |

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| <b>Query from Member</b>          | Furtherance to response 3 above, these documents (Schmalz India) will not be the part of shipment from Mumbai to China, right? Only the documents from Germany (i.e. Invoice, packing list, AWB copy etc. will be accompanied with shipment from Mumbai to China, right?   |
| <b>Response by Grant Thornton</b> | Please note that shipping bill containing all details of both parties along with invoice value and other particulars will accompany the export shipment. Further, the shipping bill should be accompanied with the supporting documents i.e. Invoice (having details of both parties), Packing list, Export license, Indent, Acceptance of Contract, Letter of Credit, QC Certificate, Port Trust Document, any other document (as specified). |

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| <b>S.No. 108</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>S. Kalyani</b><br>Rd MEPZ SEZ   |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. Please clarify how much percentage of DTA Sales can be done by EOU Units.</li> <li>2. If we do Third part Exports whether it will fall under DTA Sales or not. Do we need to take any prior approval from any department for the same.</li> </ol>  |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. Kindly refer chapter 6.07 of FTP 23, which lays down the permissible quantity of DTA sale of goods, services (upto 50%), gems and jewellery (upto 10%) etc. of FoB value of exports on payment of applicable GST and Customs duties. It is also suggested that EOU units shall confirm that their products shall not be restricted for DTA sales as same is also highlighted in above captioned chapter.</li> <li>2. We understand that the DTA unit would be exporting goods on behalf of the EOU unit. In such cases, export documents such as shipping bill shall indicate the name of both manufacturing exporter/manufacturer and third-party exporter(s). e-Bank Realization Certificate (e-BRC) or export Realizations from RBI's EDPMS wherever available in DGFT IT Systems, Export Order and Invoice should be in the name of a third-party exporter. Accordingly, the DTA unit has to raise a separate service invoice to EOU for undertaking the work on behalf of EOU.</li> </ol> |

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| <b>S.No. 109</b>               |   |
| <b>Details of EPCES Member</b> | <b>Namdeo Shelke</b><br>Schmalz India Pvt Ltd   |
| <b>Query from Member</b>       | <p>We are 100% EOU, exporting our goods to J Schmalz GmbH, Germany. Currently, the goods are moving from Pune- Mumbai (India)-Germany &amp; from Germany - China/ Japan. The transit time to reach the goods from India to China/Japan is more as the goods are rotated through Germany with German Invoice. Currently transit time is more than 20 days to reach the goods from Pune to China/Japan. We need to minimise the transit time by sending the goods directly to China/Japan. We need to make the invoice on the name of J Schmalz GmbH, Germany (who is going to pay us the invoice) with delivery address to China/Japan. Here we do not want to give our invoice to China/Japan. Need to make the paperwork from Mumbai Customs on the name of Germany, i.e. using German selling invoice to China/Japan as a regular practice.</p> <ol style="list-style-type: none"> <li>1. Is this transaction okay for Schmalz India to get a Proof of Export?</li> </ol> |

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|                                   | <ol style="list-style-type: none"> <li>2. Since Germany is not making import physically in Germany (and not paying the customs duty), how they will remit the funds against our export invoice?</li> <li>3. How the export documentation part will be done on the German Invoice?</li> <li>4. How Germany will get our export documents ?</li> </ol>  |
| <b>Response by Grant Thornton</b> | <ol style="list-style-type: none"> <li>1. Said transaction would qualify for export of goods for Schmalz India subject to fulfilment of procedure as prescribed below. Shipping bill to be filed by unit would include details of both i.e. buyer and consignee. Further, shipping bill should be accompanied with the following documents: <ul style="list-style-type: none"> <li>- Invoice (having details of both parties)</li> <li>- Packing list</li> <li>- Export license</li> <li>- Indent</li> <li>- Acceptance of Contract</li> <li>- Letter of Credit</li> <li>- QC Certificate</li> <li>- Port Trust Document</li> <li>- Any other (as specified).</li> </ul> </li> <li>2. Please note that J Schmalz GmbH, Germany would be required to fulfil conditions prescribed under the respective regulations of the country.</li> <li>3. Shipping bill to be filed by unit would include details of both i.e. buyer and consignee. Further, the shipping bill should be accompanied with the documents as specified in point 1 above.</li> <li>4. All the final set of above-mentioned documents need to be shared by Schmalz India with J Schmalz GmbH, Germany.</li> </ol> |

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| <b>S.No. 110</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Vijay Gujarathi</b><br>(EOS Power)  |
| <b>Query from Member</b>          | Pls. clarify is it mandatory to have AEO (Authorized Economic Operator) certificates for exporters.  |
| <b>Response by Grant Thornton</b> | Please note that AEO (Authorized Economic Operator) scheme is purely an optional/voluntary scheme in nature. Applying for AEO status is a business decision depending on various factors and its willingness to acquire the benefit flowing by acquiring AEO status. |

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| <b>S.No. 111</b>               |   |
| <b>Details of EPCES Member</b> | <b>Prakash Thakur</b><br>Gift SEZ   |
| <b>Query from Member</b>       | The SEZ Unit (Junomoneta) has started functioning from GIFT SEZ as a Unit and taken GST Number accordingly. Afterwards the same Unit has taken land for construction of their own building and accordingly taken a Co-Developer Status from BoA. The following query requires your suggestions: |

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| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>Under same GST Number a Unit can procure materials for construction of their own building by amending existing GST Certificate with additional place of business; or</li> <li>A Separate GST Number Required for construction of their own building.</li> </ol>   |
| <b>Response by Grant Thornton</b> | <p>Basis prima-facie research, we understand that the Customs authorities are not allowing inward movement of construction material considering that authorised operations of SEZ unit and co-developer are not identical in nature and currently GST registration has been taken only for the SEZ unit. Hence, separate GST registration is required by the authorities. Further, basis information shared, we also understand that the unit has already applied for separate GST registration for co-developer. Accordingly, for the time being a request to authorities can be made to allow movement of material on account of existing GST registration since the co-developer's address has already been added as additional place of business in existing GSTIN and application for separate GSTIN for co-developer has already been submitted.</p> |

