



ZONE-WISE MERCHANDISE EXPORTS

(in USD Mn)

ZONE	2022-23	December		Growth (%)	April to December		Growth (%)	% Share
		2022	2023		2022	2023		
Kandla SEZ	38,860	3,131	2,791	-11%	30,057	25,424	-15%	56%
Vishakhapatnam SEZ	6,194	532	888	67%	4,511	5,518	22%	12%
SEEPZ Mumbai	5,253	360	588	63%	4,154	4,711	13%	10%
Falta SEZ	3,413	257	362	41%	2,570	2,868	12%	6%
Noida SEZ	2,808	227	396	74%	2,120	2,615	23%	6%
MEPZ SEZ	3,237	290	279	-4%	2,471	2,361	-4%	5%
Cochin SEZ	1,852	161	256	59%	1,380	1,541	12%	3%
Grand Total	61,617	4,959	5,560	12%	47,264	45,038	-5%	100%

ZONE-WISE SERVICES EXPORTS

(in USD Mn)

Zone	2022-23	December		Growth (%)	April to December		Growth (%)	% Share
		2022	2023		2022	2023		
Cochin SEZ	27932.7	2655.5	2666.4	0%	20157.6	19407.1	-4%	28%
SEEPZ Mumbai	17979.3	1813.5	1809.1	0%	13696.8	12912.4	-6%	19%
Vishakhapatnam SEZ	16110.8	1744.2	1888.5	8%	11976.7	12722.9	6%	19%
MEPZ SEZ	18265.0	1789.1	1712.6	-4%	13947.6	12504.2	-10%	18%
Noida SEZ	9281.8	892.6	990.2	11%	6997.7	7207.5	3%	11%
Falta SEZ	2952.2	320.8	326.7	2%	2215.9	3038.9	37%	4%
Kandla SEZ	1701.5	102.8	43.5	-58%	822.9	764.2	-7%	1%
Grand Total	94223.2	9318.3	9437.0	1%	69815.2	68557.2	-2%	100%

MERCHANDISE & SERVICES EXPORTS FROM SEZS

(in USD Mn)

Description	2022-23	December		Growth (%)	April-December		Growth (%)
		2022	2023		2022	2023	
Goods/Merchandise Exports	61616.6	4959.3	5560.4	12%	47263.8	45037.8	-5%
Services Exports	94223.2	9318.3	9437.0	1%	69815.2	68557.2	-2%
Grand Total	155839.8	14277.6	14997.4	5%	117079.0	113595.0	-3%

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EPCES NEWS

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

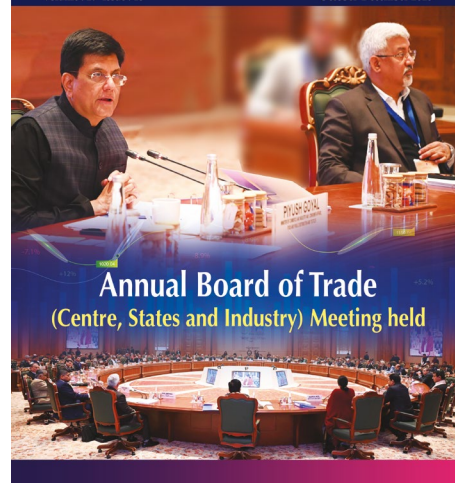
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EPCES NEWS

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Alok Vardhan Chaturvedi
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Bhuvnesh Seth
Chairman, EPCES

As regards SEZs, during Apr-Dec period, exports of Goods and Services from SEZ declined by 3%, exports of Goods declined by 5%, export of Services by 2%. Sale of Goods to DTA from SEZs remained similar. During the same period, imports of Goods from SEZs declined by 2% and procurement of Goods from DTA by SEZs declined by 5%.

Dear Friends

It appears that there is no end to difficulties for international trade. As if problems due to conflict between Israel and Hamas, Russia-Ukraine war and adverse US-China relations were not bad enough, Houthis attacks on international cargo ships through the Red Sea route has led to rerouting of shipments through the Cape of Good Hope leading to delayed sailings and a significant increase in freight rates to Europe.

While decline in Merchandise Exports has further moderated to 5.6% to US\$ 317.12 billion during Apr-Dec period on YoY basis, Services exports have increased by 3.5% to US\$ 247.92 billion. Of the 30 principal Commodity Groups, exports have increased in respect of 14 groups while exports have declined in 16 groups. In the major commodity groups, exports of Petroleum products were down by 15.6%, Engineering Goods down by 0.4%, Gems & Jewellery down by 24.11%, Chemicals down by 11.9%, RMG of all Textiles down by 14.36% while exports of Electronic Goods increased by 22.24% and Drugs & Pharmaceuticals increased by 8.20%.

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You will be happy to know that, on the EPCES initiative, Government has responded positively providing exemptions for SEZs and EOUs from Safeguard Quantitative Restrictions imposed on import of Isopropyl Alcohol, import authorization for import of IT hardware, restrictions on movements of used IT assets (Laptops, Desktops, Monitors, Printers) from SEZ to DTA. Further, SEZ rules were amended for extending hybrid working up to 31.12.2024 and for demarcation of non-processing area for IT/ITES SEZs.

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.

Wishing you all a very happy and prosperous New Year !!!

Bhuvnesh Seth



Alok Vardhan Chaturvedi
Director General, EPCES

As Governor RBI has brought out in his statement on 8.12.2023, the Indian Economy, however, presents a picture of resilience and momentum. The real gross domestic product (GDP) posted a robust growth of 7.6% in Q2:2023-24, driven by investment and government consumption. As per the First Advance Estimates, Indian Economy is expected to grow by 7.3% in FY 2023-24 over and above the growth of 7.2% during FY 2022-23.

Dear Members

As per World Bank's latest Global Economic Prospects report, Global trade in goods and services grew by a meagre 0.2 per cent in 2023, marking the slowest expansion outside of global recessions in 50 years. Meanwhile, global trade is projected to grow by 2.3 per cent in 2024. Goods trade actually contracted, impacted by declines in key advanced economies and a slowdown in emerging and developing economies. Services trade also lost momentum in the second half of 2023.

The Red Sea is now far from a reliable shipping route for Indian businesses. Recent attacks on cargo ships have resulted in skyrocketing container prices, stretched transit times, and a paralyzing climate of uncertainty. With container costs surging by up to 400% and routes diverted around Africa, Indian exports face a double whammy of competitiveness loss and logistical nightmares.

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While decline in Merchandise Exports has further moderated to 5.6% to US\$ 317.12 billion during Apr-Dec period on YoY basis, Services exports have increased by 3.5% to US\$ 247.92 billion. As regards SEZs, exports of Goods and Services declined by 3%, exports of Goods declined by 5%, export of Services by 2%.

As regards the DESH Bill, there appears to be some deadlock as the hope of bringing Amendments in SEZ Act in the winter Session of Parliament have been belied. There has been policy uncertainty about SEZs for too long since the announcement of Union Finance Minister in February 2022.

EPCES has organised a webinar on "Clarifications regarding Demarcation of Non-Processing Area in IT/ITES SEZs under newly inserted SEZ Rule 11B" on 20.12.2023 at Vanijya Bhawan. A special interaction with officials of M/o Environment, Forests & Climate Change on Extended Producers Responsibility on 29.9.2023 in Paryavaran Bhawan was also organised.

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.

With best wishes for a happy and prosperous New Year.

Alok V Chaturvedi

Annual Board of Trade (Centre, States and Industry) Meeting held

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal today chaired the second meeting of the reconstituted Board of Trade held at Bharat Mandapam, New Delhi today. Shri Goyal announced initiation of work on



Posted On: 16 JAN 2024 5:34 PM by PIB Delhi

Trade Connect ePlatform, an intermediary platform providing the facility to connect Indian exporters and entrepreneurs with various stakeholders in international trade will commence shortly.

The ePlatform is expected to provide facilitation for new and aspiring exporters, information on various regulations to access markets, sectors, export trends, easy

access of benefits under Free Trade Agreements, access to sector specific events along with a facility to address trade related queries to officials in Government of India and associated entities to get expert advice. The platform is likely to be ready in 3-4 months' time period.

In his opening remarks, Shri Goyal said that the Board of Trade meeting is an opportunity to deliberate on the key issues including how to leverage the FTAs for our benefit, how to encourage the Startups/MSMEs to go beyond our borders and start exporting, boosting exports also from the services sector which remains a key driver of export growth from the country.

Shri Goyal stressed on the need to internationalise the goods and services to help in improving the quality of the products and also to have economies of scale. He further emphasised on making exports a people's movement with the States, Centre and the Industry, all playing an equal role in accelerating Indian exports.

The Minister emphasised on the pro-active role to be played by the States/UTs to achieve higher exports and contribute to the nation building process. He further assured that all the issues raised by the participants will be addressed and the suggestions made by them in the meeting today will be considered by the concerned. While talking of potential in service exports, the Minister emphasised on Education, Tourism and Audio-Visual services as the areas with huge potential.

The Board of Trade meeting focused on reviewing the export performance to achieve the \$2 trillion export target for year 2030, the priorities identified in the new Foreign Trade Policy (FTP) 2023 and the strategies and measures to be adopted in order to take forward the export growth. The reconstituted Board of Trade provides an opportunity to have regular discussions and consultations with trade





and industry and advises the Government on policy measures connected with the Foreign Trade Policy in order to achieve

the objectives of boosting India's trade.

It provides a platform to the State governments and UTs for sharing State-oriented perspectives on exports. It also acts as a platform for the Government of India for appraising State and UTs about international developments affecting India's trade and the role States and UTs can play in promoting exports. It remains an important mechanism for deliberations on trade related issues with Industry Bodies, Associations, Export Promotion Councils, and State/UT governments. The 29 non-official members were also invited for the Board of Trade meeting.

During the Board of Trade meeting, presentations were made on a variety of subjects such as India's Import/Export Performance and State export performance, PM Gati Shakti National Master Plan Multimodal Connectivity, Leveraging FTAs for boosting export growth, discussion on foreign trade vision, trade facilitation measures undertaken by customs, Convergence and expansion of Government e-Marketplace, reforms in Indian patent system, Intervention to boost Pharma exports etc.

Ministers from the States made interventions in the meeting, giving their State-specific suggestions, and also expressed their commitment to creating a favorable ecosystem in promoting the external trade.

The meeting saw the participation of Minister of State for Commerce and Industry, Ms. Anupriya Patel, Commerce Secretary, Shri Sunil Barthwal, Special Secretary, Logistics Smt. Sumita Dawra, Director General of Foreign Trade, Shri Santosh Sarangi and other senior officials and members of Indian Industry.

The meeting was attended by various State Ministers and other senior officials of key line ministries and States, all major trade and industry bodies, Export Promotion Councils and industry associations.

HIGHLIGHTS

1. India's export performance better than world average in the last seven years since 2016.
2. India's export performance better than the pessimistic estimates of UNCTAD for India with services exports doing much better than goods.
3. 80% exports from only few districts, thus, potential for growth in exports is huge. States shall focus on exports and form States EPCs and District EPCs and inclusion of other districts.
4. Invest India will shortly be working with states with few offices coming up. EPCs must work closely with Invest India and states for exports growth.
5. Focus on imports substitution to be there
6. Lessen the imports of Gold to lessen the trade deficit. Promote other asset class as it is the worst performing asset in terms of returns. Other measures to be devised such as easy Gold monetization so that there would be circulation of Gold in the country itself with lesser import dependency.
7. **DGFT:**
 - Digitisation on fast track so that it is centralised and offices of DGFT be closed down asap. This will help in curbing corruption and speed up the processes.
 - DGFT portal to be available in all regional languages soon.
 - DGFT offices to be converted to trade facilitation offices.
 - DGFT to launch Trade connect portal for trade facilitation to and from India. It will be helpful for Indian exporters as well as buyers interested to import from India.
8. **Export Promotion Councils**
 - All EPCs portals to be available in all regional languages to facilitate exports.
 - Many EPCs are not doing any value addition for exporters. It is to be kept in mind that RCMC is not to run EPCs, such EPCs will be closed down.
 - Cost benefit analysis of the RCMC for the EPCs to be conducted.
 - Cost benefit analysis of the MAI scheme to be done as seems to have not much impact on the exports.
 - Revised model bye laws to be implemented as per the prescribed timelines otherwise EPCs not abiding will be suspended.
 - Implementation of the revised bye laws will be checked after some time in the EPCs and if found not abiding there will be serious consequences.
9. E-commerce exports have lot of potential to grow but the targets are too optimistic. A committee with Government officials and Industry to be made today if they are to be met.
10. Usage of FTAs in India to be encouraged by all the stakeholders of the Indian export ecosystem.
11. EPCs to submit SPS and TBTs to DoC so as they can be addressed and not deter exports.

Commerce and Industry Minister Holds a Review Meeting with EPCs



Hon'ble Commerce & Industry Minister held a review meeting with Export Promotion Councils on October 9, 2023. Secretaries of the D/o Commerce, Dept. for Promotion of Industry and Internal Trade, M/o Textiles, DGFT and other senior officers participated in the discussions. Officer bearers of various EPCs joined the discussion. On behalf of EPCES, Shri Srikant Badiga, Vice Chairman, and Shri Tanu Aggarwal, Deputy Director-General participated in the meeting, physically and DG joined through VC.

DGFT made the presentation about the export performance in different sectors. Latest export performance is given below.

Vice Chairman raised the issues concerning SEZs and EOUs and the following observations were made:

- 1 DESH Bill:** The Commerce and Industry Minister expressed optimism regarding an impending announcement on the DESH Bill, indicating that while



not encompassing all benefits, certain advantages could be anticipated soon.

- 2 RoDTEP for SEZs and EOUs:** It was informed that there are budget constraints in extending RoDTEP to other sectors including to SEZs and EOUs. Discussions are on with Finance Ministry for additional allocation of funds under the scheme.
- 3 Automated Status Holders Certificates:** Hon'ble CIM inaugurated the Automatic Issue of Status Holders Certificates Application based on exports data received from DGCIS. Exports across the sectors appreciated the system.
- 4 Utilizing INR for Bilateral Currency Settlements:** It was stated that the facility of Bilateral Currency Settlements in INR should also be available to EOUs and SEZs too wherever RBI has announced bilateral currency settlements for export and import and it should be counted as foreign exchange earnings for the purpose of meeting positive NFE criteria.
- 5 Streamlining SEZ Online Systems:** The issue of integration of SEZ Online system with GSTN was discussed and need for physical endorsement of each and every invoices for supply of goods and services to SEZ units should be eliminated and should be made online. Similarly, reporting requirements for Services units in SEZs should also be simplified and they should not be asked to submit same information again and again in different reports.
- 6 Exemption to SEZs and EOUs for General Import Restrictions:** SEZs and EOUs imports various raw material for manufacturing exported products. Various Import Policy Restrictions such as application of Quality Control orders, filing on Import Monitoring System, MIPs, Port restrictions, etc. should not be applicable for imports by SEZ units and EOUs. Similarly, export ban should not be applicable to supplies from DTA to SEZ units which use these material as inputs for manufacturing export products.

Fact Sheet on Special Economic zones as on 31.12.2023
(Dedicated website: www.sezindia.nic.in)

Number of Formal approvals (As on 31.12.2023)	424				
Number of notified SEZs (As on 31.12.2023)	376 (Including 7 Central Govt. + 12State Govt. / Private Sector SEZs set up prior to the enactment of SEZ Act, 2005)				
Number of In-Principle Approvals (As on 31.12.2023)	35				
Operational SEZs	276				
Units approved in SEZs (As on 30 th September, 2023)	5,713				
Land for SEZs (As on 31.12.2023)	7 Central Govt. + 12 State Govt./ Pvt. SEZs notified before SEZ Act, 2005.	Notified SEZs under the SEZ Act, 2005	Total Notified SEZs Area (1+2)	Formally Approved SEZs (424-357)	Total Area (3+4)
	(1)	(2)	(3)	(4)	(5)
	2122.35 Ha	37615.91 Ha	39738.26 Ha	5487.33 Ha	45225.59 Ha
	Land is a State subject. Land for SEZs is procured as per the policy and procedures of the respective State Governments.				
INVESTMENT	Investment (As on February, 2006)	Incremental Investment	Total Investment (As on 30 th September, 2023)		
Central Government SEZs	Rs. 2,279.20 cr.	Rs. 28,064.80 cr.	Rs. 30,344 cr.		
State/Pvt. SEZs set up before 2006	Rs. 1,756.31 cr.	Rs. 11,365.69 cr.	Rs. 13,122 cr.		
SEZs Notified under the Act		Rs. 6,26514 cr.	Rs. 626,514 cr.		
Total	Rs. 4,035.51 cr.	Rs. 6,65,944.49 cr.	Rs. 6,69,980 cr.		
EMPLOYMENT	Employment (As on February, 2006)	Incremental Employment	Total Employment (As on 30 th September, 2023)		
Central Government SEZs	1,22,236 person	73,748 person	1,95,984 person		
State/Pvt. SEZs set up before 2006	12,468 person	1,06,283 person	1,18,751 person		
SEZs Notified under the Act	0 Person	26,69,942 person	26,69,942 person		
Total	1,34,704 Person	28,49,973 person	29,84,677 person		
Exports in 2021-22 DTA Sale (Deemed exports) DTA Sale (Not counted for +ve NFE)	Rs. 9,90,747Crore [133Billion USD] (Growth of 30% over FY 2020-21) Rs. 27,401 Crore (2% of total production) Rs. 3,27,642 Crore (24% of total production)				
Exports in 2022-23 DTA Sale (Deemed exports) DTA Sale (Not counted for +ve NFE)	Rs. 12,63,578 Crore [157.24 Billion USD] (Growth of 28% over of FY 2021-22) Rs. 28,955 Crore (2% of total production) Rs. 2,49,761 Crore (16% of total production)				
Exports in 2023-24 (As on 30 th November, 2023)	Rs. 8,75,249 Crore [105.91 Billion USD] (Growth of 7% over the exports of the corre- sponding period of FY 2022-23)				

7 Permitting Floor-wise Units in IT/ITES SEZs to Undertake Business for DTA Area: In view of huge vacancies in the built-up area in IT/ITES SEZs leading to financial distress, it was emphasised that floor-wise units in IT/ITES SEZs should be permitted to undertake business for DTA area. It was informed that the amendment in Rules is in final stages.

8 Fiscal Benefits to SEZ Units and Developers for Installation and Operation of Roof-Top Solar Panels: It was requested that Fiscal benefits applicable to SEZ units and Developers should be allowed for installation and operation of roof-top solar panels by them for their own use.

9 Hon'ble Commerce & Industry Minister informed the participants about the Dragon Market for Chinese goods in Dubai Free Trade zone. He informed that USD 7 billion of exports takes place per month. DGFT informed that it is being envisaged to establish a Bharat Bazar at Jabel Ali, UAE for exporters, especially MSMEs, to showcase their products and maintain warehouses and a small office to take orders from customers. With a view to give an idea of the kind of facilities that would be provided, EPCs may like to arrange a visit to similar existing facilities at Jabel Ali for those of their members who are visiting Dubai to participate as part of any trade delegation or otherwise. The details are available at <https://mall.dragonmart.ae/en/about>.

Demarcation of Non-Processing Area in IT/ITeS SEZ

For clarification of doubts / concerns and implementation of the newly inserted SEZ Rule 11B, a webinar on “Demarcation of Non-Processing Area in IT/ITeS SEZ (Rule 11B) - Modalities and Way Forward,” was organised on December 20, 2023 in Vanijya Bhawan under the chairmanship of Shri L Satya Srinivas, Additional Secretary, D/o Commerce. Shri Vipul Bansal, Joint Secretary (SEZ), D/o Commerce, Shri Anupam Prakash, Joint Secretary, Customs, D/o Revenue, and Shri Senthil Nathan S, Director (SEZ), D/o Commerce participated in the discussions moderated by Shri Alok Chaturvedi, Director General, EPCES.

A presentation on background of introduction of Rule 11B in SEZ Rules was made by Grant Thornton experts by experts from Grant Thornton - Mr. Krishan Arora, Mr. PS Krishnan, Mr. Sridhar R, and Mr. Praveen Kashyap.

The webinar was attended by about 200 participants online. The queries/doubts were collected by EPCES from the SEZ developers and SEZ Units in advance and the same were taken up during the webinar. The principles and policies behind the newly inserted SEZ Rule 11B were explained and doubts broadly clarified as per the following:

(i) Rule 11B has been inserted in SEZ Rules to address the immediate problem of vacant built-up space in IT/ITeS SEZs. It has been provided that some vacant built-up space in terms of floors of a building will be demarcated as non-processing area which can be used for setting up of businesses engaged in IT/ITeS services on the pattern of such units in Domestic Tariff Area.



- (ii) Such area can be utilised for **IT/ITeS services only** and not for other purposes such as guest house, restaurant, hotel, etc.
- (iii) Tax benefits attributable to the demarcated non-processing area based will have to be repaid, without interest.
- (iv) Tax benefits already availed for creation of social or commercial infrastructure and other facilities, if proposed to be used by both SEZ units in processing area and units in Non-processing area will have to be repaid, without interest, based on the certificate of a Chartered Engineer.
- (v) No benefits will be available on operation and maintenance of common infrastructure and facilities.
- (vi) **Common infrastructure (social/commercial) and facilities means only the one which is related to the building/tower where one or more floors are proposed to be demarcated as non-processing area.** Benefits on general common infrastructure of the SEZs such as internal roads, common parking facilities, sewage, drainage, etc. will not have to be returned and O&M of such general common infrastructure will continue to be made available.
- (vii) The valuation of infrastructure and the benefits will be done **by the Chartered Engineer as per the standard methodology.**

- (viii) Demarcation of **only built-up space (Not land)** as Non-processing area has been envisaged.
- (ix) Developer includes co-developer. Hence **co-developers can also get** some part of their built-up space demarcated as Non-processing area.
- (x) There is **no conflict** between Rule 11B and Sec 6, SEZ Act regarding non-processing area.
- (xi) Location of building in which some floors are being proposed to be demarcated as Non-processing area, **is immaterial.**

- (xii) **Standard** access control measures for SEZ units and businesses engaged in IT/ITES in non-processing area are required so that proper screening of movement of persons, goods is ensured.

However, it was decided that EPCES will compile all queries and share with D/o Commerce and comprehensive guidelines /instructions/clarifications will be issued in consultation with D/o Revenue/ Customs. Queries compiled by EPCES and sent to the D/o Commerce are as follows:

SL.NO	ISSUE	ASKED BY
1	<p>In principle demarcation based on undertaking</p> <p>It is time consuming in computing the taxes and duties availed of by both the unit as well as the establishment providing services in the newly converted non-processing areas in proportion of the built up area over the past several years due to the time involved in retrieving the books of accounts in consultation with a Chartered Engineer which could typically go up to 3-6 months. Hence, we would kindly request the authorities to permit the Developers to convert to Non-Processing Area based on a undertaking that the Developer will refund all the concessions availed after the final computations have been assessed correctly and accepted by the concerned AO/SO. This will allow the process to be initiated quickly instead of waiting till the final computations are completed. During this period the developer could start marketing the space and simultaneously raise the required funds in the form of advances from potential IT companies willing to occupy the space.</p>	Phoenix Group
2	<p>Demarcation of a floor as NPA where there are SEZ units who want to get themselves converted into only DTA serving units</p> <p>A floor may have some SEZ units. These units may also like to serve only DTA and hence the whole floor may be demarcated as Non Processing Area. How can this be enabled?</p>	
3	<p>Rule 11B (2) and (5) – Development Commissioner to demarcate NPA</p> <p>Presently under Rule 11(1), Development Commissioner has the power to demarcate the non-processing area. This NPA can be bifurcated into dual use (11A (1)) and single use (11A (2)). Even under Rule 11B as well, Development Commissioner rather than Board of Approval should issue appropriate permissions and to demarcate the processing and non-processing areas. This will save time for both the Developers and IT Companies.</p>	Phoenix Group

SL. NO	ISSUE	ASKED BY
4	<p>Instruction No 114 dated 28.12.2023</p> <p>Instruction No. 114 dated 28/12/2023 has led to an apprehension; because it states that, non-SEZ IT/ITeS units (occupants of non-processing area carved within processing area) shall not need the approval of Jurisdictional Development Commissioner. However, we opine that, validation of operations of units identified to occupy and operate from Non-Processing Area of SEZ, need to be performed by the office of Jurisdictional Development Commissioner through appropriate documents sought from the concerned unit. This is because of the following reasons :</p> <ul style="list-style-type: none"> (i) Despite PA & NPA being the components of same SEZ, it would have multiple controlling agencies and lose its status of single governing authority, leading to procedural complications and project execution complexities. This would initiate the involvement of State Govt. in such enclaves for multiple aspects. (ii) Appreciating that, units of NPA would not undergo the rigmarole of Approval Committee scrutiny, it would still be prudent for validation of its operations by DC through submission of concerned certificates. (IT/ITeS Certificate for business entity issued by Industries Commissioner/Directorate of Industries by State Govt., STPI Director, HTPI Director, IT & ITC Ministry of GOI, etc.). Such NPA-LOA (signifying NIL benefits) issued by DC would also help the occupants during verification by Tax Authorities & Customs (iii) Possibility of instances/violations such as - (a) occupation by non-compliant units (i.e. bereft of IT/ITES certification for their operations), (b) non-IT units (commercial entities) may be observed causing escalation in disputes, which may culminate in revoking this facility by GOI. 	K. Raheja Corp (KRC)
5	<p>Repayment of tax benefits under 11B(5) (i) & (ii)</p> <p>While paying back the tax benefits attributable to the built-up space to be demarcated as NPA under 11B(5) (i) or paying back tax benefits availed for creation of social or commercial infrastructure and other facilities under 11B(5) (ii) to be used by both SEZ processing and non-processing area, clarity is required on whether the duties are to be paid on the (i) depreciated value, (ii) prevailing value as certified by Chartered Engineer or (iii) to repaying the tax benefits that were originally availed.</p> <p>Further, whether tax paid as per the certificate issued by chartered engineer would be sufficient for SO to issue NOC.</p>	Golden Tower Infratech Pvt. Ltd. TCS World Trade Center, Bengaluru, Chennai & Kochi
6	<p>Repayment of tax benefits u/r 11B(5) (i) & (ii)</p> <ol style="list-style-type: none"> 1. Whether the Cost of construction of the built-up area/building will be assessed at OC (Occupation Certificate) date cost or at current value rates? 2. Whether the tax benefits are required to pay back on the cost of construction of the built-up area/building after depreciation? 	DLF

SL. NO	ISSUE	ASKED BY
	<p>3. Whether the Cost of construction of Basement(s) of the building is also required to be included for repayment of proportionate tax benefits on the NPA floor of the said building?</p> <p>4. Whether repayment of tax benefits on Plant & Machinery (capital goods) in the stock will be at the depreciated value in terms of Rule 49 of the SEZ Rules?</p> <p>5. Confirmation is requested that – wherever it is possible to segregate the basement(s) and other utilities for exclusive use by the SEZ units-----on such part of the built-up area, the repayment of tax is not required.</p> <p>6. Clarity that repayment of tax benefits already availed on goods & services used/ consumed for Operation & Maintenance (O&M) of the SEZ are not required to payback.</p>	
7	<p>Rate of Tax / GST on built up area (Rule 11B(5) (i) and (ii):</p> <p>At what rate the tax is to be paid on the value certified by the Chartered Engineer for the built-up area proposed to be demarcated as Non-Processing Area?</p>	DLF
8	Whether repayment of duty on used Capital Goods shall be on depreciated value in terms of the Rule 49 of the SEZ Rules?	DLF
9	<p>CE Certification u/r 11B (6)</p> <p>Whether the CE valuation & certification for built up area shall be based on Cost of construction as booked in the financial books of the Developer or based on CPWD/PWD rates?</p>	DLF
10	<p>Limit of Non-Processing Area (NPA) u/r 11B (7):</p> <p>The clarification is required to know the maximum eligible NPA, considering that the SEZ is located at Category A' cities:</p> <p>For Example</p> <p>Say the built-up area of the building with its basements in Processing area = 2,00,000 sqm</p> <p>Say the basements area of the building included in above is = 40,000 sqm</p> <p>Say the other utilities, cafeteria, and amenities area in Processing area = 10,000 sqm</p> <p>Clarification required:</p> <p>Whether 50% of NPA in above scenario is = 1,00,000 sqms (2,00,000/2) or else It will be 75,000 sqm (2,00,000-40,000+10,000 =1,50,000/2)?</p>	DLF
11	<p>Rule 11B (9) : No tax benefit for operation and maintenance of common infrastructure and facilities shall be applicable to particular floor(s)/area to be demarcated as non-processing area or shall be applicable to all common infrastructure and facilities of the entire SEZ? Ideally it should apply to particular floor(s)/area to be demarcated as non-processing area.</p>	TCS Accenture Solutions Pvt. Ltd., Golden Tower Infratech Pvt. Ltd. GT

SL. NO	ISSUE	ASKED BY
12	<p>Use of the Common Infrastructure u/r/ 11B (9)</p> <p>Please confirm that post repayment and surrender of tax benefits on common built-up infrastructure and amenities like cafeteria, hubs, under sub-rule 5(ii) & (9) of the amended Rule 11B, the said amenities can be used by the Domestic Tariff Area?</p>	
13	<p>Is this understanding correct? A Developer would only be required to repay the taxes on social and commercial infrastructure (without interest) while industrial infrastructure would continue to be duty free.</p>	Ernst & Young LLP
14	<p>As per Sub Rule 1, the Developer can request for demarcation of built-up space as Non processing area. Need clarity on whether Developer/Co-Developer can demarcate a portion of the 'Land' as Non-Processing Area that can be used for developing office space & infrastructure to be used/leased for IT/ITeS units for domestic business.</p>	TCS
15	<p>Will the BOA/UAC monitor the units coming into non-processing area?</p>	DLF
16	<p>There is a need for clarification regarding the meaning of social or commercial infrastructure and other facilities under Rule 11B(5)(ii) and common infrastructure and facilities under Rule 11B(9). Does it include internal roads, common parking facilities, sewage, drainage, food courts/hubs, utilities like generation and distribution of power including power back up, HVAC facilities.</p>	
17	<p>In the case of SEZ's developed by the Government wherein land was allotted to the Co-Developers for creating infrastructure and built-up space for IT/ITeS ,</p> <p>(i) whether any of the Co-Developer can go for demarcation of the Non-processing area, out of their own space (within the limits), without having any bearing/dependency on the Developer OR other Co-Developers of the same SEZ and</p> <p>(ii) whether the Developer who created Roads/water/drainage etc., in such SEZ layout also need to pay back any benefits in case they availed any. (The Co-Developer will pay back the tax benefits that are availed in his area, as applicable).</p>	TCS
18	<p>The insertion of Rule 11B of SEZ, Rules, 2006 contemplates demarcating a portion of the built up area of an IT/IT enabled services SEZ as a 'non processing area'. This 'non-processing area' may be used for setting up and operations of IT/IT enabled services. Now, the processing and non processing area have been outlined in Section 6 of SEZ Act. The Non-processing areas defined therein is meant inter alia for activities other than rendering services which invariably includes IT/IT enabled services. Therefore, it appears that the new insertion of Rule 11B of SEZ Rules, 2006 goes beyond the statutory provisions contained in the Act. If so, it should not happen that the unit provides IT/IT enabled services in the demarcated non-</p>	Accenture Solutions Private Ltd.