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| <b>S.No. 112</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Kayomus S Irani</b><br>Repro India Limited   |
| <b>Query from Member</b>          | <p>We, Repro India Limited, had exported the goods with supporting manufacturer, QONTRAC PRINTS PRIVATE LIMITED, (this unit is also in the same SEZ, Sachin). As these goods were outsourced by Qontrac to be printed at Mumbai, we exported through our Mumbai GST Number with Qontrac as the supporting manufacturer. Now, payment has been received by Qontrac in Foreign currency. The shipping bill has been made in the name of Repro India Limited and Qontrac Prints has been shown as supporting manufacturer in the shipping Bill. Please guide us how to close this transaction with the Bank.</p> |
| <b>Response by Grant Thornton</b> | <p>We understand that the sale transaction has been entered between supplier i.e. Repro India Limited and customer located outside India. Though the shipping bill has been filed jointly in the name of Repro and Qontrac, the payment would have been received by supplier i.e. Repro India Limited only. Accordingly, request to connect with the bank for adjustment of amount in name of Repro, along with receipt of undertaking from the supporting manufacturer.</p>  |

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| <b>S.No. 113</b>               |   |
| <b>Details of EPCES Member</b> | <b>Namdeo Shelke</b><br>Manager - Materials, Schmalz India Pvt. Ltd.  |
| <b>Query from Member</b>       | <p>We are 100% EOU since 12.12.2002. Our current LOP is expiring on 31 Mar 2023 and we are already in receipt of new LOP extended till 31.03.2028. We have executed B-17 bond for Rs 2.5 Cr + 6.5 Cr (totaling 9 Crores) during Aug &amp; Sep 2021. We have debited 100% bond for raw material and 25% for CG. As on date we have running balance in B-17 Bond for Rs 3.05 Cr.</p> <ol style="list-style-type: none"> <li>Could you please confirm, whether this B-17 Bond is valid for new LOP? In the covering letter of B-17 Bond acceptance, there is no such remarks.</li> </ol> |

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|  | <p>2. Further what is the procedure for taking credit of B-17 bond for used raw material, as we have not taken credit of B-17 bond form execution.</p> <p>Pre IGCRD, the debit entry was done on issuance of Procurement certificate and the credit was taken on the warehousing of raw material in the bonded premises. Upon acceptance of B-17 bond, we have also taken IGCRD for the qty approx. required for import of CG &amp; RM i.e. during Aug &amp; Sep 2021. Still quantity is not exhausted, and we are using the same IGCRD from Aug/Sep 21 onwards. Is there any validity for IGCRD taken from Customs or it is valid till exhaust of the quantity projected? If the projected quantity is finished, then what is the procedure for taking the IGCRD again for the same part. Can we use the existing B-17 bond balance for getting the new IGCRD? Whether the validity of IGCRD is linked with the LOP issued by the Development Commissioner?</p>  |
| <p><b>Response by Grant Thornton</b></p> | <p>It is to be noted that the B-17 bond is a running bond account and the existing B-17 bond will continue even on renewal of LOP. Please note that the Units may seek re-credit of the amount debited at the time of import of goods. The EOUs after consumption of imported raw materials and clearance/ export of resultant products, shall give an information regarding amount of re-credit subject to the condition that the Unit shall furnish consumption statement of raw materials along with the export/ clearance duly certified by the Chartered Accountant. The consumption statement must be in excel sheet and consist of prescribed details. The Units can also seek re-credit on account of disposal of capital goods, permanent re-export of capital goods, destruction of capital goods subject to condition that the Units must furnish copy of necessary permission obtained from the Development Commissioner or STPI authorities along with proof of disposal/ destruction/ re-export on permanent basis.</p> <p>Further, please note that, currently there is a requirement for EOUs to follow Rule 5 of Customs (IGCR) Rules, 2017 to be eligible for claiming exemption of duties/ taxes on the import of goods. The system architecture with respect to the above rule in respect of EOUs is under development. The same shall be implemented in due course. Till such date, procurement certificates can continue to be submitted by the EOUs for import of goods in lieu of generating IIN in the system.</p> |

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| <p><b>S.No. 114</b></p>                  |  |
| <p><b>Details of EPCES Member</b></p>    | <p><b>Mahesh Kulkarni</b></p>  |
| <p><b>Query from Member</b></p>          | <p>As per FAQ issued by Central Pollution Control Board (CPCB) EOU's are out of purview of EPR registration please confirm the facts.</p>  |
| <p><b>Response by Grant Thornton</b></p> | <p>The issue of EPR registration was discussed with the M/o Environment &amp; Forest / CPCB. It was informed that they will be sending a formal reply to EPCES. However, it was clarified that SEZ units and EOUs are exempted from Rule 4 only. However, they are not exempted from other provisions and hence would be required to comply with EPR registration as per the Rules and Guidelines issued thereunder.</p> |

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| <b>S.No. 115</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Malay Deliwala</b>   |
| <b>Query from Member</b>          | <ol style="list-style-type: none"> <li>1. Do we need to register the IFSCA Branch office with the Registrar of Companies before filing the SEZ application?</li> <li>2. Can we apply for PAN and proceed with SEZ application?</li> </ol> |
| <b>Response by Grant Thornton</b> | Company would require to obtain a valid PAN first followed by getting registered as a SEZ unit and then IFSC unit respectively.   |

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| <b>S.No. 116</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Malay Deliwala</b>  |
| <b>Query from Member</b>          | We are in the process of setting up a new unit in GIFT SEZ. The unit being set-up is a branch office of a Foreign Company. In the application form on SEZ online portal, it is required to mention the PAN number of the applicant. Since the new unit is being registered as a branch of Foreign Company, we do not have a PAN number in India. Request you to kindly guide us on how to proceed with the new unit application. |
| <b>Response by Grant Thornton</b> | It is to be noted that a Company establishing in India (including the branch office of foreign company) is required to obtain PAN in India for taking registration. Hence, the Company is required to take PAN and thereafter furnish all the relevant information on SEZ online portal for registration purpose.  |

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| <b>S.No. 117</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Rajesh Jain</b>  |
| <b>Query from Member</b>          | Kindly let us know if an SEZ unit requires an EPR (Extended Producer's Responsibility) to import batteries for agriculture sprayers.  |
| <b>Response by Grant Thornton</b> | The issue of EPR registration was discussed with the M/o Environment & Forest / CPCB. It was informed that they will be sending a formal reply to EPCES. However, it was clarified that SEZ units and EOUs are exempted from Rule 4 only. However, they are not exempted from other provisions and hence would be required to comply with EPR registration as per the Rules and Guidelines issued thereunder. |

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| <b>S.No. 118</b>               |   |
| <b>Details of EPCES Member</b> | <b>Suresh S</b><br>Cisco Systems India  |
| <b>Query from Member</b>       | We are operating from three SEZs across Bangalore and Chennai since 2006. We have an arrangement with a leasing company (from DTA) to supply the devices on lease basis for use in SEZ unit for authorised operations. These devices are imported into SEZ unit u/r 27(4) and we are the Importer on Record. At the end of lease period i.e. 3 years from import date, we are returning these devices to the lessor which is a DTA location |