SL. NO	ISSUE	ASKED BY
	processing area of SEZ and there is a serious challenge of recognizing such services, which may create uncertainty or ambiguity in the operations of IT/IT enabled service provider.	
19	As per Rule 11 B(9) of SEZ, Rules, 2006, it has been made clear that there shall be no tax benefits available on operation and maintenance of common infrastructure and facilities of such IT/IT enabled services SEZ. In this connection, we would like to know if the SEZ unit is able to clearly allocate the portion of costs/expenses separately for both processing and non-processing floors, based on sqft calculation, then in that case whether tax concession i.e., GST/Customs duty benefits would be made available for 'Processing Area' of SEZ unit.	Accenture Solutions Private Ltd.
20	Can the demarcated area be opened for non-IT and ITeS companies?	World Trade Center, Bengaluru, Chennai & Kochi
21	Can we entertain outsiders to this non-processing area like in dual use case?	World Trade Center, Bengaluru, Chennai & Kochi
22	What is the impact of this circular on the ongoing and future projects? Can we demarcate it at the time of construction?	World Trade Center, Bengaluru, Chennai & Kochi
23	Once demarcated, can we lease out this space for other commercial activities like restaurant, hotel etc?	World Trade Center, Bengaluru, Chennai & Kochi
24	Being a World Trade Center, we would like to have Consulate offices and Trade Support Agencies operating out from our buildings. Do we need to do a demarcation to help them start their offices inside WTCs?	World Trade Center, Bengaluru, Chennai & Kochi
25	Trust this is clear that even if an SEZ Co-Developer IT/ITeS building is situated in the middle of the SEZ processing area, it is still possible for that said SEZ Co-Developer to apply to get the premises notified as non-processing area and that	A member in Cochin SEZ

SL. NO	ISSUE	ASKED BY
	this rule is not only for those area or buildings that lie next to public roads or non-processing area.	
26	<p>Sub Rule 4 requires that there shall be appropriate access control mechanism for SEZ unit and business engaged in IT or ITes in non processing area to ensure adequate screening of movement of persons as well as goods in and out of their premises. Could you suggest the best methods for achieving this. Will this be sufficient to have different access cards and security guards etc. for those in non-processing area.</p> <p>Further, there would be common employees (HR, Finance, Legal etc.) for units in SEZ and non-processing area. Will there be any restrictions on movement of employees?</p> <p>Further, Will there be any additional requirement or specific requirements for scrutiny/verification for good being procured by units in non-processing area?</p>	A member in Cochin SEZ, GT
27	Can the non-processing area also comprise of living area or housing for employees/ guests of course without tax benefits. Can you guide the provisions in this regard.	A member in Cochin SEZ
28	What additional set of compliance requirements may be introduced for these demarcated non-processing areas in light of the new rule 11B?	A member in Cochin SEZ
29	Permission for demarcation of a non-processing area will be granted by the BOA only after repayment of tax benefits by the Developer. Are any income tax benefits availed by the developers also required to be reversed?	A member in Cochin SEZ
30	Standard Application Form may be prescribed?	Brookfield Properties
31	Businesses engaged in IT or ITes SEZs in a non-processing area shall not avail any rights or facilities available to SEZ units. How this will be managed on a practical level, considering such units will be operating in the same campus.	GT
32	How does the new SEZ rule affect the determination of the place of supply for goods and services within the SEZ, from a GST standpoint?	GT
33	As per the notification, Business Operating in non-processing area would be subject to provisions of all Central Acts, Rules and Orders as applicable to DTA. Would the business also be subject to other state legislations?	GT

EPCES Organizes Workshops on “International Trade Finance”

International Trade Finance is of huge significance to the exporters and importers. International trade finance refers to the financial instruments and services designed to facilitate and support international trade transactions. It provides exporters with the necessary funds and risk management tools to mitigate the challenges associated with cross-border trade. The main function of international trade finance is to introduce a third party to mitigate the payment and supply risks. When importing a product, a buyer typically must deposit a portion of the purchase cost (usually one-third) before it ships. In contrast, sellers have to take the risk of trusting an unknown foreign party. Overseas trade finance helps both parties, offering the importer credit to fulfill his/her order and providing the exporter with payment or receivables. Unlike other forms of financing, the main purpose of trade financing

is to protect against the unique risks of global trades, such as currency fluctuations, economic downturns or political instabilities.

In view of its importance, EPCES tied up with M1NXT and 360tf for providing capacity building workshop for its members in different locations. M1NXT, a next-generation leading provider of working capital solutions, is a future-ready, seamless, competitive, secure, and paperless online platform. It is approved by the International Financial Services Centres Authority (IFSCA) to set up the International Trade Financing Services Platform in GIFT City. M1NXT specializes in cross-border transactions and finances trading globally for sales and purchases made on an open account. The platform enables buyers and suppliers to select when to pay and when to be paid, freeing up funds for all businesses to prosper. Key participants and benefits of the platform are as follows:

KEY PARTICIPANTS & BENEFITS

SUPPLIERS

- Easy, fast finance of receivables at competitive rates
- Without recourse finance
- Off balance sheet finance
- Minimum and simple documentation
- Risk on Buyers
- Receipt of funds within 48 hrs from acceptance of DOA

FINANCIAL INSTITUTIONS

- Opportunity to build quality asset portfolio in international space
- Reduced operational cost along with improved reach to build clientele
- Ease of operation with minimum documentation
- Facility to make better decision making through key information availability

BUYERS

- Optimize working capital
- Saving on finance costs by extending credit period
- Not a borrowing but replacement of sundry creditor
- Improved vendor management
- Lower administration cost for vendor financing, payments and settlements

On the other hand, 360tf is a Nimai group endeavour to build a novel ecosphere that instantly connects businesses and financial institutions across the globe to fund trade flows on the best of terms. It offers businesses instant working capital funding through various Trade Finance products as well as providing insightful analytics to all transaction participants to aid strategy. While 360tf is Headquartered in Singapore, Nimai as a group is present in UAE, Qatar, Kenya, Nigeria, Bangladesh, Sri Lanka & India with associate partners and clients in more than 40 countries including significant coverage in Africa, South Asia, GCC & Europe. Nimai group also has 250 + relationships with various Financial Institutions comprising Commercial Banks, Debt and Sectoral Funds, Private Equity Funds, Multilateral Agencies, Alternate Financing Institutional Funds and Development Financial Institutions with a specific focus on Trade Financing. With a track record of facilitating trade finance transactions of USD 2 billion, the group is best positioned to digitize financing in the industry through 360tf. Designed and built ground up by seasoned ex-bankers and treasurers, 360tf is a market creating, state-of-art, robust online platform with clear winning propositions for all participating entities. Owing to the sheer scalability of the platform, it is poised to revolutionize Global Trade Financing. The core concept itself is bound to have a significant impact on businesses by giving them instant access to Trade Finance opportunities across the globe and for

financial institutions by opening up limitless business opportunities while helping them diversify risk and improve asset quality. The objective of the platform are as follows:

- (i) Open-up instant access to a wide network of credible counterparties spread across the globe
- (ii) End-to-end digitization of the whole process of engaging with counterparties
- (iii) Significant savings on cost of financing trade flows
- (iv) Fully digitized customer engagement & sourcing for vastly improved turnaround times
- (v) Seamless and straight-through-processing of transactions
- (vi) Actionable insights through advanced analytics & dashboards

EPCES organised capacity building workshop at the following locations

- (i) In association with 360tf, at VSEZ on 14.9.2023, at SEEPZ-Mumbai on 18.10.2023, at Mihan SEZ-Nagpur on 20.10.2023 and at Pithampur SEZ-Indore on 12.12.2023.
- (ii) In association with M1NXT, at MEPZ-Chennai on 18.10.2023, at Madurai on 19.10.2023 and at Coimbatore on 20.10.2023

Some of the highlights of the workshop are as follows :

PITHAMPUR SEZ-INDORE ON 12.12.2023



Shri Suvidh Shah ITS, Development Commissioner Indore SEZ inaugurated the seminar and addressed the gathering. Shri Santosh Kumar IRS, DC Customs, Indore SEZ and Shri Pratul Chandra Sinha, Executive Director, MP Industrial Development corporation, Indore also attended the seminar. In total 43 participants



representing 30 units based at Indore SEZ attended the seminar. All these units are manufacturing units and are exporting either engineering products or Pharma products from Indore SEZ. Following units were visited along with representatives of 360tf at Indore SEZ on 11th December and the appointments with the finance heads of these companies were made through the DC office Indore SEZ.

- (i) VE commercial Vehicles limited (A joint venture of Volvo Buses and Eicher Motors Ltd).
- (ii) Felix Generics Pvt. Ltd. (A Pharma Unit).
- (iii) Innovative Engineering Products. (an Engineering export unit).



CHENNAI ON 18.10.2023

EPCES & DC, MEPZ SEZ in association with M1NXT organized a Seminar on 18th October, 2023 at Dr. APJ Abdul Kalam Conference Hall, MEPZ SEZ, Tambaram, Chennai.



Development Commissioner Mr. Alex Paul Menon chaired the meeting. Shri Rajesh Parthasarathy, Senior Director of M1NXT ITFS offered the solutions and value added services relating to cross border finance opportunities to our members. Regional Chairman, Vice Chairman, Regional Director also attended this seminar. More than 45 members attended this event.



Dear Readers,

We are pleased to share the news that Shri Bhuvnesh Seth, Chairman EPCES and MD Replica Press Pvt. Ltd. - an Export Oriented Unit. has been bestowed with the Export Excellence Award. The award was conferred by the Hon'ble Speaker, Shri Om Birlaji. M/s Replica Press was honoured with the CPAEXIL Top Export Award for four consecutive years - 2018-19, 2019-20, 2020-21, and 2021-22 in the category of Book Printing.

EPCES wishes all the best for the continued success of M/s Replika Press !

COIMBATORE ON 20.10.2023

EPCES in association with M1NXT organised seminar on “Export Finance” at ELCOT Conference Hall, Tidel Park, Coimbatore. Shri Alex Paul Menon, Development Commissioner chaired the meeting. CGC Member



Mr. Thiagarajan, Regional Director and Specified Officers also attended the meeting. More than 70 members were present. DC informed to the members



that a questionnaire will be circulated by EPCES to the members for submission. Power point presentation on EPCES activities & RCMC details were explained by the RD. DC assured to complete the membership of Non-members as soon as possible. Also appreciate the issuance of COO by EPCES and requested the Authorised officers to insist units to obtain through EPCES.

MADURAI ON 19.10.2023

EPCES in association with M1NXT organised seminar on “Export Finance” at Sangamam Hall, Regency Madurai by GRT Hotels, 38, Madakulam Road, Palanganatham, Madurai. Shri Prabhu Kumar,



DDC chaired the meeting. Regional Director and RGC members attended the meeting. More than 25 members



Dear Readers,

We are pleased to share that Mr. Srikanth Badiga, Vice Chairman, EPCES and Director, Phoenix Infocity Pvt. Ltd. has been designated as New Regional President of the South India Council of the Indo-American Chamber of Commerce (IACC).

EPCES wishes all the best in his future endeavours.

Conversion of Processing area to Non-Processing Areas for IT/ITES SEZs

– Srikant Badiga
ICE Chairman, EPCES

Government has issued a notification vide letter No F No K-43014 (16)/9/2021-SEZ dated December 6th, 2023 for inclusion of a new Rule 11B in the current SEZ Act, which permits demarcation of a portion of the built-up area of an IT/IT SEZ as non-processing area.

The Rule 11B does not allow conversion of a processing area to a non-processing area if the net built up processing area is less than 50% of the total area of less than that required for minimum built up area for different Categories A, B, C of cities.

All the tax benefits availed for creation of social or commercial infrastructure need to be REFUNDED.

RATIONALE BEHIND REQUEST FOR REMOVAL OF RULE 11B ON NON-PROCESSING AREAS

- | | |
|---|---|
| 1 | The original Rule allowed maintaining 50% processing and 50% non-processing which was intended to benefit the SEZ developers to provide support social infrastructure and other services for the inmates of the SEZ without availing any concessions. |
| 2 | Majority of the units have been constructed before the GST Act came into force on July 1 st , 2017. It is difficult to compute and refund all the taxes that have been availed of prior to GST implementation. |
| 3 | Existing infrastructure which have already several benefits from both state and central governments will need to be refunded including – Central Goods and Services Tax, Integrated Goods and Services Tax and State Goods and Services Tax, Stamp duty, land conversion duties, electricity duties, which is tedious for both the units as well as concerned various departments as such computations will need to be paid on current costs and not on the date of construction. |
| 4 | The current rule will cause ambiguity when read in relation to Rule 11A, on common infrastructure utilized only by the SEZ Units and common infrastructure used by both SEZ Units and DTA Units. |
| 5 | The caveat that the taxes and duties availed of by both the unit as well as the establishment providing services in the newly converted non-processing areas should be refunded will be difficult to implement. |
| 6 | The rule will be more beneficial to newly constructed projects or projects yet to start construction. |

CONCLUSION

Effectively enforcing Rule 11B is tedious at every stage of implementation – during computation of taxes and duties and in seeking approvals from the BOA instead of the Development Commissioner, which could typically go up to eight to nine months. The Rule 11B while being redundant is time consuming for both units as

well as departments concerned. The date of valuation for the tax computation for the refund should be considered that of the date of the SEZ getting operational and not the current date value of the asset. It is advisable to retain the powers of the Development Commissioner to demarcate the processing and non- processing areas instead of the same being approved by the BOA.

The Role of China's Pilot Free Trade Zones in Promoting Institutional Innovation, Industrial Transformation and South-South Cooperation

An UNCTAD Publication

Available at

https://unctad.org/system/files/official-document/gds2023d5_en.pdf

CONCLUSIONS

This report has outlined the rationale and progress of the FTZs strategy, its role in promoting industrial transformation and China's engagement with the global economy, including through greater South-South cooperation. Pilot FTZs have multiple goals in which institutional innovations play a vital role and have been the priority of the political leadership, considered as “important strategic measures” for China's further development. Through institutional innovation, China has experimented broad policy measures aiming to deepen its reform and opening up, improve government service and doing business environment that matches international high level standards. Pilot FTZs are not uniform, and each has a specific mission aligning with each location and region's peculiarities and competitive positioning.

FTZs include a lot of investment and trade facilitation policy. By doing so, they on the one hand drive the trade and FDI in the last decade. Furthermore, through more comprehensive and innovative policy measures to support the selected industries, both modern services and advanced manufacturing sectors, FTZs have boosted China's industrial transformation, as we have shown in analysis and case studies. This is

also a key difference of the FTZs from other development zones in China, in which preferential treatment rather than institutional innovation is the core of the policy framework.

From regional perspective, China's Pilot FTZ also differ with industrial hubs in some other Asian countries, such as the Republic of Korea, Singapore, Malaysia, and Vietnam. China was a latecomer to development zones compared to the Republic of Korea and Singapore, which evolved in the late 1960s, and Malaysia in the 1970s, but was a forerunner to Vietnam, which pursued industrial hubs in the early 1990s. These four economies all fall within the Asia-Pacific region but exhibit different contexts. Terminologies used in these countries have been context-specific and specified by particular legislation. However, no model similar to the Pilot FTZs has been used in these economies. For example,



the industrial complex was used in Korea as a general term, with industrial parks in Singapore, free trade zones in Malaysia and industrial zones in Vietnam as generic terms, while specialized industrial hubs focusing on different industries or innovation hubs have also been used.

Promoting foreign investment was not a key priority in the Republic of Korea. The country relies more on domestic firms, primarily chaebols, which was the primary driver of export-led industrialization and significant investors in strategic priority industries, in both Korean and in overseas markets.

Singapore has focused on building the most dynamic and effective government institutions—both promotional and regulatory agencies—and has emerged as a prominent pro-business economy. However, state and government-linked organizations play vital roles. Given its pioneering position, Singapore has excelled in services industries such as logistics and international financial hubs. The cooperation in economic governance between China and Singapore has been profound on multiple fronts, including the reform of state-owned enterprises. Institutional innovations applied by the Pilot FTZs in Shanghai have drawn from Singapore as a source of best practices and international standards in opening the services sector and promoting investment and trade facilitation.

Malaysia has primarily used free and export-processing zones to promote export-oriented industrialization. However, compared to its peers, such as Singapore and South Korea, the industrial transformation and development of innovation capabilities have not been comparable. It has applied business-friendly policies and export facilitation for prolonged periods. Arguably, the ambition for institutional innovation were incomparable, while Malaysia has developed a business environment that meets international practices.

Vietnam initiated its Doi Moi economic reforms from a centrally planned socialist economy towards a market economy later than China in 1986. The economic dynamism of the Pacific Rim and China's rise as the world's manufacturing powerhouse, and its proximity to Japan and South Korea have allowed Vietnam to benefit from having role models and established supply chains.

In comparative terms, through the case study in this

report that have presented evidence and insights on the role of FTZs in promoting industrial transformation, several quick points may help to summarize some similarities and differences between FTZs and industrial hubs in other selected Asian economies.

First, both China and other Asian economies introduced various measures and reforms. For China, institutional innovation is at the heart of Pilot FTZs including improving government services. Singapore has also introduced some similar policies in economic governance, managing foreign investment, and building a vibrant services sector (international finance, corporate services, logistics) while focusing strategically on manufacturing and innovation.

Second, regarding the management and promotion of FDI, the Republic of Korea has relied little on FDI, while Singapore, Malaysia, and Vietnam focused on promoting FDI. Despite the focus on the attraction of FDI, the role of SOEs has been eminent. China and the four countries pursued a development path where the state played a strategic position, but SOEs continue to play critical roles in Singapore, China, and Vietnam. At the same time, the Republic of Korea relied on the private sector, especially the chaebols.

Third, the approaches showed variation in the application of development zones or industrial hubs. The Pilot FTZs were a unique development in China and catalyzed its opening and reforms. Singapore, the Republic of Korea and Malaysia don't focus very much in this regard, as they operated in a more liberalized economy from the 1960s.

In summary, China's Pilot FTZs shared similarities with the country's previous development zones and industrial hubs in other Asian economies in terms of trade and FDI promotion, industrial development, etc, but is also distinct. FTZ particularly place institution innovation at the core of its policy framework and adopt more comprehensive framework in advancing industrial transformation, managing the balance of deeper integration and policy space, and reform government function and services. The overall official data from the Government and case studies presented in this paper have both shown the general positive results of FTZs in the last decade. From regional and international perspective, China's FTZs can offer a reference point to other developing countries that

want to strengthen integration but manage associated risks, improve government services and business environment, and upgrade industries (manufacturing

and services) through encouraging innovation and proper investment policies.

Given China is a large economy with complex government system and differences across the provinces/ cities, those 21 FTZs have different policy focus in different local context. This report only includes two cases which are still not sufficient to show the whole picture. The detailed examination and assessment of each FTZ in future studies would offer more interesting insights.

•	Korea has 901 industrial parks comprising 40 national level, 434 local level, six urban high-tech, and 421 agri-industrial parks.
•	Singapore has industrial parks, comprising mainly technology hubs, business hubs, and Jurong Petrochemical Hub
•	Malaysia has over 500 industrial estates of diverse sizes, of which 40 per cent were built by the government. Penang had a concentration of export processing zones

Vietnam has 326 industrial parks distributed in 63 provinces. Most are industrial zones, with seventeen coastal economic zones and a few border gate economic zones.

NEWS FROM ABOARD

EPZ Workers get 50% HIKE in New Minimum Wage

Credit D Dhaka Tribune News

Helpers in garment factories inside EPZs will get Tk12,800 as minimum wage, 56% higher than the Tk8,200 set five years ago.

The government on Sunday announced a new minimum wage for over 480,000 workers in export processing zones (EPZs), a fortnight after it finalized a new pay structure for workers in the apparel sector, the largest export-oriented industry in the country.

Helpers in garment factories inside EPZs will get Tk12,800 as minimum wage from the current month, 56% higher than the Tk8,200 set five years ago, according to a notification published by the Bangladesh Export Processing Zones Authority (Bepza).

The amount is 2.4%, or Tk300, higher than the Tk12,500 minimum wage set for garment workers in factories outside EPZs, finalized on November 26 following protests.

Bepza formed a board to fix the minimum wage of employees in EPZs last month, five years after the previous wage board was formed in 2018.



In its notification, Bepza said the board considered proposals from representatives of owners and workers in view of current issues such as volatile global trade, geopolitical tensions, reduced export orders and increased cost of raw materials as well as spiraling costs of essentials.

As per the notification, senior operators in garment factories in EPZs will see their minimum wage go up by 52% to Tk15,200. High-skilled workers will see their wages rise by 20%.

Bepza also published the lowest wage for workers in sectors apart from garments, namely electronics and electrical goods, automobile and auto parts, textiles and chemicals, agro-based industries as well as terry towel and sweater factories.

Factories in the EPZs represent 30 sectors, including textiles, agro-based industries, chemicals, backward and forward linkage industries and electrical equipment and components.

Shanghai Pilot for Service Sector's Opening-up



A panoramic view of the Pudong New Area, where China (Shanghai) Pilot Free Trade Zone is located. [Photo/CHINA DAILY]

The State Council has approved a general plan for advancing the institutional opening-up of the China (Shanghai) Pilot Free Trade Zone in alignment with high-standard international economic and trade rules, according to a circular issued last week.

This is the latest move of the Chinese government to promote the high-standard opening-up of the country.

The opening-up measures the Shanghai FTZ is encouraged to pilot this time cover almost all bottleneck issues related to the service trade, including data transfer and cross-border capital management, which are crucial to the high-quality growth of the Chinese economy and the country's further integration into the global system.

Under the framework of a national security management system for cross-border data transfer, financial institutions in the zone will be allowed to transfer data necessary for daily operations overseas.

The zone is required to build data sharing mechanisms to encourage businesses to share data, promoting the innovative application of big data. The zone will also promote cooperation between overseas and domestic institutions, in order to build a digital economy exchange platform for small and medium-sized enterprises.

The zone is expected to refine policies for multinational companies to operate and manage cross-border capital, and support the companies to set up capital management centers. The free trade account system will be improved to ensure the free flow of capital

between the Shanghai FTZ and overseas regions.

Notably, the circular stresses that relevant overseas parties can participate on an equal footing in the revision process for the laws and regulations in the Shanghai FTZ.

These measures to open China's service industry represent an important step to align its domestic rules with global conventions by calibrating regulations, management and standards. If these measures can realize their intended effects, they will help effectively strengthen the connection between China and the world market in a move to counter some developed countries' "decoupling" practices targeting China.

The circular provides the Shanghai FTZ with broad space to explore new paths and accumulate new experience for comprehensively deepening reform and expanding opening-up nationwide. The zone is expected to make full use of it to fulfill its duties and hence further consolidate its status as a major growth engine and a trailblazer on the path of high-quality development.

SEZ Council Showcases Investment Opportunities at Singapore forum

Acting secretary general of the SEZ National Council, Susiwijono Moegiarso, at the Indonesia SEZ Business Forum 2023 in Singapore on Wednesday (November 29, 2023). (ANTARA/HO-Kemenko Perekonomian)

“Indonesia has a lot to offer investors. We have the advantages of the economic trifecta, namely strong economic growth, large population, and the demographic bonus...”

Jakarta (ANTARA) - The National Council of Special Economic Zones (SEZs) showcased various SEZ investment opportunities and incentives in Indonesia to Singaporean investors at the Indonesia SEZ Business Forum 2023.

At the event in Singapore, acting secretary general of the National SEZ Council, Susiwijono Moegiarso, said that his side is promoting SEZs in Singapore to accelerate investment growth in SEZs and reach potential international investors.

“Indonesia has a lot to offer investors. We have the advantages of the economic trifecta, namely strong economic growth, large population, and the demographic bonus, as well as abundant resources,” he added here on Thursday.

The 2023 Indonesia SEZ Business Forum comprised two discussion sessions — the first session was on “Investment Opportunities in Indonesia’s Manufacturing SEZ” and the second on “Unlocking the Benefit for Digital Industry in Indonesian SEZs.”

The event was attended by potential investors, including representatives from the Singapore Economic Development Board (EDB), Sembcorp Industries Ltd, Singtel, and Enterprise Singapore.

Indonesian Ambassador to Singapore, Suryo Pratomo, expressed his optimism regarding Indonesia’s investment



competitiveness. According to him, Indonesia’s strong economic growth will attract more investors, especially to SEZs.

“Indonesia’s strong economic growth will continue to attract more businesses and investments, especially the manufacturing industry and digital economy,” he said.

Meanwhile, three memorandums of understanding (MoU) were signed to support the development of the Education and Digital SEZ in Indonesia.

The first MoU was forged between PT Intelegensia Grahata, the development and management agency (BUPP) of Singhasari SEZ, and Kydon Holdings for the development of edutech.

The second MoU sought to establish a partnership with Doughwitt in managing funding and investment activities in the technology and non-technology sectors.

The third MoU pertained to collaboration between Singhasari SEZ and Millet Holdings Pte. Ltd., and Timbre Group Pte. Ltd., for community empowerment through creation, marketing, and investment in Indonesia.

INR Transactions for IT/ITES Units

– Srikant Badiga
Vice Chairman, EPCES

CURRENT FRAMEWORK

- 1) Under the current SEZ law, there is no provision for IT/ITeS units to conduct domestic business transactions from the same premises of an IT/ITeS SEZ.
- 2) The law also does not allow receiving payments from domestic clients in domestic currency i.e. INR.
- 3) There has been a request from the stakeholders to modify the current law allowing INR transactions for SEZ units, enabling utilization of same manpower and infrastructure to service both domestic as well as foreign clients, depending upon business requirements.

RATIONALE BEHIND REQUEST FOR ALLOWING INR TRANSACTIONS FOR IT/ITES UNITS

- | | |
|---|---|
| 1 | Several IT/ITES units also have foreign clients who in turn have their own client base within India, who make payments to these foreign clients in INR. |
| 2 | The IT/ITES units if allowed to receive payments in INR will facilitate an ease of transaction for both the foreign clients as well as the IT units as it would save huge foreign exchange conversion charges. |
| 3 | This will encourage more units to serve their clients better, due to the ease in payment terms. |
| 4 | The IT units see a huge business potential in serving domestic clients and are losing out on such opportunities due to the current regulations. |
| 5 | Such IT units are preferring to shift to DTAs or STPI schemes which do not have such restrictions, thus ghosting the present SEZs which are constructed with huge initial outlays, creating loss of valuable real estate space. |
| 6 | This is further leading to lower occupancy levels in the ready to occupy state-of-the-art infrastructure, higher costs and again a lower occupancy thus causing a vicious cycle. |
| 7 | The IT/ITES SEZ units already have a lion's share (roughly 90%) of revenue generated through foreign earnings and would prefer so. However, making a provision for capturing a small portion of their earnings from domestic opportunities without having to undergo major business changes will be an added advantage. |

CONCLUSION

Companies outside SEZs (DTA units) are currently undergoing the hassle of converting rupee to foreign exchange for payment to SEZ

units. This is creating a difficulty in obtaining business for IT SEZ units from DTA units. Allowing domestic transactions to take place in INR will enable SEZs to

obtain more business and operational ease for both SEZ units and their clients, thus improving the overall ease of doing business in the country.

It need not be emphasized that IT/ ITES SEZs comprising roughly 55% of total SEZs in India play a major role in creating employment opportunities for its huge workforce, and needs encouragement and

support from the government. The SEZ Act should be seen as an enabler from a global lens, particularly in the IT/ ITES space where India already has an edge. Enabling such provisions will encourage service SEZ businesses triggering better economic growth prospects for our country.

MIHAN SEZ

– Dr. V. Sraman

ITS, Development Commissioner, MIHAN-SEZ, Nagpur



Multi Modal International Hub Airport of Nagpur – Special Economic Zone (**‘MIHAN-SEZ’**), was set up by the Government of Maharashtra in 2006 with the objective of harnessing the potential of the Vidarbha region while contributing to the larger national economic interests. Spread over a spacious area of 1233 ha, MIHAN-SEZ is a unique zone which is not only linked to an international airport, but is also within the limits of a designated Smart City, with world class urban and social infrastructure. The Zone has excellent metro, air and road connectivity and state of the art water and drainage systems. Lush greenery and a natural lake body add to the beauty of the Zone. There are reputed institutions such as IIM, AIIMS, an international school and residential facilities in the non-SEZ area of MIHAN.

MIHAN SEZ is being developed by Maharashtra Airport Development Company (**‘MADC’**), a Govt.

of Maharashtra undertaking along-with 09 other co-developers for developing various facilities within the Zone. Being a multiproduct SEZ, Units from varied segments including IT/ITES and other service industries, Pharmaceuticals, Food processing, Aerospace and Aviation related industry, etc. are operational in the Zone. MIHAN-SEZ has been the hub for several IT and ITES industry and all big names in the sector such as TCS, Infosys, HCL, Tech Mahindra, Persistent Systems, Hexaware etc. are operating and augmenting their facilities. Reputed companies from the pharma sector such as Lupin, Zim Laboratories, PharmacheckImpex are also operational. From the defense sector, Dassault Reliance Aerospace Limited is operational which manufactures components for Rafale fighter jets.

Recently, MIHAN-SEZ made history by using its airstrip to land the maiden aircraft imported by Jet Set Fleet Management Services, under the GIFT City project of the central government to facilitate leasing of aircrafts. Being one of the only two SEZs in the country with a connected airstrip, it is expected that MIHAN-SEZ will contribute to development of the aircraft leasing business in India. Another feather in the cap of MIHAN-SEZ was added by M/s Air India Engineering, which recently entered into a contract with Kuwait Airways for repair and maintenance of total 04 aircrafts.

With this development, it is expected that these airplanes will be the first of many foreign aircrafts to come to MIHAN-SEZ as MRO infrastructure develops in the country.

Our Units are making a stellar contribution to the development of the Zone as well as the nation. M/s Global Logic is carrying out research for developing systems to identify viewers age for moderating screen content and parental control. Essem Compliance is set to become an OECD-GLP compliant lab to cater services on chemical properties, eco-toxicological and invitro studies. Units such as Neeyamo and Orange Tree Garments are contributing to women empowerment by being completely women led initiatives.

MIHAN-SEZ is not just a Special Economic Zone; it embodies the collective vision of Maharashtra and the country as a whole. With its commitment to becoming a world-class SEZ, the Zone will continue to attract reputed units, stimulate economic activity, and foster regional development. MIHAN-SEZ is where ambition converges with innovation and where opportunities soar to new heights. It is a symbol of growth, a beacon of hope, and a testament to the boundless potential of India. As the wheels of progress turn on its well-connected runways and dreams take flight from its airstrip, MIHAN-SEZ firmly believes that the sky is not the limit but merely the beginning of a remarkable journey toward a brighter future!

NEWS FROM THE ZONES

COCHIN ZONE / BANGALORE REGION

Seminar on “Compliances Related to EOUs and SEZ Units and Recent Updates”

A capacity building program on “EOUs & SEZs Compliances” was organised on 15.11.2023 at M/s Hive Brigade Tech Park Auditorium, Whitefield, Bangalore in association with BDO India and WTC Bangalore. Sri A S Naveen Kushalappa IRS, Jt. Development Commissioner CSEZ chaired the panel. More than 70 units and 20 customs SOs / AOs participated in the Seminar. Sri Vivek George from World Trade Centre, Bangalore and RGC member welcomed the gathering and moderated the discussion. Sri Karthik Mani, Partner, BDO India, presented compliances which EOUs & SEZs are required to comply with. Recent amendments in SEZ Rules, Policy Circulars related to SEZs and EOUs were also explained. A copy of the presentation was circulated to all the members. Sri C U Poovaiah, IRS (Retd) Regional Director, EPCES Karnataka region highlighted various activities of EPCES.



COCHIN REGION

Seminar on SOFTEX Filing and SEZ Compliances at Calicut

Export Promotion Council for EOUs & SEZs organised a capacity building Seminar on SOFTEX

Filing and SEZ Compliances at the Auditorium of ULCC, Calicut on 30.11.2023.



*Mr. K.K. Pillai, extending inaugural speech. Mr. Vinod Kumar, CGC Member address the attendees.
Mr. Subair, NSDL making live demo on SOFTEX filing and SEZ Compliances*



Unit representatives

Mr. Saneesh, ULCC welcomed the gathering. The Seminar was inaugurated by Mr. K.K. Pillai, Regional Chairman, EPCES. Mr. Muhammad Asharaf, AO, Customs and Mr. Vinod Kumar, CGC Member also

addressed the gathering. Mr. Subair from NSDL made a live demonstration of softex and provided an overview of the softex filing, its purpose and highlighted its regulatory importance.

CELEBRATION OF VIGILANCE AWARENESS WEEK 2023

As per the directives of Central Vigilance Commission, Vigilance Awareness Week was organised by DC office

and a pledge taking ceremony was organised and units took pledge.



ORGANISATION OF WELLNESS MEDICAL CAMP

EPCEs in association with Ayur Siha Hospital organized a wellness medical camp for the benefit of employees of CSEZ units. In this camp, physiotherapy, stress management programmes, yoga, etc. were organized.

Medicines were also distributed among the attendees. More than 270 persons from various units attended the camp.



NOIDA SEZ ZONE

Round table Conclave on International Trade and Services with ICAI

The Institute of Chartered Accounts of India organised a Roundtable conclave on International trade and services on 25th October 2023 at Hotel Lalit, New Delhi. Mr Tanu Aggarwal, DDG EPCEs and Mr R K Sharma, RD NSEZ attended the event. An MOU was signed between EPCEs and Indian Institute of Chartered Accounts of India for mutual cooperation for helping SEZ and EOU units in increasing exports from India.



WEBINAR ON “MOST FAVOURED NATION (MFN) CLAUSE IN INDIAN TAX TREATIES”

A webinar was organized by EPCES Head Office in association with M/s Grant Thornton Bharat on Supreme

Court's Decision on “Most Favored Nation (MFN) clause in Indian tax treaties” on 2nd November 2023.

VISHAKHAPATNAM SPECIAL ECONOMIC ZONE

Celebration of Rashtriya Ekta Diwas at VSEZ on 31.10.2023

To reinforce the commitment of Citizens, and the Government for the unity and integrity of the

country, VSEZ celebrated Rashtriya Ekta Diwas at VSEZ, Duvvada on 31.10.2023 to commemorate the birth anniversary of Shri Sardar Vallabhbhai Patel.



On this occasion a pledge on Rashtriya Ekta was administered by Shri Srinivas Muppaala, IRSME, Zonal Development Commissioner, Visakhapatnam Special Economic Zone Smt. Roshni Aparanji Korati, IAS, Jt. Development Commissioner, VSEZ also addressed the gathering. A Run for Unity, was also organised at VSEZ. More than 200 people took the pledge and participated in the celebrations.