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|                                   | after debonding u/r 49 of SEZ Rule, 2006. While computing assessable Value, are we allowed to take depreciation benefit (1) in case of capital goods? (2) in case of laptops?   |
| <b>Response by Grant Thornton</b> | It is to be noted that a SEZ unit may remove computer and its peripherals to DTA after being used in SEZ on payment of duty in IGST. The depreciation shall be allowed in the straight-line method as per SEZ ,Rule 49(1). Depreciation benefit is allowed for both it assets as well as other capital goods. |

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| <b>S.No. 119</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Yashwanth Kotian</b><br>Tata Consultancy Services Ltd   |
| <b>Query from Member</b>          | We need clarification on DTA sales. FTP – 2015-20. 6.08 DTA Sale of Finished Products / Rejects / Waste/ Scrap / Remnants and By-products Sub clause (b) - For services, including software units, sale in DTA in any mode, including online data communication, shall also be permissible up to 50% of FOB value of exports and /or 50% of foreign exchange earned, where payment of such services is received in foreign exchange. Vide Circular No. 50/2018-Customs. Amended Notification No. 23/2018--Central Excise, dated 05.12.2018. 4. (c) removal of the condition that the goods cleared to the DTA must be “similar” to those exported and also removal of the cap of 50% on DTA sale in line with the present FTP, 2015-2020. FTP 2023. Clause 6.07 – DTA Sale of Finished Products/Rejects/Waste/Scrap/ Remnants and By- products. Sub clause (b) - For services, including software units, sale in DTA in any mode, including online data communication, shall also be permissible up to 50% of FOB value of exports and /or 50% of foreign exchange earned, where payment of such services is received in foreign exchange. However, sale in DTA in respect of services classified under Chapter Heading 9988 and 9989 under GST, but covered in LOP/para 11.31 of FTP as manufacturing of goods, will continue to be covered under para 6.07(a) above. At the time of DTA clearance, applicable GST and compensation cess as per GST classification would apply. Kindly confirm whether 50% cap is reinstated as per new FTP 2023. |
| <b>Response by Grant Thornton</b> | We understand that the Company wishes to know whether the limit of 50% of FOB value of exports is applicable on EOUs while providing services to DTA units.<br><br>In the above backdrop, it is to be noted that Circular No. 50/2018-Customs which amended Notification No. 23/2018 - Central Excise, dated 05.12.2018 provided exemption from said limit of 50%. It is pertinent to note that said circular provides exemption from erstwhile FTP i.e. FTP 2015-2020. Further, as per para 6.07 of FTP 2023 classifies the permissible quantity for DTA sale of services i.e. 50% of FOB value of exports and /or 50% of foreign exchange earned. Hence, we are of the concise view that said limit mentioned in FTP 2023 may be applicable while effecting such DTA sales.  |

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| <b>S.No. 120</b>               |   |
| <b>Details of EPCES Member</b> | <b>Shakapally, Vamshi</b><br>Genpact India  |
| <b>Query from Member</b>       | We have deposited an advance duty amount at the time of the Genpact India Unit 2 @ DLF Gachibowli Hyderabad exit which was closed in 2021. We have a balance of INR 10,49,635/- which I requested officers and NSDL for duty transfer from Genpact India Pvt Ltd Unit 2 To Genpact India Pvt Ltd Unit 3, however, haven't got clarity on the process to |

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|                                   | get this transfer done. I need your approval for duty transfer from the closed unit (Unit 2) to the active unit Genpact India Pvt Ltd (unit 3 – Located at Pocharam) or refund. as this has been delayed for a long time and this need to be updated on the finance books for closure on priority.  |
| <b>Response by Grant Thornton</b> | We understand that the unit wishes to transfer/apply for refund of excess duty amount pending with the authorities.<br><br>In this regard, request you to kindly connect with the relevant Customs jurisdictional authorities along with relevant supporting documents/information. The authorities may provide the relevant procedure to be followed for transfer/refund of said excess duty paid. |

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| <b>S.No. 121</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Ch. S. S. Sekhar</b><br>R.d-EPCES-VSEZ  |
| <b>Query from Member</b>          | One of the units i.e. Unit No 2 @ DLF Gachibowli, Hyderabad was closed in the year 2021 and has an advance duty balance in that unit account INR 10,49,635/- The unit approached the NSDL and requested officers of NSDL for duty transfer from Genpact India Pvt Ltd Unit 2 To Genpact India Pvt Ltd Unit 3(located at Pocharam) which is the same jurisdiction of DC. They informed the unit to approach the Customs office. The Customs office confirmed that this unit existed in 2021. Now they do not have any access for checking these details. And they informed to take help from NSDL team to transfer the amount from unit 2 to unit 3. Now the NSDL informed the unit “ Duty is paid to Customs i.e. treasury a/c of Govt. of India. The unit will have to apply to Customs jurisdiction for a refund.” Please provide the procedures available for getting the refund of the advance duty amount or else transfer to the existing unit.  |
| <b>Response by Grant Thornton</b> | Section 27 of the Customs Act, 1962, allows any person who has paid duty in accordance with an assessment order or has borne the cost of such duty, to apply for a refund to the Assistance Commissioner (AC) or Deputy Commissioner of Customs (DC). The refund application can be filed within 6 months, as prescribed by law. According to Section 27A of the Customs Act, 1962, if an applicant’s refund of duty, which has been ordered under section 27, is not issued within 3 months from the date of receipt of application, then interest will be applicable as stated in this section. Following is the process to claim the refund: An application for refund of duty/interest shall be filed in accordance with the regulation outlined in the Customs Refund Application (Forms) Regulation Act of 1995 The claim for duty/interest should be submitted to the Assistant Commissioner or Deputy commissioner of Customs who has jurisdiction over the area where such duty/interest was paid Acknowledgement for the claim should be obtained from the proper officer after examining the application for completeness, within 10 working days from the date of application. The date on which the acknowledgement is given by the proper officer will serve as the basis for calculating the interest payable under Section 27A The applicant should enclose documents that are considered necessary in support of the claim. Hence, we are of the view that the unit should submit a request letter to the AC or DC of Customs under whose jurisdiction the duty was paid. This letter should clearly outline the issue in detail and indicate that the NSDL has already transferred the relevant amount to the treasury account of the Government of India. |

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| <b>S.No. 122</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Srinivas Vannela</b>   |
| <b>Query from Member</b>          | We are SEZ developers, GMR Hyderabad Aviation SEZ Limited. With reference to the operations of the SEZ, we have 11 employees working for our SEZ for whom we want to procure laptops for which can we claim the GST exemptions.   |
| <b>Response by Grant Thornton</b> | We understand that laptops procured would be solely used for the authorised operations of developer. Accordingly, same may be procured under zero rated supplies by a SEZ developer/ unit. Needless to mention, seller must hold a valid LUT (under GST law) for the said financial year. |

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| <b>S.No. 123</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Girish Kumar</b><br>ZycusInfotech Private Limited   |
| <b>Query from Member</b>          | Whether an existing unit is eligible for GST exemption (IGST zero rate) for service fee bill against renewal of lease of SEZ unit (Pvt SEZ Bengaluru) under the head of real estate service? We have applied for updating GST exemption list at Bengaluru SEZ and approval committee rejected it without giving any clarification of it. But many units got exemption in the past and now approval committee is rejecting exemption application. Is there any amendment happened recently for this or is it discretionary power of DC SEZ to allow or not allow exemption?   |
| <b>Response by Grant Thornton</b> | We understand that the SEZ unit has renewed its lease term with SEZ developer, wherein the SEZ developer has raised invoice for service fee claiming expense incurred on account of said lease renewal, which is a one-time expense for SEZ unit and is discrete from regular monthly lease invoice raised by developer.<br><br>Further, it is pertinent to note that such one-time service would not form part of existing uniform list of services as issued by the Ministry of Commerce & Industry, Department of Commerce (SEZ Section). Hence, for availing zero rated benefit on additional services not forming part of uniform list of services, units are required to get approval from Office of the Development Commissioner through Unit Approval Committee (UAC). Accordingly, we are of the concise view that the unit may apply to the DC office for approval of procurement of said services under zero rated supplies considering the same shall be used for authorised operations of the unit. |

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| <b>S.No. 124</b>               |  |
| <b>Details of EPCES Member</b> | <b>Jaimin Prajapat</b><br>CNK Khandwala  |
| <b>Query from Member</b>       | We are in GIFT SEZ. We had some queries regarding Service invoices for filling on SEZ Online Portal (NSDL Portal) as follows:<br><br>1. As we are SEZ unit, and we take services from SEZ unit then where we must file those invoices on SEZ Online Portal?<br><br>2. If we Import service from abroad then where we must file those Imported Service invoices on SEZ Online Portal? |

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| <b>Response by Grant Thornton</b> | It is to be noted that service procured from another SEZ unit is required to be reported in the DTA Service Procurement Form (DSPF). Further, details of services imported from outside India are required to be reported at the time of filing Annual Performance Report (APR). |
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| <b>S.No. 125</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Srinivas Vannela</b>   |
| <b>Query from Member</b>          | Can we claim GST exemption on the laptops.  |
| <b>Response by Grant Thornton</b> | <p>Please note that tax exemptions are provided to a SEZ unit for any procurements made for undertaking its authorised operations, as mentioned in the approval letter granted to the unit or as mentioned in the uniform list of services as provided for SEZ unit. We are of the concise view that exemption from tax can be availed by the units if:</p> <ul style="list-style-type: none"> <li>- it is forming part of authorised operation and</li> <li>- seller has valid LUT under GST law.</li> </ul> |

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| <b>S.No. 126</b>                  |  |
| <b>Details of EPCES Member</b>    | <b>Prakash Thakur</b><br>Gift SEZ  |
| <b>Query from Member</b>          | Request you to please provide the details as to whether the Specified officer has power to issue Circular. Requesting to please send similar circular issued for other SEZs which gives clarity on endorsement of Invoice even for the transaction done within the SEZ (i.e. transaction between Developer and Co developer, Unit within the same SEZ)   |
| <b>Response by Grant Thornton</b> | Please note that as per Rule 30 of SEZ Rules, 2006, authority in relation to endorsement of invoices lies with the Specified Officer (SO) of relevant jurisdiction. Accordingly, the SO may issue clarification/instruction within its jurisdiction for bringing uniformity in the procedures. Further, any clarification/instruction issued by the office of SO may be obtained from their corresponding jurisdictional office. |

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| <b>S.No. 127</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Benny Verghese</b><br>Sance Laboratories Private Limited   |
| <b>Query from Member</b>          | We are an EOU involved in manufacturing of Antibiotics. As part of our operations, we import goods under Notification No. 52/2003-Customs We would appreciate if you could kindly clarify the applicability of Health Cess on goods imported by EOUs under the aforementioned notification.   |
| <b>Response by Grant Thornton</b> | Section 139 of Finance Bill 2020 notified by Notification No 08/2020 provides for levy of Health Cess on goods imported into India at the rates specified in the fourth schedule for the purpose of financing health infrastructure and services. Health cess is applicable on all goods falling under headings 9018, 9019, 9020, 9021 and 9022 of the First Schedule to the Customs Tariff Act, 1975 at the rate of 5%. Exemption from Health Cess is provided |

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| <b>Response by Grant Thornton</b> | for certain categories of goods or for goods imported from specific countries or both i.e. exemption provided on import of certain goods from Singapore, Malaysia, etc. Hence, exemption from Health cess has not been provided to EOU on import consignment. Further, no amendment has been made in Notification 52/2003 to provide exemption to EOU units from applicability of Health cess. |
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| <b>S.No. 128</b>                  |   |
| <b>Details of EPCES Member</b>    | <b>Prakash Thakur</b><br>Gujarat International Finance Tec-city   |
| <b>Query from Member</b>          | Will you please provide Procedure to bring Returnable Material in any SEZ Area.   |
| <b>Response by Grant Thornton</b> | <p>Please note that as per Rule 48(3) of SEZ Rules which states that “Where goods procured from DTA by a Unit are supplied back to the DTA, as it is or without substantial processing, such goods shall be treated as re-imported goods and shall be subject to such procedure and conditions as applicable in the case of normal re-import of goods from outside India. Provided that in the case where such goods are supplied back to DTA, as it is, and where the import duty on such goods is “Nil” and while procurement of such goods no export benefits were allowed against such goods, the Unit may be allowed to supply back such goods to DTA on the basis of invoice only and filing of Bill of Entry in such cases shall not be required.”</p> <p>Accordingly, the unit may bring the returnable material by following the provisions.</p> |