SEMINAR ON EXPORT CREDIT GUARANTEE

EPCES-VSEZ in association with ECGC organized a Seminar on Export Credit Guarantee on 1st November 2023 at VSEZ Conference Hall. This Seminar was inaugurated by Shri Srinivas Muppaala, IRSME, Development Commissioner, VSEZ. Shri K.V. Prasanna Kumar ADC and Shri Chirantan Datta, Branch Head, ECGC addressed the Units and Mr. Pradeep Srirangam,



AM, ECGC explained ECGC policy and procedures in relation to export credit guarantee. He explained the ECGC's role and its credit insurance services to exporters against non-payment risks by the overseas buyers due to commercial and political reasons and how ECGC can help in promoting exports. More than 30 SEZ units participated in the Seminar.

ORGANISATION OF MEDICAL CAMP

As part of Swachata Pakhwada – A medical camp was organized on 8th November '2023 at Medical Facility, VSEZ Campus. The Camp was inaugurated by Shri Srinivas Muppaala, IRSME, Development Commissioner, VSEZ in the presence of JDC, SO, VSEZ, RD-EPCES and other senior



officers and staff and Units representatives. Dr. Chaitanya Varma, MD (General Medicine), Dr. Sudha, MS (ENT), Dr. A. Mohan, MS (Ortho) treated the VSEZ Staff on this occasion.

More than 200 employees took advantage of the medical camp. Smt. Roshni Aoarai Korati, IAS, JDC presented the mementos to the Doctors who participated in the Medical Camp.



ISSUES TAKEN UP WITH GOVERNMENT

As on 31.12.2023

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.

2. Status of amendment in SEZ Act/DESH Bill

It has been reported that the Government is contemplating amendment in SEZ Act and Rules instead of a new DESH Bill. It may continue zero rating for units along with supplies to DTA on duty foregone basis along with payment for supplies of services in INR. Cabinet approval is the first stage.

3. Declaration of Special non-processing area in IT/ITeS SEZs which can be used for setting up and operations of businesses engaged in IT/ITeS services serving DTA.

A new Rule 11B has been inserted into SEZ Rules enabling this vide notification dated 6.12.2023 regarding demarcation of non-processing area for IT/ITeS SEZs. Stakeholders consultations were also held on 20.12.2023 for clarification of doubts. Government will issues guidelines for implementation of the new provision.

4. Extension of WFH Facilities for SEZ Units beyond 31.12.2023

Government has issued amended SEZ Rules vide Notification dated 7.11.2023 extending hybrid working under Rule 43A upto 31.12.2024

5. 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

D/o Commerce has clarified vide letter no K-43013(13)/2022-SEZ dated 3.10.2023 that zero rating benefits continues to be available for lease rental/other charges collected by Developer from units for the space utilised for creation of employee welfare facilities exclusively for the employees of SEZ units.

6. Transfer of used laptops and other electronic goods by IT/ITeS units in SEZ to DTA

DGFT, vide Notification No 56/2023 dated 1.1.2024 amended Para 2.31 of the FTP giving special exemption from restrictions to movements of used IT assets (Laptops, Desktops, Monitors, Printers) from SEZ to DTA.



7. **Exempting SEZs and EOUs from import restrictions on import of IT hardware imposed vide Notification dated 3.8.2023**

DGFT vide Policy Circular No 6 dated 19.10.2023 exempted SEZ units and EOUs from the requirement of obtaining a “restricted import authorization” for import of IT hardware restricted vide Notification 23/2023 dated 3.8.2023. The given exemption is allowed only for the captive consumption of the importing units.

8. **Exemption to SEZ units from Safeguard Quantitative Restrictions on import of Isopropyl Alcohol**

DGFT, vide Policy Circular 4 dated 31.8.2023, exempted SEZ units from the Safeguard Quantitative Restrictions (QR) imposed on import of Isopropyl Alcohol.

9. **Improving EODB - Doing away with the requirement for 100% physical submission and examination of DTA invoices for endorsement by SEZ Specified Office and introduction of online endorsement of DTA invoices**

There is a need for streamlining of 100% examination of DTA invoices for endorsement by SOs/AOs as it creates heavy workload per AO/SOs leading to huge delays. Further, SOs/AOs ask for physical copies of related documents for their satisfaction of such DTA supplies before they endorse the invoices. This creates another problem. There should be some risk based sample (5-10%) verification of DTA invoices and endorsement of other invoices on self certification basis to reduce time.

Further, there should be online endorsement of DTA invoices by the AO/SOs which should be acceptable by GST authorities so that DTA suppliers are able to get the due refund. API based integration of SEZ Online with GSTN SEZ should also be completed at the earliest.

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

9. **Non-application of various Import restrictions by DGFT/other Ministries on imports into SEZs/EOUs as SEZs/EOUs are primarily meant for exports and they will be using imports as raw material for manufacturing of exported products. There are explicit provision in SEZ Rules and EOUs guidelines in FTP that only prohibited goods cannot be imported by SEZs and EOUs. These import restrictions are for domestic market :**

- a. **Quality Control Orders/BIS should not be applicable for imports which are being used as raw material for manufacturing of export products.** Many Ministries/Departments have issued these QCOs and customs authorities are stopping imports by SEZs and EOUs which creates problems for exports by SEZs and EOUs. Imports by SEZs and EOUs should be exempted from these QCOs as that is not the intent of these QCOs and these imports are being used for exports only.
- b. **Registration Certificate/Import Permit from Central Insecticides Board for Import of Boric Acid**
- c. **Regulatory Requirement for import/export of drugs**
- d. **Port restrictions**

10. **Amendment in SEZ Power Guidelines**

- a. Permitting IT/ITES developers for installation of RoofTop Solar Power plants as part of infrastructure/ authorised operations for providing electricity in common areas. Comments from DGEP have been sought.
- b. Procurement/installation of Solar Power Panels **by SEZ Units** for exclusive use of SEZ units – this should be authorised operation (GST free domestic procurement/duty free import of equipment) and financial benefits should be available. Proposal has been sent by DoC to DGEP and MoP.

11. **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.

12. **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.



LATEST CIRCULARS

[To be published in the Gazette of India, Extraordinary, Part-II, Section 3 Sub-section (i)]

GOVERNMENT OF INDIA

MINISTRY OF COMMERCE AND INDUSTRY

(Department of Commerce)

NOTIFICATION

New Delhi, the 6th December, 2023

G.S.R----(E)-. In exercise of the powers conferred by section 55 of the Special Economic Zones Act, 2005 (28 of 2005), the Central Government hereby makes the following rules further to amend the Special Economic Zones Rules, 2006, namely:-

1. (1) These rules may be called the Special Economic Zones (Fifth Amendment) Rules, 2023.
(2) They shall come into force on the date of their publication in the Official Gazette.
2. After rule 11A of the Special Economic Zones Rules, 2006, the following rule shall be inserted, namely:-

11 B. Non-processing areas for Information Technology or Information Technology Enabled Services Special Economic Zones:-

- (1) Notwithstanding anything contained in rules, 5, 11, 11A or any other rule, the Board of Approval, on request of a Developer of an Information Technology or Information Technology Enabled Services Special Economic Zones, may, permit demarcation of a portion of the built-up area of an Information Technology or Information Technology Enabled Services Special Economic Zone as a non-processing area of the Information Technology or Information Technology Enabled Services Special Economic Zone to be called a non-processing area.
- (2) A non-processing area may be used for setting up and operation of businesses engaged in Information Technology or Information Technology Enabled services, and at such terms and conditions as may be specified by the Board of Approval under sub-rule (1).
- (3) A non-processing area shall consist of complete floor and part of a floor shall not be demarcated as a non-processing area.
- (4) There shall be appropriate access control mechanisms for Special Economic Zone Unit and businesses engaged in Information Technology or Information Technology Enabled Services in non-processing areas of Information Technology or Information Technology Enabled Services Special Economic Zones, to ensure adequate screening of movement of persons as well as goods in and out of their premises.
- (5) Board of Approval shall permit demarcation of a non-processing area for a business engaged in Information Technology or Information Technology Enabled Services Special Economic Zone, only after repayment, without interest, by the Developer:-

- (i) tax benefits attributable to the non-processing area, calculated as the benefits provided for the processing area of the Special Economic Zone, in proportion of the built up area of the non-processing area to the total built up area of the processing area of the Information Technology or Information Technology Enabled Services Special Economic Zone, as specified by the Central Government.
- (ii) tax benefits already availed for creation of social or commercial infrastructure and other facilities fi proposed to be used by both the Information Technology or Information Technology Enabled Services Special Economic Zone Units and business engaged in Information Technology or Information Technology Enabled Services in non-processing area.
- (6) The amount to be repaid by Developer under sub-rule (5) shall be based on a certificate issued by a Chartered Engineer.
- (7) Demarcation of a non-processing area shall not be allowed if it results in decreasing the processing area to less than fifty per cent of the total area or less than the area specified in column (3) of the table below:

TABLE

Sl. No. (1)	Categories of Cities as Per Annexure IV-A (2)	Minimum Built-up Processing Area (3)
1.	Category 'A'	50,000 square meters
2.	Category 'B'	25,000 square meters
3.	Category 'C'	15,000 square meters

- (8) The businesses engaged in Information Technology or Information Technology Enabled Services Special Economic Zone in a non-processing area shall not avail any rights or facilities available to Special Economic Zone Units.
- (9) No tax benefits shall be available on operation and maintenance of common infrastructure and facilities of such an Information Technology or Information Technology Enabled Services Special Economic Zone.
- (10) The businesses engaged in Information Technology or Information Technology Enabled Services Special Economic Zone in a non-processing area shall be subject to provisions of all Central Acts and rules and orders made thereunder, as are applicable to any other entity operating in domestic tariff area.

[File No: K-43014(16)/9/J2021-SEZ]

(VIPUL BANSAL)

Joint Secretary to the Government of India

Note:- The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), *vide* notification number G.S.R 54(E), dated the 10th February, 2006 and lastly amended *vide* notification number G.S.R. 824(E), dated the 7th November, 2023.

Instruction No.114

No.K-43014(16)/9/2021-SEZ
Government of India/Bharat Sarkar
Ministry of Commerce and Industry/ Vanijya Aur Udyog Mantralaya
Department of Commerce/ Vanijya Vibhag
(SEZ Section)

Vanijya Bhawan, New Delhi
Dated the 14th December, 2023

To

All Development Commissioners of SEZs

Subject: Clarification regarding powers in respect of non SEZ IT/ITES units operating in non processing area of an IT/ITES SEZs.

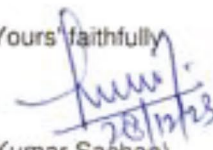
Madam/Sir,

I am directed to refer to G.S.R 881(E) dated 06th December, 2023 amending SEZ Rules, 2006 by way of inserting new Rule 11B, to enable allowing non-SEZ IT/ITES entities to operate in the non-processing area of an IT/ITES SEZs and to state that sub clause (10) of Rule 11B provides that *"the businesses engaged in Information Technology or Information Technology Enabled Services Special Economic Zone in a non-processing area shall be subject to provisions of all Central Acts and rules and orders made thereunder, as are applicable to any other entity operating in domestic tariff area."*

2. Accordingly, it is clarified that in respect of the non-SEZ IT/ITES units, powers under any Central Act or any other law with respect to such units in non-processing areas shall be exercised by the concerned officer or agency having such powers without the need for any approval from the jurisdictional Development Commissioner.

3. This issues with the approval of competent authority.

Yours faithfully


(Sumit Kumar Sachan)

Under Secretary to the Government of India

Tel: 011-2303 9829

E-mail: sumit.sachan@nic.in

Copy to :-

1. CBIC, Dept. of Revenue, New Delhi
2. DGEP, Dept. of Revenue, New Delhi

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Vanijya Bhawan, New Delhi

Dated: 12th January, 2024

Policy Circular No. 09/2023-24

To,

1. All Customs Commissionerate(s)
2. Members of Trade & Industry

Subject: Clarification regarding Import Policy Provisions for Laptops, Tablets, All-in-one Personal Computers and Ultra Small Form Factor Computers, Servers under HSN 8471-reg.

Attention is drawn to DGFT Notification No. 23/2023 dated 03rd August 2023 read with Notification No. 26/2023 dated 4th August 2023 and Notification No. 38/2023 dated 19th October 2023 and in continuation to Policy circular no. 6/2023-24 dated 19.10.2023, whereby Import of certain specified IT Hardware was 'Restricted'. In this regard, the following clarifications are provided:

"Only the import of Laptops, Tablets, All-in-one Personal Computers, Ultra small form factor Computers and Servers falling under HSN 8471 is 'Restricted' and import should be allowed against a valid Import authorisation only for above five item categories. The given Import Restriction does not apply to any other goods such as Desktop Computers, etc. under tariff head 8471".

This is issued with the approval of Competent Authority.

MD MOIN
AFAQUE

(Md. Moin Afaque)
Deputy Director General of Foreign Trade
E-mail: ddg1import-dgft@gov.in

(Issued from F.No.01/89/180/39/AM-13/PC-2[A]/E-2261)

REPLIES TO QUERIES FROM MEMBERS (INDIRECT TAXES)

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
1	We have imported duty-free material duty free. Since, part of it is to be consumed for production of product for DTA sale, we have paid customs duty applicable to our jurisdictional officer. Kindly advise mode of payment which will reflect in our GST portal for availing input credit.	As per Para 6.07(a)(i) of FTP 2023, an EOU unit is required to reverse the duties of Customs for which exemption is availed, and the imported goods are utilized for the purpose of manufacturing finished goods. Further, applicable GST is also required to be paid on the sale of goods from EOU to DTA units. We understand that customs duty has been reversed by the unit, and the applicable GST is required to be paid through GST returns under the cover of a tax invoice.
2	Please suggest the procedure to shift duty paid laptops from our SEZ unit to other units i.e. DTA/SEZ/STPI/EOU	The transfer of goods from SEZ units to another SEZ/EOU/STPI unit is governed by Rule 34, read with Rule 38 of SEZ Rules, 2006, and the transfer of goods to a DTA unit is governed by Rule 49 of SEZ Rules, 2006. You may refer to the aforementioned provisions in relation to the process for the removal of laptops from the SEZ unit.
3	We had imported some networking equipment's under exemption of duties in our Pune EOU and want to transfer the same to Chennai EOU unit. Is it possible to transfer the same without payment of duties or we need to pay duties then transfer take place.	There is no exemption under GST for such supply of goods. However, Notification No. 52/2003 dated 31 st March 2003, allows units to transfer capital goods to another EOU without payment of duty, subject to conditions as mentioned in aforesaid notification.
4	Please clarify: 1. Whether SEZ exemption can be claimed for the import of services. 2. Whether SEZ exemptions extend to rental payments made for accommodation provided to expatriate employees.	Please find pointwise reply to your queries as below: 1. Please note that as per Notification No. 18/2017 - IGST 2017, all services imported by units within SEZs are eligible for a GST exemption. You may refer to the same. 2. Accommodation services procured by SEZ Unit are covered at Entry No. 66 of default uniform list of services. Accordingly, the unit may avail the exemption of such services.
5	We are procuring translation services which is used in our app as a product feature, which enables our customers to view the application in their preferred language. Could you please clarify, under which of the 66 services we can fit this translation services.	The same may be categorised under uniform list if service at Sr. No. 24 - Development and supply of content services.