## Zone wise SEZ Unit wise Share and Growth Comparison (June 2022 vs. June 2023) and Quarterly Growth (Q1 2022 vs. Q1 2023) in USD Mn

| S.No | Zone         | SEZs  | June 2022    | % Sharing   | June 2023    | % Sharing   | Growth %    | April-June (2022) | April-June (2023) | April-June Growth |
|------|--------------|---|--------------|-------------|--------------|-------------|-------------|-------------------|-------------------|-------------------|
| 1    | Cochin SEZ   | Mangalore Special Economic Zone                                 | 118          | 57%         | 84           | 41%         | -29%        | 280               | 221               | -21%              |
|      |              | Biocon Special Economic Zone                                    | 36           | 17%         | 42           | 20%         | 14%         | 59                | 88                | 48%               |
|      |              | Cochin Special Economic Zone                                    | 25           | 12%         | 29           | 14%         | 14%         | 74                | 78                | 5%                |
|      |              | Kiadb Aerospace Sez   | 13           | 6%          | 34           | 16%         | 155%        | 68                | 71                | 4%                |
|      |              | Aequs Sez Private Limited                                       | 9            | 4%          | 10           | 5%          | 9%          | 25                | 27                | 6%                |
|      |              | Kiadb Sez Hassan - Textiles                                     | 3            | 1%          | 2            | 1%          | -10%        | 8                 | 7                 | -12%              |
|      |              | Kiadb Pharmaceutical Special Economic Zone                      | 1            | 1%          | 3            | 2%          | 139%        | 5                 | 9                 | 93%               |
|      |              | Rga Infrastructure  | 1            | 0.4%        | 0.00         | 0.001%      | -100%       | 1                 | 0.002             | -100%             |
|      |              | Wipro Limited - Sarjapur  | 1            | 0.4%        | 0.10         | 0.05%       | -87%        | 1                 | 0.20              | -74%              |
|      |              | Cessna Business Park  | 1            | 0.3%        | 0.32         | 0.15%       | -43%        | 1                 | 1                 | -56%              |
|      |              | Rest Others   | 1            | 0.3%        | 1            | 1%          | 67%         | 2                 | 5                 | 101%              |
|      |              | <b>Total</b>  | <b>209</b>   | <b>100%</b> | <b>205</b>   | <b>100%</b> | <b>-2%</b>  | <b>525</b>        | <b>506</b>        | <b>-4%</b>        |
| 2    | Falta SEZ    | Vedanta Aluminium Ltd.  | 258          | 88%         | 221          | 86%         | -14%        | 865               | 682               | -21%              |
|      |              | Manikanchan Special Economic Zone                               | 19           | 6%          | 9            | 4%          | -52%        | 30                | 24                | -21%              |
|      |              | Falta Special Economic Zone                                     | 13           | 4%          | 26           | 10%         | 97%         | 68                | 64                | -6%               |
|      |              | Saraf Agencies Pvt. Ltd.  | 4            | 2%          |              | 0.0%        | -100%       | 12                | 4                 | -71%              |
|      |              | Tata Steel Special Economic Zone Limited                        |              | 0%          | 0            | 0.05%       |             |                   | 0                 |                   |
|      |              | <b>Total</b>  | <b>294</b>   | <b>100%</b> | <b>256</b>   | <b>100%</b> | <b>-13%</b> | <b>975</b>        | <b>774</b>        | <b>-21%</b>       |
| 3    | Kandla SEZ   | Reliance Jamnagar Sez   | 3,276        | 79%         | 2,225        | 79%         | -32%        | 9,746             | 6,490             | -33%              |
|      |              | Surat Special Economic Zone                                     | 374          | 9%          | 92           | 3%          | -75%        | 918               | 292               | -68%              |
|      |              | Kandla Special Economic Zone                                    | 177          | 4%          | 62           | 2%          | -65%        | 454               | 241               | -47%              |
|      |              | Dahej Sez   | 109          | 3%          | 108          | 4%          | -1%         | 311               | 289               | -7%               |
|      |              | Adani Ports And Special Economic Zone                           | 84           | 2%          | 205          | 7%          | 144%        | 308               | 390               | 26%               |
|      |              | Zydus Infrastructure Pvt. Ltd.                                  | 54           | 1%          | 37           | 1%          | -32%        | 152               | 211               | 39%               |
|      |              | Sterling Sez And Infrastructure Limited                         | 37           | 1%          | 46           | 2%          | 23%         | 92                | 107               | 16%               |
|      |              | Jubilant Infrastructure Ltd.                                    | 7            | 0.18%       | 11           | 0.40%       | 53%         | 23                | 28                | 23%               |
|      |              | Gujarat Industrial Development Corporation(Electronic Park Sez) | 6            | 0.15%       | 6            | 0.20%       | -8%         | 13                | 15                | 18%               |
|      |              | Hbs Auto And ANC SEZ Pvt. Ltd.                                  | 4            | 0.10%       | 7            | 0.24%       | 65%         | 13                | 20                | 55%               |
|      |              | Rest All  | 8            | 0.18%       | 5            | 0.16%       | -41%        | 21                | 14                | -35%              |
|      |              | <b>Grand Total</b>  | <b>4,136</b> | <b>100%</b> | <b>2,803</b> | <b>100%</b> | <b>-32%</b> | <b>12,051</b>     | <b>8,097</b>      | <b>-33%</b>       |
| 4    | MEPZ Chennai | MEPZ Special Economic Zone                                      | 41           | 14%         | 36           | 12%         | -11%        | 111               | 104               | -6%               |
|      |              | Aspen Park Infra Coimbatore Pvt Ltd                             | 35           | 12%         | 26           | 9%          | -25%        | 84                | 97                | 15%               |
|      |              | Mahindra World City Developers Limited (Auto Engineering)       | 32           | 11%         | 32           | 11%         | -1%         | 99                | 94                | -5%               |
|      |              | Cheyyar SEZ Developers Pvt. Ltd                                 | 31           | 11%         | 26           | 9%          | -16%        | 89                | 80                | -10%              |
|      |              | SIPCOT Limited Transport Engineering (Gangaikondan)             | 28           | 10%         | 20           | 7%          | -30%        | 80                | 62                | -22%              |
|      |              | Larsen & Toubro Limited-Kattupalli                              | 22           | 8%          | 1            | 0%          | -97%        | 36                | 13                | -64%              |
|      |              | Nokia Telecom SEZ   | 19           | 7%          | 28           | 10%         | 49%         | 62                | 86                | 39%               |
|      |              | SIPCOT Limited Growth Center (Oragadam)                         | 17           | 6%          | 22           | 8%          | 32%         | 41                | 54                | 32%               |
|      |              | M/S. Cheyyar SEZ Developers Pvt Ltd.                            | 16           | 6%          | 19           | 7%          | 21%         | 47                | 50                | 6%                |
|      |              | J. Matadee Chennai Free Trade Zone                              | 15           | 5%          | 35           | 12%         | 144%        | 56                | 76                | 36%               |
|      |              | Rest all  | 26           | 9%          | 43           | 15%         | 66%         | 76                | 122               | 61%               |
|      |              | <b>Grand Total</b>  | <b>282</b>   | <b>100%</b> | <b>289</b>   | <b>100%</b> | <b>3%</b>   | <b>780</b>        | <b>837</b>        | <b>7%</b>         |

| S.No | Zone             | SEZs  | June 2022  | % Sharing   | June 2023  | % Sharing   | Growth %    | April-June (2022) | April-June (2023) | April-June Growth |
|------|------------------|---|------------|-------------|------------|-------------|-------------|-------------------|-------------------|-------------------|
| 5    |                  | Indore Special Economic Zone                            | 129        | 45%         | 110        | 51%         | -15%        | 323               | 315               | -3%               |
|      |                  | Noida Special Economic Zone                             | 66         | 23%         | 52         | 24%         | -21%        | 176               | 152               | -14%              |
|      |                  | Arshiya Northern FTWZ Limited                           | 39         | 14%         | 2          | 1%          | -95%        | 75                | 17                | -77%              |
|      |                  | RIICO SEZ-II, Sitapura                                  | 21         | 7%          | 21         | 10%         | -1%         | 63                | 80                | 27%               |
|      |                  | Mahindra World City (Jaipur) Ltd. - (Multi Product SEZ) | 13         | 5%          | 13         | 6%          | -1%         | 40                | 40                | -1%               |
|      |                  | Sun Pharmaceutical Industries Ltd                       | 6          | 2%          | 5          | 2%          | -8%         | 23                | 11                | -54%              |
|      |                  | RIICO SEZ-I,Sitapura                                    | 4          | 1%          | 5          | 2%          | 24%         | 13                | 14                | 5%                |
|      |                  | GTV Tech SEZ Pvt Ltd                                    | 3          | 1%          | 3          | 2%          | -3%         | 7                 | 4                 | -50%              |
|      |                  | Moradabad Special Economic Zone                         | 3          | 1%          | 3          | 2%          | 9%          | 9                 | 10                | 14%               |
|      |                  | Candor Gurgaon One Realty Projects Pvt. Ltd             | 0          | 0.01%       | 0          | 0.00006%    | -99%        | 0                 | 0                 | 387%              |
|      |                  | Rest all  | 0          | 0.001%      | 0          | 0.12%       | 15427%      | 0                 | 2                 | 452%              |
|      |                  | <b>Grand Total</b>                                      | <b>283</b> |             | <b>214</b> | <b>100%</b> | <b>-24%</b> | <b>730</b>        | <b>644</b>        | <b>-12%</b>       |
| 6    | SEEPZ Mumbai     | Seepz Special Economic Zone                             | 260        | 63%         | 234        | 49%         | -10%        | 852               | 755               | -11%              |
|      |                  | Serum Bio-Pharma Park                                   | 49         | 12%         | 61         | 13%         | 25%         | 153               | 162               | 6%                |
|      |                  | Arshiya Ltd   | 36         | 9%          | 64         | 13%         | 79%         | 75                | 127               | 69%               |
|      |                  | Midc - Phaltan  | 25         | 6%          | 24         | 5%          | -3%         | 72                | 75                | 4%                |
|      |                  | Mihan Sez   | 14         | 3%          | 11         | 2%          | -16%        | 49                | 53                | 7%                |
|      |                  | Midc - Aurangabad                                       | 11         | 3%          | 8          | 2%          | -25%        | 37                | 26                | -30%              |
|      |                  | Sez Biotech Services Pvt. Ltd.                          | 8          | 2%          | 7          | 1%          | -21%        | 92                | 18                | -81%              |
|      |                  | Midc - Satara   | 7          | 2%          | 5          | 1%          | -23%        | 19                | 17                | -12%              |
|      |                  | Jawaharlal Nehru Port Trust Jnpt                        | 3          | 1%          |            | 0%          | -100%       | 7                 | -                 | -100%             |
|      |                  | Midc - Nanded   | 1          | 0.25%       | 2          | 0%          | 82%         | 2                 | 4                 | 101%              |
|      |                  | Rest All  | 1          | 0.17%       | 60         | 13%         | 8480%       | 1                 | 68                | 5313%             |
|      |                  | <b>Grand Total</b>                                      | <b>414</b> | <b>100%</b> | <b>477</b> | <b>100%</b> | <b>15%</b>  | <b>1,359</b>      | <b>1,305</b>      | <b>-4%</b>        |
| 7    | Viskhapatnam SEZ | Apiic Multic Product Sez                                | 77         | 17%         | 72         | 11%         | -6%         | 278               | 238               | -14%              |
|      |                  | Apiic Pharma Sez  | 67         | 14%         | 78         | 12%         | 17%         | 190               | 261               | 38%               |
|      |                  | Divis Laboratories Ltd                                  | 49         | 11%         | 56         | 9%          | 16%         | 188               | 109               | -42%              |
|      |                  | Apiic Limited(Naidupeta)                                | 37         | 8%          | 46         | 7%          | 25%         | 126               | 124               | -2%               |
|      |                  | Ramky Pharma City India Ltd                             | 31         | 7%          | 30         | 5%          | -5%         | 80                | 76                | -5%               |
|      |                  | Parry Infrastructure Company (P) Ltd                    | 31         | 7%          | 57         | 9%          | 87%         | 110               | 97                | -12%              |
|      |                  | Brandix India Apparel City Pvt. Ltd                     | 30         | 6%          | 19         | 3%          | -37%        | 64                | 60                | -7%               |
|      |                  | Visakhapatnam Special Economic Zone                     | 25         | 5%          | 148        | 23%         | 503%        | 80                | 309               | 285%              |
|      |                  | Divi'S Laboratories Limited                             | 17         | 4%          | 26         | 4%          | 52%         | 42                | 54                | 26%               |
|      |                  | Sri City Sez (Multi Product)                            | 17         | 4%          | 22         | 3%          | 29%         | 51                | 110               | 117%              |
|      |                  | Rest Of All   | 83         | 18%         | 94         | 15%         | 13%         | 246               | 305               | 24%               |
|      |                  | <b>Grand Total</b>                                      | <b>461</b> | <b>100%</b> | <b>647</b> | <b>100%</b> | <b>40%</b>  | <b>1,456</b>      | <b>1,742</b>      | <b>20%</b>        |