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6	While supplying to SEZ clients, what is the requirement with regard to signing of shipping bill.	EOU units can supply goods to SEZ units in accordance with the provisions outlined in Rule 30(14) read with Rule 30(12) of SEZ Rules, 2006. According to the said rule, the customs officer is required to allow clearance of goods from the warehouse on the cover of an ex-bond shipping bill. Further, as per Rule 30(12), it is mentioned that such an ex-bond shipping bill shall be assessed by the Assessing Officer.
7	Are we eligible to buy materials from DTA suppliers without payment of GST. If yes, can our suppliers get the refund of GST which they paid on their material procurement Being an EOU, what are the pre and post procurement procedures to be followed to avail the exemption of "Procurement without payment GST" and what are the procedures to be followed by the DTA supplier.	This issue has been addressed in the 22nd and 23rd GST Council meeting, as per recommendation of the council, EOU units were authorised to take tax free goods from DTA as per the procedure prescribed in the Circular No. 14/14/2017-GST dated 6th November 2017. On the recommendation of the GST Council, the Government issued the above circular followed by the notification to this effect. Rule 89 of the CGST Rules, 2017 has been amended suitably vide Notification No. 47/2017-Central Tax dated 18.10.2017 to allow either the recipient or supplier of such supplies to claim the refund of tax paid thereon. Notifies supplies made to EOU as deemed exports vide Notification No. 48/2017-Central Tax dated 18th October 2017. Thus, tax paid on such transactions can be claimed as refund either by the recipient or by the supplier.
8	In furtherance to below query, Please clarify, can the recipient unit in Noida claim this concessional rate of IGST 0.1% paid as ITC on third party export where shipping bill is filed by Noida recipient unit by their export invoice/PL. Also, where should the SEZ unit show this DTA sale in GSTR-1.	Any movement of goods from SEZ to DTA unit is made on the cover of Bill of entry, which is filed by SEZ unit on behalf of DTA unit. Further, BOE serves as a relevant document for the importer to claim ITC in their GST return. The same has been highlighted in instruction no. 9 of GSTR-1. You may refer the same for documentation and reporting purpose.
9	Kindly clarify that Can a Customer take Input Tax credit on concessional rate of IGST @ 0.1% paid on Third Party Exports from SEZ.	Goods dispatched from an SEZ unit to another registered entity for export purposes must be cleared under the bill of entry filed by the recipient unit. The recipient unit is obligated to report this transaction in its GST returns as an import from the SEZ unit. This is to be done by quoting "Notification No. 41/2017-Integrated Tax (Rate)," which sets the Integrated Tax rate at 0.1% for inter-State supply of taxable goods from a registered supplier to a registered recipient for export, subject to specified conditions. Upon fulfilling the other conditions outlined in the

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		aforementioned notification, the supply may qualify for a concessional GST rate of 0.1%. Additionally, merchant exporters have the provision to claim a refund of unutilized input tax credit arising from zero-rated supplies.
10	We had transferred funds to our Gift City Branch USD bank account under RBI Purpose code, S1011 – Payment for Maintenance of Offices abroad during FY 22-23, please confirm whether we need to file our Annual Performance Report to RBI or any other regulators before 31st December 2023.	All SEZ units are mandatorily required to file APR before 30 September of the following year on SEZ portal. Details of all inward and outward transactions are required to be reported in the designated column of the APR.
11	<p>In furtherance to below query, Please suggest if below policies are covered under list of approved services numbered at 26 – General insurance business services or SEZ unit need to obtain specific approval for each policy from UAC for availing GST exemption.</p> <ol style="list-style-type: none"> 1. Group Medclaim Insurance-GMC 2. Group Term Life Insurance-GTL 3. Group Personal Accident Insurance-GPA 4. Future Scheme Gratuity-FSG 5. Workmen Compensation-WC. 	An SEZ unit is entitled to procure services for its authorized operations, and a list of services has been notified by the Ministry of Commerce (MOC), commonly known as default services. General Insurance is covered at serial number 26 of the list, and these services can be availed without payment of GST. However, insurance services such as life/medical insurance services are not covered. Also, please note that life/medical insurance services are also restricted under GST law for the avilment of Input Tax Credit (ITC). Accordingly, the company needs to identify, based on the above criteria, whether the requisite insurance services fall within the ambit of the general insurance category.
12	Under the default approved list of services, there a service at serial number 26 for General Insurance business services. If we operate as IT & ITES SEZ unit and we are taking Life Insurance related services from one of our vendor. Please suggest if there is a need to obtain separate approval for Life Insurance Services from UAC.	For any services that do not appear in the default list of services, the unit may reach out to the jurisdictional Deputy Commissioner's office to seek the benefit of zero-rated supplies. Furthermore, based on the merit of the case, the DC may allow the benefit to the unit.
13	We are planning to procure rented laptop from HP (DTA unit) and could you please advise whether we should file the joint Bill of entry or not.	Acquiring leased laptops from the DTA unit is considered a service procurement, and there is no requirement to file a bill of entry for such a transaction.
14	An EOU needs to sales goods to SEZ unit. We understand that as per GST law, the EOU can make a Zero Rated Supply to SEZ unit.	<p>Please find a pointwise reply to your query as below:</p> <ol style="list-style-type: none"> 1. Please note that EOU may supply goods to SEZ units in accordance with the provision

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	<p>However, the EOU do not want to reverse the customs Duty on imported raw material. As per Para 6.07 a (iii) of FTP 2023, the sales to unit in SEZ shall be taken into account for purpose of arriving at FOB value of export by EOU provided payment for such sales are made from Foreign Currency Account of the SEZ unit. Further, as per 6.15 of HBP 2023, the supply to SEZ unit shall be counted towards NFE.</p> <ol style="list-style-type: none"> 1. We would like to know whether any formalities like filing Bill of Entry, or Bill of Export is required to avail the benefits of NFE and for the requirement not reversal of the Customs Duty on Imported Goods? 2. Whether payment can be done by SEZ unit to EOU unit from Foreign Currency account without Bill of Entry or Bill of Export? 	<p>outlined in Rule 30(14) read with Rule 30(12) of SEZ Rules, 2006.</p> <ol style="list-style-type: none"> 2. As per Para 6.07(a)(i) of FTP, 2023, the condition to make payment from the FC account of the SEZ unit. is mandated to include sales from EOU to SEZ as part of FOB value of exports by EOU. While, the requirement to file the BOE by SEZ unit is being derived from Rule 30 as mentioned above.
15	<p>We had procured some Furniture's in 2013 at our EOU unit, at that time duty rate is 16.32%. Now, we want to de-bond these items so please suggest us do we need to pay Custom duty as per procured duty structure (i.e. 16.32%) or current (that include BCD+SWS+IGST) as per HS code. Please let us also now if any notification/circulation issued related to this.</p>	<p>Refer Para 6.14 of FTP, 2023 for debonding of goods. According to the said provisions, duty is to be paid on removal of capital goods to the DTA unit as per applicable duties prevailing at the time of such removal.</p>
16	<p>We have agreement with the foreign company to receive the capital goods. Is MEPZ approval required for such imports. What are all the documents to be submitted to get an approval.</p>	<p>As per Para 6.01(d)(i) of FTP 2023 read with Para 6.09 of HBP, 2023, an EOU may procure the capital goods on lease. Further, as per Para 6.40 of HBP, 2023, the permission to lease capital goods is obtained from the DC office with a time-bound approval, as specified in the aforementioned provisions. Accordingly, the DC office shall highlight the requisite documents in this regard.</p>
17	<p>In furtherance to below query, please advise for filing Bill of Entry for import of services in light of below Rule 29(6), SEZ Rules, 2006.</p>	<p>Please note that the said rule is in place. However, the industry commonly faces challenges in submitting the Bill of Entry for import of services due to absence of this functionality on the SEZ portal. For better clarification, it is recommended to reach out to the jurisdictional customs officer.</p>

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18	Whether we are required to file bill of entry for import of software services on SEZ Online Portal or anywhere else.	A bill of entry is filed for the import of goods only at the SEZ portal. Further, details of import of service are not required to be reported on a monthly basis on SEZ portal. Same is reported at the time of filing APR.
19	Our unit has valid LOP but could not export any goods in the previous year. Can we avail job work permission to contract some part of patch work to local DTA unit.	As per para 6.14 of FTP, 2023, EOUs are allowed to send goods for job work subject to the permission from the customs authorities. However, the overall limit for job work should not exceed 50% of overall production of previous year. This limitation may pose a restriction in cases where the export turnover for the previous year is zero. It is advisable to connect with the customs authorities for obtaining permission on this matter.
20	Does SEZ unit needs IDPS registration	The Import Data Processing and Monitoring System (IDPMS) has been introduced by the RBI to monitor import transactions through the banking system. The banking sector and Authorized Dealer (AD) banks of the unit keep track of the payments and transactions undertaken by the unit through IDPMS and EDPMS.
21	We are merging with one of our group entity (DTA unit) which would be the surviving entity and the SEZ entity would cease to exist. However, we wish to continue our business in SEZ zone for the benefits that we avail. We would like to understand the procedure for ceasing the SEZ entity and merge it with DTA and to continue the SEZ operations by obtaining the revised LOA in the new surviving entity. There is no change in the business volume, manpower and export performance commitments. Please share the overall procedure to follow.	In the case of merger of two or more companies sanctioned by an order of a High Court, Tribunal, or otherwise, where the acquiring company (DTA Unit) exists and the acquired company is required to transfer all its assets and liabilities to the acquiring company. Accordingly, amendments under various regulatory registrations (including customs, GST, SEZ, IT Act, etc.) would be undertaken after obtaining the captioned order for the merger of entities.
22	We have filed the softex and it has been certified by DC. Currently it is noticed that the invoice number is incorrect and we need to rectify the same. Please let me know how to cancel the softex earlier.	You may file the softex cancellation request on the SEZ portal similar to the Softex filing request, along with a request letter and other relevant documents, such as a CA certificate and a bank letter.
23	One of our supplier requesting us to get the endorsement for the old supplies from the AO in physical form, where we have already issued the DTA procurement certificate which is online. Please share any notification which	As per Rule 30 of SEZ Rules, 2006, goods procured from DTA units are required to be endorsed by the authorized officer. This serves as evidence that goods have been fully admitted into the SEZ, making them eligible for zero-rated exemption. The endorsement

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	state that endorsement should be done in the online form.	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 when filing a GST refund application with GST authorities. In this regard, the unit may approach and request the Authorised Officer for endorsement of said invoices. Further, government authorities are considering eliminating the requirement for physical endorsement of invoices to facilitate ease of doing business.
24	In furtherance to below mail, I am referring to Gratuity Policy that LIC gives and they levy a 18% GST on the annual premium. This and all General Insurance policies were exempt so far. Can we justify and seek exemption on atleast the direct policies like Gratuity policy or group mediclaim policies?	Premiums paid for gratuity policy/group mediclaim policies are not included in the default list of services for authorized operations of SEZ units. Consequently, such services would not be eligible for GST exemption. However, the unit may reach out to the jurisdictional Deputy Commissioner's office for approving the benefit of zero rated supplies on Group Mediclaim services.
25	Gratuity policy taken for employees by the SEZ unit for the benefit of employees and they all work for the authorised operations of the SEZ unit hence this must be exempt. How can we get this done.	Gratuity for employees typically forms part of the salary payable to employees, and as such, it falls outside the ambit of GST under Section 7 read with Schedule 3 of the CGST Act, 2017. Consequently, the question of availing a duty benefit on such a transaction is unlikely to arise. However, if your scenario differs in any way, please provide further details so that we may better understand and address the issue.
26	Our one of business partner at USA requested us to send Raw material to do trial on their machine. After trial used material will not return back by them. Please confirm, if this transaction is allowed where the goods are raw materials and if the declared value would be approx. USD 1640, is this allowable as FOC.	As per Rule 45 of SEZ Rules, 2006 a unit may export any goods or services, including semi-finished goods or components, except prohibited goods, provided they are mentioned in their LOA. According to sub-rule 7 of the said rule, a unit may export samples on a FOC basis through a permissible mode of export.
27	We are doing direct exports with IGST 18% and getting refund after filling GSTR-3B returns from icegate which is auto-debited at the time of consumables import with annexure-111 without IGST. Please advice whether this refund process is correct or not.	As per Rule 96 of the CGST Rules 2017, dealing with refund of IGST paid on goods exported out of India, the shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India, once both the export general manifest (EGM) and valid return in Form GSTR-3B, as the case may be, has been filed. Thus, once the shipping bill and the EGM is filed and a valid.

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		return is filed, the application for refund shall be considered to have been filed and refund shall be processed.
28	We have a quite a few overseas clients to whom we render services on their behalf as per our authorized operations mentioned in our LOA. But there seems to be a disconnect in the levy of GST on the services rendered to them and it is not legally addressed. Couple of Units have applied for Advance Ruling on this and got a favorable order in their favor. There appears to be no clarity in law, hence we are bringing up this topic to your office, and request you to kindly advise on the GST levy to the services rendered to the foreign client.	SEZ units and EOUs are not required to get import authorisation/registration for import of IT hardware for captive consumption of units only.
29	Please help to get standard application format for Rule 11B. w.r.t to recent Gazette Notification G.S.R. 881 (E) dated 6 December 2023.	Considering this to be a recent update, there is no prescribed format issued by authorities in this regards. Accordingly, you may use standard application format generally used for seeking permission in similar matters from BOA.
30	We are frequently procuring/importing parts/components/goods from SEZ units for our manufacturing purposes. Please clarify if the recipient unit is required to submit a re-warehousing certificate to SEZ unit for the supplies received in line with circular no.35/2016-customs, dated 29th July 2016 regarding mandatory warehousing requirements for EOUs.	In line with the stated circular, the system of furnishing re-warehousing certificates has been dispensed off w.e.f. 13th August 2016. Further, the unit may refer to Para 7 of circular, wherein the units are required to submit the procurement certificate or pre-authenticated procurement certificates, whichever is applicable.
31	Please confirm the applicability of NFMIMS w.r.to sales of Copper Cable (used/scrap) from SEZ to DTA, along with applicable tariff rate.	You may refer to Para 2.33 of FTP, 2023, concerning the sale of waste or scrap from the SEZ unit. Furthermore, we wish to apprise that there is no specific exemption for SEZ units from the applicability of NFMIMS, as indicated in the shared notification. Therefore, it is advisable to proceed with the registration mentioned in the notification. Additionally, the tariff rate will depend on the classification of the goods being removed.
32	In furtherance to below query, Please confirm our understanding that we will receive the supply with tax invoice, without payment of	Your understanding is correct.

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	duty/tax and the invoice will be endorsed by customs in SEZ On-line under the DTA service procurement category.	
33	We are purchasing a software license from the supplier in SEZ, Pune – India. There will be no physical goods movement as it is software, supplier will send the link by mail to install the software. They will file the DTA Invoice with SAC code 99733, for payment purpose. Since it is zone – zone transection, what is the process for BOE filing & how get OOC?	Considering this is a service transaction, hence there is no requirement of filling the bill of entry and OOC. The said transaction would be commenced under cover of the tax invoice.
34	In furtherance to below query, we want to confirm on the nature of transaction, whether it's considered the supply of goods or services, since we are receiving two invoices from the service provider for the same printer supply – one for rental charges under the service category and another for meter charges under the supply category. Please clarify, if a separate supply invoice for meter charges is to be considered as part of the printer services.	Please note that the said transaction may be treated as input services under composite supply. Further, you may refer to the agreement with the vendor for considering the exact nature of supply.
35	The issue revolves around the classification of meter charges for rental printers, with the service provider treating it as a composite supply under HSN Code-84439959, citing the dominant component as toner supply. We are concerned about the HSN code usage and its impact on SEZ customs endorsement. The service provider defends their practice, referencing industry standards and suggesting SEZ representation. Additionally, they propose sharing invoices with the applicable GST rate of 18% for SEZ transactions, treating them as exports subject to IGST. The company seeks clarification on the treatment of meter charges as a supply distinct from the DTA service category.	In case, where there are multiple line items on a single invoice, it is recommended to consider them separate supply for the purpose of endorsement at SEZ portal as per their respective HSN/SAC. Further, it is suggested to reach out to jurisdictional Custom Officer in case they have any similar precedence, where any clarification has been issued in this regard.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
36	Can an EOU receive resources from outside and work for them as jobworker.	As per Para 6.13(b) of FTP, 2023, the EOU may undertake job-work for export on behalf of the DTA exporter, provided that goods are exported directly from the EOU along with fulfillment of other conditions mentioned under said para.
37	We are continuous manufacture of pharma products in SEZ. As part of purchase, we procure diesel regularly from IOCL, Chennai, without payment of CENVAT tax under ARE-1 bond for our authorised operations. IOCL is supplying diesel from their bonded warehouse which was completely closed due to some emergency and thus IOCL was unable to supply diesel without tax under ARE-1 bond. However, due to our production urgency, IOCL supplied diesel from their non-bonded warehouse with payment of duties/taxes. Please elaborate the procedure to claim refund of VAT tax from CE dept.	VAT refund can be claimed by filing VAT returns. However, post introduction of the GST Act, 2017. Definition of goods has been amended in CST Act as below: "goods" means- (i) petroleum crude; (ii) high speed diesel; (iii) motor spirit (commonly known as petrol); (iv) natural gas; (v) aviation turbine fuel; and (vi) alcoholic liquor for human consumption;] Further, VAT authorities may take reference of this for the purpose of registration. In such a situation you may explore judicial remedy, if any available.
38	Request you to clarify, if Customs duty is applicable for DTA Service sales from SEZ? If so, please provide the notification/rule/act.	There are no custom duties leviable on supply of service to the DTA unit. Only IGST is applicable.
39	Whether the SEZ unit is required to get registrations with local bodies like panchayat, municipal corporation.	Depending on the nature of the unit's operations, it may be necessary to obtain certain local/state regulatory registrations.
40	What is the penalty if an SEZ has not submitted a registered lease deed within 6 months as per Rule 18 (2)(ii) of SEZ Rules.	There are no explicit penalty provisions for non-compliance with specified conditions. However, the competent authority may impose a penalty under Foreign Trade (Development and Regulation) Act (FT D&R Act) in instances of default or violation of prescribed requirements.
41	Please share any circular issued in CSEZ regarding the documents to be submitted for endorsement of service invoices in the SEZ online systems or documents required to be submitted along with the service invoice.	DSPF is an online functionality and no specific documents are required to be submitted for DSPF approval. In case you wish to know about any specific SEZ related circular, you may reach out to the jurisdictional custom authority office requesting relevant circular/documents from them.
42	We have a foreign client for whom we warehouse goods in SEZ, India. A DTA unit exports goods to this client and we file "Bill of export of goods under claim for duty drawback". Further, the	The pending refund claim may be tracked from ICEGATE portal using shipping bill details. You may search for the scroll from the said portal.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
	DTA unit exported the goods with payment of GST and not under LUT. The DTA unit has not yet received their duty drawback amount nor GST refund. Please guide us how the DTA unit can claim their duty drawback amount and GST refund.	
43	Kindly share the circular or notification to make purchases excluding GST as we have accumulated ITC.	<p>In case of procurement of services, GST is levied by the supplier and EOU may claim Input Tax Credit (ITC) of GST paid. If said ITC is not utilized, the EOU may claim refund of unutilized ITC under Section 54 of the CGST Act 2017, against export supplies made under LUT (i.e. without payment of tax).</p> <p>In case of procurement of goods, supplies to EOU are considered as deemed supplies and either the supplier or recipient EOU may claim refund of GST paid. If the supplier chooses to charge GST and collect it from EOU, the EOU may claim a refund of unutilised ITC. Alternatively, if the supplier is opting to proceed under the refund route, he may not charge GST from recipient EOU. In said case, the EOU may be required to declare that no GST was paid on such procurement and no refund will be claimed by EOU.</p> <p>Accordingly, the unit may agree a suitable mechanism with its suppliers or may apply for a refund claim to take care of accumulated ITC.</p>
44	Clarification regarding the newly introduced GSTR-3B reversal concept and Electronic Credit and Re-claimed Statement.	<p>According to the guidelines outlined in the advisory mentioned in mail, a taxpayer needs to report eligible ITC reflected in GSTR-2B which was reversed under 4(B)(2) in GSTR-3B and has not been claimed until July 2023, which may be availed/re-claimed by the taxpayer in period starting from August 2023, as the opening balance of Electronic Credit Reversal and Re-claimed Statement. The unclaimed ITC appearing in GSTR-2B may be used as the base for said reporting. Further, with respect to monthly GSTR-3B, please note that ITC reflecting in GSTR-2B which is not eligible for availment in current tax period but may be reclaimed in future, needs to be reported under 4(b)(2). Accordingly, the Company may look for appropriate disclosures in its returns going forward.</p>