| Zone               | Countries                   | June 2022   | % Sharing    | June 2023   | % Sharing   | Growth %      | April-June (2022) | April-June (2023) | April-June Growth |
|--------------------|-----------------------------|-------------|--------------|-------------|-------------|---------------|-------------------|-------------------|-------------------|
| Cochin SEZ         | UNITED STATES               | 99          | 47%          | 28          | 14%         | -71%          | 232               | 76                | -67%              |
|                    | Singapore                   | 30          | 15%          | 2           | 1%          | -93%          | 33                | 6                 | -81%              |
|                    | Israel                      | 9           | 4%           | 26          | 13%         | 196%          | 57                | 53                | -6%               |
|                    | Saudi Arabia                | 8           | 4%           | 9           | 4%          | 2%            | 12                | 24                | 101%              |
|                    | Netherlands                 | 6           | 3%           | 7           | 3%          | 9%            | 13                | 13                | 5%                |
|                    | Brazil                      | 5           | 2%           | 3           | 1%          | -39%          | 7                 | 6                 | -10%              |
|                    | France                      | 4           | 2%           | 5           | 2%          | 26%           | 11                | 14                | 26%               |
|                    | Japan                       | 4           | 2%           | 3           | 1%          | -26%          | 9                 | 6                 | -38%              |
|                    | UNITED ARAB EMIRATES        | 4           | 2%           | 25          | 12%         | 609%          | 57                | 130               | 128%              |
|                    | United Kingdom              | 4           | 2%           | 4           | 2%          | 3%            | 10                | 10                | 3%                |
|                    | Rest all                    | 37          | 18%          | 94          | 46%         | 153%          | 85                | 167               | 98%               |
| <b>Grand Total</b> | <b>209</b>                  | <b>100%</b> | <b>205</b>   | <b>100%</b> | <b>-2%</b>  | <b>525</b>    | <b>506</b>        | <b>-4%</b>        |                   |
| Falta SEZ          | Mexico                      | 124         | 42%          | 5           | 2%          | -96%          | 205               | 67                | -67%              |
|                    | Netherlands                 | 34          | 12%          | 10          | 4%          | -69%          | 91                | 30                | -67%              |
|                    | UNITED STATES               | 25          | 8%           | 32          | 12%         | 29%           | 135               | 85                | -37%              |
|                    | KOREA,REPUBLIC OF           | 22          | 8%           | 67          | 26%         | 199%          | 28                | 151               | 438%              |
|                    | Italy                       | 22          | 7%           | 4           | 2%          | -81%          | 124               | 55                | -56%              |
|                    | UNITED ARAB EMIRATES        | 16          | 5%           | 9           | 4%          | -43%          | 26                | 27                | 3%                |
|                    | Taiwan                      | 9           | 3%           | 3           | 1%          | -66%          | 22                | 9                 | -58%              |
|                    | Germany                     | 8           | 3%           | 2           | 1%          | -76%          | 23                | 7                 | -72%              |
|                    | VIETNAM, DEMOCRATIC REP. OF | 5           | 2%           | 10          | 4%          | 115%          | 20                | 16                | -22%              |
|                    | Australia                   | 4           | 1%           | 2           | 1%          | -33%          | 12                | 6                 | -54%              |
|                    | Rest all                    | 26          | 9%           | 112         | 44%         | 324%          | 287               | 322               | 12%               |
| <b>Grand Total</b> | <b>294</b>                  | <b>100%</b> | <b>256</b>   | <b>100%</b> | <b>-13%</b> | <b>975</b>    | <b>774</b>        | <b>-21%</b>       |                   |
| SEEPZ Mumbai       | UNITED STATES               | 174         | 42%          | 140         | 29%         | -20%          | 594               | 519               | -13%              |
|                    | Hong Kong                   | 33          | 8%           | 18          | 4%          | -47%          | 69                | 51                | -26%              |
|                    | United Kingdom              | 18          | 4%           | 20          | 4%          | 13%           | 55                | 50                | -9%               |
|                    | China                       | 18          | 4%           | 9           | 2%          | -49%          | 34                | 28                | -19%              |
|                    | UNITED ARAB EMIRATES        | 17          | 4%           | 94          | 20%         | 455%          | 43                | 154               | 259%              |
|                    | Australia                   | 13          | 3%           | 14          | 3%          | 10%           | 41                | 35                | -14%              |
|                    | France                      | 11          | 3%           | 14          | 3%          | 25%           | 41                | 44                | 7%                |
|                    | Kenya                       | 9           | 2%           | 1           | 0%          | -88%          | 10                | 16                | 54%               |
|                    | Belgium                     | 8           | 2%           | 7           | 1%          | -14%          | 17                | 17                | -3%               |
|                    | Uzbekistan                  | 7           | 2%           | 2           | 1%          | -66%          | 7                 | 5                 | -33%              |
|                    | Rest of the Countries       | 105         | 25%          | 158         | 33%         | 50%           | 447               | 388               | -13%              |
| <b>Grand Total</b> | <b>414</b>                  | <b>100%</b> | <b>477</b>   | <b>100%</b> | <b>15%</b>  | <b>1,359</b>  | <b>1,305</b>      | <b>-4%</b>        |                   |
| Kandla SEZ         | UNITED STATES               | 506         | 12%          | 432         | 15%         | -15%          | 1,346             | 1,368             | 2%                |
|                    | Hong Kong                   | 324         | 8%           | 38          | 1%          | -88%          | 768               | 129               | -83%              |
|                    | UNITED ARAB EMIRATES        | 323         | 8%           | 119         | 4%          | -63%          | 1,133             | 417               | -63%              |
|                    | Australia                   | 308         | 7%           | 363         | 13%         | 18%           | 773               | 907               | 17%               |
|                    | Indonesia                   | 227         | 5%           | 113         | 4%          | -50%          | 742               | 439               | -41%              |
|                    | Oman                        | 225         | 5%           | 14          | 0%          | -94%          | 451               | 137               | -70%              |
|                    | Israel                      | 222         | 5%           | 260         | 9%          | 17%           | 535               | 338               | -37%              |
|                    | South Africa                | 208         | 5%           | 61          | 2%          | -71%          | 460               | 151               | -67%              |
|                    | Singapore                   | 203         | 5%           | 218         | 8%          | 8%            | 378               | 411               | 9%                |
|                    | Netherlands                 | 163         | 4%           | 197         | 7%          | 21%           | 407               | 977               | 140%              |
|                    | Rest                        | 1,427       | 34%          | 989         | 35%         | -31%          | 5,058             | 2,823             | -44%              |
| <b>Grand Total</b> | <b>4,136</b>                | <b>100%</b> | <b>2,803</b> | <b>100%</b> | <b>-32%</b> | <b>12,051</b> | <b>8,097</b>      | <b>-33%</b>       |                   |