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
45	Kindly provide clarity about the state wise validity of stamp paper.	According to the Indian Stamp Act, the validity of stamp papers ranges from six months to six years from the date of issue, depending on the state. The expiry period is usually mentioned on the stamp paper itself. However, we recommend seeking advice from a domain expert in this regard.
46	One of our DTA Supplier wants to supply their goods on filing Bill of Export in Foreign Currency. After supplying the goods to SEZ, either DTA unit or SEZ unit can take drawback on such goods. Now the SEZ unit export these goods as it is with the permission of trading in SEZ and the unit wants to file their Shipping bill under in RoDTEP Scheme. Can we do the same.	The current RoDTEP scheme is not extended to SEZ units, leaving a lack of clarity for trading units. Whether trading units will enjoy the benefits remains uncertain until the Ministry extends the scheme to SEZ units. Until any such official communication is issued, you may select the option of availing benefit of RoDTEP scheme at the time of filing shipping bill.
47	In furtherance to below query, please suggest if we can dispatch the shipment on payment of full duty and subsequently export it like general exporter, since we want to export material on urgent basis and requiring permission for broad binding is a time taking process.	It is recommended to communicate the issue to jurisdictional DC and explain the nature of goods along with transaction involved since as per Para 6.34 of HBP 2023, DC may allow such shipments.
48	Please advise whether we can export one shipment of goods which are not covered under our LOA. Can we export the same on payment of duty.	The unit may export the goods which are not in its LOP provided such goods are not prohibited or restricted in law subject to approval of jurisdictional DC as specified in Para 6.34 of HBP, 2023. Further, such exports which are not specified in LOP do not form part of NFE as mentioned in Para 6.10 of HBP.
49	Please clarify whether service received from EPCES is eligible for endorsement and availing zero-rated supply.	As per section 16 of IGST Act, DTA suppliers are required to possess a valid LUT for undertaking zero rated supply (for authorised operations) without payment of IGST. Procurement of service from EPCES is considered to be authorized operation and accordingly, may be reported in DSPF under entry no. 67 - Management and business consultant services mentioned in default list of services.
50	We had procured the assets from DTA unit with exemption of IGST. Now we want to transfer the material to another SEZ unit. Is there any possibility to file the BOE without customs duty because it is procured duty free.	For zone to zone transfer, the respective bill of entry would be filed under the duty foregone option available on SEZ portal and accordingly, no duty to be charged on the same.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
51	Whether a Gems & Jewellery Unit situated in SEZ and holding a valid Trading LOA, can do trading of findings & semi-finished precious metals/goods inter-zone as well as exports to overseas clients. The LOA permits only trading activity to inter-unit within the same SEZ.	A unit is allowed to do all the activities covered in its LOA unless prohibited by law. Further, the unit is required to obtain permission from the DC office for inclusion of inter-zone and export of trading goods.
52	We have DTA area which we want to utilise for EOU material storage/working office purpose. Please guide.	Refer to Para 6.35 of HBP, 2023 with respect to inclusion of additional storage location in the existing LOP. It is pertinent to note that a jurisdictional DC/ designated officer is required to be intimated for inclusion of such storage facility.
53	Whether the laptop lease rental charges paid by unit for getting the laptops on lease for its SEZ operations is eligible for zero-rated benefit under the purview of default list of approved services. Please specify the category and ways to obtain approval, if any.	Laptop procured on lease is referred as "Supply of Tangible Goods" which falls under the default list of services at entry no. 45 and accordingly these services may be procured under benefit of zero-rated supplies.
54	In the recent past our export business has come down and we are struggling to sustain operations. Currently, our group of company is getting an order for manufacturing of sports shoes for domestic sale. Please advice that being an EOU, do we have any exception to manufacture and sell the products in domestic market without exporting that product over and above the NFE. Alternatively, can we demark certain portion of existing building and lease it to our group company.	As per Para 6.07 of FTP 2023, a unit may sell its finished goods to a DTA unit subject to fulfilment of positive NFE and other prescribed conditions highlighted in the said para for such sale.
55	Being a manufacturing unit, are we required to give value of service procured under the Bond value .	The BLUT for service procurement is to be filed irrespective of unit type being manufacturing/service unit. The units are required to maintain the proper records of services procured and duty foregone for both indigenous and imported. There is no specific format for recording the benefit availed on such services and their utilization thereof. However, the unit may maintain any tabular format capturing the service procurement details, similar to re-warehousing register maintained for goods on which duty benefit is availed.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
56	Whether transfer of capital goods from SEZ to SEZ or STPI units be made on transaction value or original value.	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.
57	Please share benefits of having a 100% EOU for the export of services	<p>You may please refer to Chapter 6 of the Foreign Trade Policy dealing with EOUs. But basically, the following key benefits are available :</p> <ul style="list-style-type: none"> – Import of goods and services without payment of Customs duties and IGST. – Procurement of goods and services from Domestic Tariff Area on payment of GST. However, supplies are treated as deemed exports under GST Law. Therefore, the supplier or recipient is entitled for refund of the GST paid on such supplies. – DTA sale is permitted on payment of applicable GST. The exemption availed from customs duty on inputs is to be reversed. – In case of services, including software units, sale in DTA in any mode , including online data communication, shall be permissible up to 50% of FOB value of exports or 50% of foreign exchange earned. – Positive net foreign exchange to be achieved over a period of 5 years. – 100% FDI investment permitted through automatic route. – Job-work/sub-contracting permitted for/by DTA units subject to some conditions.
58	We want to know the import duty & local tax of the importing countries. Can you help us with any link/online portal where this is available.	You may refer to the ICEGATE portal for the required information on taxes of importing countries. Further, it is recommended to consult the subject matter expert for better understanding of the issue.
59	We are planning for relinquishment of partial space from our EOU and new EOU will be setup (due to demerger scheme). For new EOU set up, new B17 and bank guarantee will be submitted. Please clarify, whether we need	The change needs to be intimated to the jurisdictional officer and accordingly, the unit may be required to furnish the revised bank guarantee and B-17 bond for the remaining portion of existing EOU, if recommended by the officer.

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	to furnish revised B-17 and revised bank guarantee for continuing space.	
60	Requesting you to kindly clarify a service sector industry is required to submit the data to RoDTEP Committee for review of RoDTEP rates.	No, RoDTEP scheme is for exports of goods and not for services, so you need not submit the data.
61	In furtherance to below query, please clarify whether customs duty is to be paid only for imported material value used in FG or on the FG value invoiced.	Duties to be reversed on the imported content used in the FG. For example FG Value = 100 Value of Imported content : 20 Other cost : 80 Duties to be reversed on duty forgone principle and on Rs. 20 only.
62	<ol style="list-style-type: none"> 1. If we sell finished goods in DTA, then do we have to pay Customs duty and cess foregone at the time of import. Please clarify the rate of such duty. 2. If in case scrap is generated out of imported material, then do we need to pay Customs duty and cess on transaction value or only CGST/SGST/IGST as applicable. 	<ol style="list-style-type: none"> 1. As per Para 6.07(a) (i) of FTP 2023, an EOU unit is required to reverse the duties of Custom for which exemption is availed and the imported goods are utilized for the purpose of manufacturing of finished goods. Accordingly, custom duty exemption availed on import of inputs is to be paid. Further, there is no concession on reversal of duties. 2. For sale of scrap, custom duty is required to be paid on transaction value of scrap sold. Further, please refer to Para 6.07 of FTP, 2023 for specific exemptions on scrap sale to DTA units.
63	Whether the supply of lease rental services needs to be endorsed by Custom Authority for availing the zero rated benefit.	There is no requirement for endorsement as these invoices pertain to supply from SEZ to SEZ.
64	Client of our FTWZ Unit would like to import raw material and store at our unit and would further supply the same to MOOWR bonded warehouse at Chennai for their manufacturing of finished goods. Apart from imported goods, they are also procuring goods from DTA after paying IGST for manufacturing the finished goods which includes packing materials as well. Please clarify, if the unit can avail export benefits.	As per the Circular No. 22/2023-Customs dated 19 September 2023, no export incentive is available under the given situation.
65	We have recently moved our bank to ICICI from HDFC bank. Our ADD Code has been successfully registered in Chennai Port, still our PFMS status is showing as pending since last	The pending request on PFMS portal generally gets approved in 7-10 working days. However, in case such approval is not received within the above mentioned period, you may raise a grievance on PFMS helpdesk at pfms@gov.in to get this addressed.

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	5 days. Can you please let us know if we have to go through any special procedure for getting the PFMS Status to “Approved”	
66	Kindly advise on how to import restricted items in SEZ for Authorized Operations.	In case an item is mentioned as ‘Restricted’ in ITC (HS) in Schedule 1-Import policy, then an Import Licence/ authorisation shall be required in order to import said item. The application can be made online by filling Form-ANF 2M along with prescribed documents.
67	Request you to please provide Indian regulations and standards for following: ·Transport of Dangerous Goods and ammunition by air, sea, and/or road. For example, this document may recommend the number and location of the anchor points for lashing during transport. · Classification of munitions and weapons systems · Ammunition packaging: identification, marking, test and environmental criteria · Ammunition storage regulations · Safety principles to apply for the handling and the transport of ammunition. In case any SOP’s are available, please share.	It appears that the member unit is seeking assistance with regulations related to arms and ammunition. In this regard, we recommend referring to the Arms Act for relevant information or may seeking advice from a domain expert. Additionally, if the member encounters any challenges related to tax regulations, they are encouraged to raise their concerns here for assistance.
68	We are SEZ unit, wanting to procure material from our EOU unit (stock transfer Invoice). Please clarify, whether we can treat it as DTA procurement and receive invoice for zero rated supply against LUT under Section 16 of IGST Act, 2017 or is it mandatory to file bill of entry for material received from EOU.	According to Rule 30(14) of SEZ Rules, 2006, the SEZ unit may procure goods from the EOU unit without payment of duty under the cover of LUT (under GST) by following procedures laid down under Rule 30(12) of SEZ Rules. Therefore, the unit may be required to file a bill of entry for procuring goods from the warehouse.
69	When a SEZ unit supplies service to DTA, will Customs duty be applicable	There are no customs duties on services. IGST will be applicable.
70	In case of import of capital goods, whether the import duty (Basic + SWC + GST) foregone under the B17 bond will be 25% of actual value of such duties. Please clarify.	As per Public Notice 25/2021 dated 27 May 2021, in case of import of inputs being capital goods, the unit is required to debit an amount equal to 25% of duty foregone in B-17 bond.
71	We want to sale scrap to some vendors but some of BOE not reflected in their GST portal. Please suggest.	There is a technical issue at ICEGATE portal due to substantial upgrading of the portal undertaken by their technical team. In this regard, it is recommended to kindly raise a grievance to both ICEGATE and NSDL

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		portal elaborating about the issue faced along with request IDs and BOE details.
72	Could you please suggest the rules and regulations for importing EV bikes that could be used for testing purposes within the EOU unit.	As per Para 6.15 of FTP, 2023, EOU may undertake testing services with prior permission obtained in UAC and subject to fulfillment of terms and conditions mentioned in aforesaid para.
73	In furtherance to below query, please advise how we have to rectify the wrongly filled SOFTEX in previous period of Dec-22 to Sep-23 at NSDL.	The company may request for cancellation of SOFTEX forms that were inadvertently filed for previous periods. Further, it is recommended to secure confirmation from the AD bank before initiating an online cancellation request for previously submitted SOFTEX forms to avoid any potential concerns or issues arising from such cancellation.
74	We conduct export services by deputing engineers abroad for testing and commissioning activities in the electrical field, in accordance with their approved LOA (Letter of Approval). We are currently reporting these export services to NSDL through both SOFTEX and SERF forms on a monthly basis. On receipt of payment from customers, the AD Bank is advising to use the purpose code P0807, which is associated with off-site software export, however we are not engaged in software export. Further, the bank is suggesting that to stop filing of SOFTEX in case we are not involved in software export. Please clarify how to correctly report the purpose code to bank.	As per RBI Master Circular No. RBI/2013-14/14 dated 1 July 2013 (Para B15), RBI Circular No. 80 dated 15 February 2012 and RBI Circular No. 43 dated 13 September 2013, any company who does IT/ITES exports through data communication links needs to submit the SOFTEX to Designated Authority for certification. Engineering services are generally not considered as IT/ITes services and accordingly, the requirement to submit SOFTEX at the portal does not arise. The unit is required to submit only SERF at the SEZ portal for such exports. Further, the purpose code P0807 pertains to off-site software exports, which can be used if the service is related to software exports. The purpose code for engineering service is P1009 "Architectural, engineering and other technical services", which may be used for reporting the export services to AD bank.
75	We have re-imported our export products for repair and return around 6 months back. What is time limit prescribed under policy for re-export and how can we apply for extension of time.	As per Notification no. 52/2003 dated 31 March 2003, any goods imported for repair may be re-exported within 1 year from the date of importation for repairs.
76	We have a parking lot along with a building for meeting vendor's requirements which is outside the SEZ zone. The expenses for such parking lot and building is incurred with GST. Is it permissible for an SEZ developer/unit to have an area outside the zone for SEZ operations.	An SEZ is a demarcated area and any activity outside the zone is not allowed as per SEZ laws.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
77	Please clarification the value to be charged for inter unit transfer of used capital goods from the SEZ to EOU/STPI Units/SEZ units in the absence of clarity in law.	Transfer of goods from SEZ units to another unit/EOU/STPI unit is governed by Rule 34 read with Rule 38(4) of SEZ Rules, 2006, wherein the goods when transferred should be treated as imports by receiving unit. The value of these goods should be deducted from imports of transferring unit. If there's any change in depreciated value at time of transfer, this difference should be recorded in bond ledger as an adjusted amount.
78	With reference to DGFT Circular No. 06/ 2023-24 dated 19 October 2023, please clarify if we can import bulk quantities of laptops under STPI/SEZ schemes.	SEZ units and EOUs are not required to get import authorisation/registration for import of IT hardware for captive consumption.
79	In furtherance to below query, please clarify, what does advance authorisation (AA) mean. As an EOU, can we get this AA.	No, AA is for DTA units when they want to import goods duty free for the purpose of using them for manufacturing exports products. EOUs already get imports duty free. So no need of AA.
80	In furtherance to below query, please note that we are purely exporting company only. In that case, does this MIP is applicable on import of steel.	As per the attached DGFT notification only imports by Advance Authorisation are exempted and hence MIP on imports by EOUs is applicable.
81	In furtherance to below query, please note that our product is covered as per attached notification under steel plates. Please reconfirm if the same is exempted for EOU companies.	We will get it confirmed from DGFT/M/o Steel. Generally, SEZ units and EOUs are importing steel products without having to comply with Steel Quality Control Orders as Customs is allowing that. So in case Customs are allowing imports by EOUs and SEZ units without insisting on MIP, that is good. The idea is MIP should not be applicable for imports for exports purposes.
82	Please confirm, if steel imports MIP notification is applicable for EOU units.	EOUs are not exempted at present from MIP. So MIP is applicable. We will take it up with M/o Steel and DGFT separately. Pl send the M/o Steel or DGFT notification for MIP for your product in case your product is not covered under the attached DGFT notification.
83	We manufacture metal components and export them to various countries. To manufacture these metal components, we are importing CRCA Sheets and Coils as per customer specifications. Please clarify if there any BIS license exemption available for EOU units whose products are manufactured and exported to other countries.	As per Section 16 of the Bureau of Indian Standards Act, 2016 ('Act'), the Ministry of Steel has issued Steel and Steel Products (Quality Control) Order, 2018 mandating the procedures prescribed in act to be followed for certain steel products like steel sheets, wire etc. This order shall be applicable to all businesses irrespective of the unit operational scheme such as