| Zone             | Countries             | June 2022  | % Sharing   | June 2023  | % Sharing   | Growth %    | April-June (2022) | April-June (2023) | April-June Growth |
|------------------|-----------------------|------------|-------------|------------|-------------|-------------|-------------------|-------------------|-------------------|
| MEPZ Chennai     | UNITED STATES         | 109        | 39%         | 83         | 29%         | -24%        | 294               | 229               | -22%              |
|                  | Singapore             | 24         | 9%          | 9          | 3%          | -62%        | 43                | 19                | -54%              |
|                  | Germany               | 22         | 8%          | 24         | 8%          | 9%          | 68                | 63                | -7%               |
|                  | China                 | 16         | 6%          | 19         | 7%          | 17%         | 56                | 70                | 25%               |
|                  | France                | 14         | 5%          | 9          | 3%          | -33%        | 37                | 60                | 63%               |
|                  | Brazil                | 12         | 4%          | 4          | 1%          | -67%        | 22                | 10                | -53%              |
|                  | Belgium               | 11         | 4%          | 16         | 5%          | 44%         | 28                | 35                | 26%               |
|                  | Netherlands           | 9          | 3%          | 22         | 8%          | 151%        | 24                | 77                | 223%              |
|                  | Turkey                | 5          | 2%          | 4          | 1%          | -19%        | 8                 | 12                | 57%               |
|                  | Mexico                | 5          | 2%          | 4          | 1%          | -14%        | 16                | 12                | -21%              |
|                  | Rest                  | 55         | 20%         | 94         | 33%         | 71%         | 186               | 249               | 34%               |
|                  | <b>Grand Total</b>    | <b>282</b> | <b>100%</b> | <b>289</b> | <b>100%</b> | <b>3%</b>   | <b>780</b>        | <b>837</b>        | <b>7%</b>         |
| Noida SEZ        | UNITED STATES         | 68         | 24%         | 31         | 30%         | -54%        | 212               | 150               | -29%              |
|                  | Lithuania             | 38         | 13%         | 0          | 0.018%      | -100%       | 69                | 0                 | -100%             |
|                  | UNITED ARAB EMIRATES  | 27         | 9%          | 17         | 16%         | -35%        | 58                | 64                | 10%               |
|                  | France                | 10         | 3%          | 6          | 6%          | -39%        | 24                | 20                | -17%              |
|                  | Zimbabwe              | 9          | 3%          |            | 0%          | -100%       | 9                 | 1                 | -93%              |
|                  | United Kingdom        | 9          | 3%          | 6          | 6%          | -32%        | 29                | 24                | -18%              |
|                  | Tanzania              | 8          | 3%          | 0          | 0.15%       | -98%        | 8                 | 8                 | -5%               |
|                  | Germany               | 7          | 3%          | 6          | 6%          | -13%        | 25                | 25                | 0%                |
|                  | Ethiopia              | 7          | 2%          | 0          | 0.0013%     | -100%       | 7                 | 4                 | -46%              |
|                  | Rwanda                | 5          | 2%          | -          | 0%          | -100%       | 5                 | 2                 | -71%              |
|                  | Rest of the Countries | 95         | 34%         | 38         | 36%         | -61%        | 283               | 238               | -16%              |
|                  | <b>Grand Total</b>    | <b>283</b> | <b>100%</b> | <b>105</b> | <b>100%</b> | <b>-63%</b> | <b>730</b>        | <b>535</b>        | <b>-27%</b>       |
| Vishkapatnam SEZ | UNITED STATES         | 168        | 36%         | 295        | 46%         | 76%         | 495               | 732               | 48%               |
|                  | UNITED ARAB EMIRATES  | 24         | 5%          | 9          | 1%          | -63%        | 38                | 27                | -30%              |
|                  | Italy                 | 17         | 4%          | 6          | 1%          | -62%        | 50                | 24                | -53%              |
|                  | Puerto Rico           | 15         | 3%          | 0          | 0%          | -100%       | 67                | 0.0548            | -100%             |
|                  | Egypt                 | 15         | 3%          | 4          | 1%          | -72%        | 31                | 17                | -45%              |
|                  | YEMEN, DEMOCRATIC     | 15         | 3%          | 2          | 0%          | -85%        | 34                | 13                | -60%              |
|                  | Japan                 | 14         | 3%          | 14         | 2%          | -4%         | 35                | 34                | -5%               |
|                  | Sudan                 | 11         | 2%          | 49         | 8%          | 327%        | 11                | 56                | 387%              |
|                  | Germany               | 10         | 2%          | 19         | 3%          | 98%         | 35                | 45                | 27%               |
|                  | Sri Lanka             | 8          | 2%          | 5          | 1%          | -32%        | 21                | 14                | -33%              |
|                  | Rest of the Countries | 165        | 36%         | 243        | 38%         | 48%         | 637               | 780               | 22%               |
|                  | <b>Grand Total</b>    | <b>461</b> | <b>100%</b> | <b>647</b> | <b>100%</b> | <b>40%</b>  | <b>1,456</b>      | <b>1,742</b>      | <b>20%</b>        |

# ABOUT EPCES

Export Promotion Council for EOUs &SEZs (EPCES) is a multi-product Export Promotion Council set up by the Ministry of Commerce and Industry in January 2003, representing the interests of SEZ units, SEZ developers and Export Oriented Units. It has more than 5300 members with 4100 SEZ units, 350 SEZ developers and 850 EOUs. In FY 2022-23, total exports of goods and services from SEZs were recorded at US\$ 155 billion which is about 20.8 % of India's total exports of goods and services at US\$ 745.3 billion. Exports of goods from SEZs were at US\$ 61.6 billion constituting 13.7% of India's total exports of goods at US\$ 450.4 billion while export of services were US\$ 94.2 billion constituting 31.9% of India's total exports of services at US\$ 294.9 billion. There are about 5655 units functioning in 272 operational SEZs providing an employment of 28.69 lakh persons with a total investment of about Rs 6.5 lakh cr.

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