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		EOU, SEZ etc. Therefore no specific exemption is available for EOU/SEZ units under the said provisions. However, in case the steel product is meant for export then the provisions of the said order would not apply. It is advisable that you may also post this query on TCQCO Portal (https://tc-qco.steel.gov.in/tc-qco) to get a specific response from the concerned authority to be on the safe side.
84	We want to export a device to Germany value of around 20,000 USD for repair and return purpose. Please confirm whether we can get GR waiver for this or not.	As per the master circular no. 10/2011-12 dated 01 July 2011 issued by RBI, an exporter may request the AD banks for GR approval in cases where goods are exported for re-import after repair/testing/maintenance etc. You may refer to para B.10 of said circular. Additionally, Para B.1 of the circular may be referred for the cases where GR waiver may be granted by the AD bank.
85	A manufacturing SEZ unit wants to update a Captive R&D for a group company in the same premises. Whether the same premises can have 2 letter of approval, one for manufacturing and one for Captive R&D, wherein a dedicated space shall be provided for Captive R&D.	A unit cannot have two LOA but it may have more than one activities categorized as authorized operations in its LOA. Accordingly, the unit may have an additional authorized operation included in its current LOA.
86	Whether an manufacturing SEZ unit can have an in-house R&D in SEZ premises. The in-house R&D would help in product development which would be manufactured by SEZ unit. If yes, whether any specific approval is required from Development Commissioner or Unit Approval Committee.	Yes, as per Section 15 of SEZ Act, 2005 read with Rule 19 of SEZ Rules, 2006, a unit may obtain permission to have in-house R&D service as its authorized operation from the Board or Approval Committee in a UAC meeting.
87	Our SEZ unit would like to sell the goods to DTA unit but DTA unit holder has registered their plant under MOOWR scheme. In this case, can bill of entry be filed under SEZ or MOOWR Scheme. Further, please clarify if both customs duty and IGST will be exempted or only customs duty is exempted.	SEZ unit is required to file Bill of Entry at the time of making supply of goods to MOOWR. Further, all the duties i.e. customs duty and IGST is exempt as of now on such transactions.
88	We were informed by the customs that being a EOU export we cannot export under payment of IGST, even if we have not imported any raw materials used in production of invoiced material without payment of IGST and we have	We understand that, through the recent amendment made vide Notification No. 01/2023 – Integrated Tax dated 31 July 2023, only specified category of goods highlighted in the notification are restricted for making export of goods with payment of tax and rest all

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	to use the invoicing under the LUT option only. Rule 96 (10) does not state so. We are not using materials imported without payment of IGST for such exports, while for any exports made using materials procured without payment of IGST, we use the LUT approach. My suggestion is that wordings in Rule 96, especially for EOUs be made completely unambiguously clear in this aspect and a circular sent out to EOU units for clarification.	exporters may export the goods on payment of IGST to further claim benefit of refund of IGST paid, subject to conditions highlighted under Rule 96 of CGST Rules, 2017.
89	<ol style="list-style-type: none"> 1. When SEZ unit get the service of cab hire, is SEZ liable to pay GST under RCM. 2. If SEZ is exempted, is there any requirement of getting the Cab bills endorsed from SEZ officers. 	<ol style="list-style-type: none"> 1. SEZ unit/developer may procure services, where they are liable to pay GST under RCM, without payment of GST provided the actual recipient i.e. SEZ unit/developer furnishes a LUT 2. Further, in accordance with Rule 30 of SEZ Rules, 2006, endorsement of invoices is required to be obtained on all invoices on which duty benefit is availed.
90	Please clarify whether IGST exempted on general insurance or not. Recently our insurance co. has started charging the IGST on transit insurance policies issued to our SEZ unit stating that the said service is not mentioned in pur LOA.	SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. General Insurance is covered at serial number 26 of the list and these services can be availed without payment of GST.
91	<p>We have supplied goods to our DTA customers in earlier years from our SEZ unit under warranty period of 24 to 36 months. Now, customers has a problem with our products' spare parts. Please advise us on documents, method and applicability of custom duties/IGST in the given scenarios:-</p> <ol style="list-style-type: none"> 1. Parts sent under warranty from SEZ to DTA client as replacements. 2. Returned the repaired parts to SEZ for rework and then send them back to DTA customer. 	<ol style="list-style-type: none"> 1. There is no clear provision in relation to replacement of goods sold to DTA units under SEZ Law. However, in absence of such specific provisions, you may refer to Para 2.47 of FTP, 2023 stating provisions for replacement of exported goods. 2. You may refer to Rule 49(2) of SEZ Rules, 2006 wherein conditions /procedure has been laid down for repair of goods sold to DTA unit.
92	Please provide the procedure for debonding of indigenous goods & re-credit of duty debited to B-17, procured duty free against CT-3 during the year 2003 to 2007.	For debonding of goods you may refer to Para 6.14 of FTP, 2023. Further, you may refer to Public Notice No. 23/2021 issued by Office of the Commissioner of Customs, City Customs Commissionerate, Bengaluru, stating the situations under which B-17 bond may be re-credited.

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93	In furtherance to below query, please clarify if life insurance offered by companies to their employees will also be covered under Sl. No. 26. or is it for plant and machinery insurance only.	Uniform list of services specifically covers the services procured directly in relation to business of unit. Since life insurance for employees is not considered a service with a direct nexus to business activities of unit, it may not be allowed to be procured duty-free. Additionally, in the recent communication between DG Sir has and Shri Senthil, Director SEZ, DoC, it was confirmed that since the benefit of group insurance will go directly to employees and not to Company, therefore duty benefit on such life and group insurance may not be allowed.
94	Whether a unit may avail IGST exemption for general insurance business services.	Please note that SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. General Insurance is covered at serial number 26 of the list and these services can be availed without payment of GST.
95	We have shifted our capital goods from one STPI to another STPI unit. Can we avail the depreciation on this transaction.	Refer to Para 6.14(b) of FTP, 2023 with respect to provision for transfer from one STPI unit to another wherein it has mentioned that benefit of depreciation can be availed on transfer of capital goods to another unit.
96	If we get External commercial borrowing, kindly confirm if permission from RBI is mandatory.	Refer to master circular no. 5 dated 26 March 2019 issued by RBI on external commercial borrowings for seeking details related to external commercial borrowings. The link for the same is captured for your ready reference – Reserve Bank of India – Master Directions (rbi.org.in).
97	Can you please check the formalities and procedure to do export to Thailand under Asean-India Free Trade Area.	You may refer to “Framework Agreement with Thailand India – Thailand Free Trade Agreement (EHS)” available at Indian Trade portal. The link for the same is captured for your ready reference - https://www.indiantradeportal.in/vs.jsp?lang=0&id=0,1,30606,30611 .
98	Please clarify, whether payment of IGST (Service Tax) in respect of Services availed by SEZ Unit is required to be made at the time of exit from SEZ unit?	Service tax is not mandatory upon exit from SEZ scheme as the law is silent regarding applicability of tax/reversal of benefits availed in respect of services procured in SEZ. Moreover, the primary objective behind levying taxes upon exiting the scheme is to tax only those portions of the benefits that have been utilized by SEZ units but have not contributed to the

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
		promotion of SEZ exports or the original purpose for which the scheme was initiated.
99	Please clarify if there is any notification/ circular which requires cost recovery charges of private SEZ developer to be paid by SEZ co-developer also.	As per Section 3 of SEZ Act 2005, the government may approve more than one developer in a SEZ to be called as co-developer. Accordingly, all the provisions applicable to a developer are equally applicable to co-developer as well. Therefore, cost recovery charges may be paid by co-developer as well.
100	Please clarify, whether payment of IGST (Service Tax) in respect of Services availed by SEZ Unit is required to be made at the time of exit from SEZ unit?	Service tax is not mandatory upon exit from SEZ scheme as the law is silent regarding applicability of tax/reversal of benefits availed in respect of services procured in SEZ. Moreover, the primary objective behind levying taxes upon exiting the scheme is to tax only those portions of the benefits that have been utilized by SEZ units but have not contributed to the promotion of SEZ exports or the original purpose for which the scheme was initiated.
101	In furtherance to below query, can you please update the BOA response of HCL Tech issued in this regard.	In discussion with Shri Senthil, Director SEZ, DoC, the demand has been rejected by BoA/DGEP. The basic reason is that the benefit of group insurance will go directly to employees and not to the company.
102	Whether group health and medical insurance services for employees utilized in a unit or SEZ Developer as authorized operations eligible for tax benefits or not.	Group health and medical insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the medical insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
103	In furtherance to below query, what will be the scenario, if Company X will surrender its GSTIN after merger.	<p>In case where the scheme or an arrangement for merger of two or more companies sanctioned by an order of a High Court, Tribunal or otherwise required the acquired company ceases to exist and transfer all its assets and liabilities to the acquiring company, the acquired company is liable to surrender its GST registration in line with Section 29 of CGST Act.</p> <p>We understand from your mail that since entity X would surrender its GSTIN, it would transfer all the assets and liabilities to the new/acquiring entity. Accordingly, the new entity is responsible for all acts to be done by the acquired company and thus entity Y may issue credit notes for the invoices raised by the entity X.</p>

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
104	After merger of Company X with Company Y, if a customer reject the product sold by Company X, then can Company Y issue a credit note for the same said invoice raised from Company X. Does the GST allows us to do credit notes from the new combined company even if the invoice was under the old separate company name before they merged.	Would additionally request you to kindly confirm if entity X would be surrendering its existing GSTIN post said merger.
105	We have placed an order on our overseas supplier for manufacture and supply of jigs and moulds. Now our Customer wants to purchase these jigs and moulds from us through High Seas Sales transaction and clear this shipment against EPCG license and move these jigs and moulds to our EOU Unit as supporting manufacture for manufacture and supply of components to same Customer. Can 100% EOU Unit enter into High Seas Sale Agreement with DTA unit.	As per para 2.38 of FTP 2023, an EOU may execute High Sea Sales. An application for seeking said transaction is required to be submitted with Deputy/ Assistant Commissioner in-charge, along with a copy of supporting documents such as HSS contract, bank attested invoice and bill of lading. On successful verification of documents and genuineness of the transaction authorities may permit said HSS.
106	We import stainless steel coils without BIS since we are doing 100% exports and no domestic sales except scrap sales. Do we need to apply for sim registration in DGFT Portal for each transaction in lieu of latest circular issued in this behalf.	Please note that as per circular, all steel importers importing steel without BIS license are mandatorily required to apply and seek clarification from the Ministry of Steel through a dedicated portal. Accordingly, based on facts provided, we understand that the Company is falling under defined category of circular and are required to submit an application on specified portal for each import consignment.
107	Can you please advise us the practical viability on transfer of stainless steel tank without payment duty as per Customs Rule 52/2003 from SEZ unit to EOU.	Refer to Rule 38 and Rule 46(12) of SEZ Rules 2006, wherein it clarifies exemption from payment of customs duty upon removal of goods from SEZ unit to EOU subject to conditions as prescribed in given rules.
108	Our recent export got rejected due to specification change and customer asked us to replace the goods immediately at free of value and in the mean time they will arrange the rejected goods simultaneously. Can we re-export the replaced goods before import of rejected goods?	There is no specific provision regarding export of replacement goods before receiving/re-importing the rejected goods in the FTP 2023. However, as per para 6.16(a) of FTP 2023 the cases not exclusively addressed by existing provisions may be considered on their merits by jurisdictional DC. Accordingly, the unit may approach jurisdictional DC for consideration of their case.
109	Which duties are to be reversed during DTA sale from an EOU.	Please see Para 6.07 (a) of FTP, 2023

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
110	We have an internal kitchen inside campus for preparing food given to employees. The manpower supply for preparing food are supplied by a vendor who charges GST on such supply. Can we avail input on this manpower supply provided for canteen.	Section 16(1) read with Section 17(5) of CGST Act, 2017, allows input tax credit only for such procurements which are intended to be used in the course or furtherance of business and not meant for personal consumption/food & beverage. Accordingly, ITC of GST paid on manpower supply services procured specifically for canteen service may be restricted by above mentioned provisions governing ITC.
111	Could you please clarify whether we should include materials imported from our customer, provided free of cost or as a loan, in the APR form. Since these materials do not impact the NFE, especially considering that there is no foreign exchange outflow associated with these transactions, should we restrict the report to only purchased items.	Reply by DG EPCES: Please see SEZ Rule 53 B (c). It has to be taken into consideration for NFE calculation. Hence, it should be included in APR/QPR/MPR. Reply by GT team: Refer to Rule 53(B)(c) of SEZ Rules (as rightly shared by DG Sir), which specifically states to include the value of goods imported free of cost or on loan basis for computation of NFE. Accordingly, the same would be considered for reporting under APR.
112	In furtherance to below query, is this reporting required to be made for goods only or procurement of services as well.	The relevant tab in MPR appearing on SEZ portal for procurement is meant for those transactions which were not reported on SEZ online system through regular DTA procurement reporting. Accordingly, only those DTA procurement on which duty benefit is availed and the same were not reported on SEZ portal are required to be reported here.
113	Can you please help us with definition of procurement, which is required to be reported in online Monthly Performance Report (MPR). Does this require reporting of capital purchases or purchases which are expensed in P&L account as well.	Refer to Rule 27 of SEZ Rules, 2006 with reference to procurement details. Further, please note that goods of any kind raw materials/capital goods/semi-finished goods procured from DTA on duty free basis are required to be reported in MPR.
114	In furtherance to below mail, please note that supply is meant for goods (readymade garments).	With reference to Para 6.08(a) of FTP, 2023, EOU may supply goods to DTA customers against convertible foreign currency which shall be considered for NFE computation.
115	1. Can we deliver goods within India for the overseas order in USD value? 2. If it is allowed, how can we take this sales for NFEP calculation as there won't be any customs shipping bill copy for this sales.	You have to be clear whether this transaction will be treated as goods or services. Accordingly, please see FTP 2023 Para 6.07 (a) (for supply of goods to DTA and (b) for supply of services to DTA as well as Para 6.08(b) stating that supplies effected in DTA against foreign exchange remittance received from overseas will be counted for fulfilment of NFE.

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116	Please provide us with a list of countries in which exports of Multi Grenade Launcher (HSN CODE: 93012000) are restricted.	This is a bit difficult question as this is a sensitive defense product. First , one has to check whether there are export restrictions from India itself on this item. Then you may indicate countries you want to export to. Those countries' import policies in respect of this item need to be ascertained.
117	We are trying to avail the benefits under Interest Equalisation scheme for which we need to apply in the DGFT portal to generate an UIN. In this application, a CA Certificate is required to be submitted. Request you to share format of certificate for applying the same.	Refer to Circular No. DBR.Dir.BC.No.62/04.02.001 / 2015-16 dated 4 December 2015 and DCBR.CO.SCB. Cir.No.1/13.05.000/2015-16 dated 11 February 2016 in this regard.
118	<p>We have a FTWZ unit engaged in trading of goods. We are currently, procuring goods domestically as well as by way of import. The goods so purchased are sold to SEZ unit holders and exported out of India. Few of our customers have asked us to supply products which require some value addition. In other words, we may have to get some value addition done to goods procured before the same is sold to customer. The value addition can be achieved by sending goods for job-work to DTA/other SEZ units. In this connection, we would like to know the following.</p> <p>a. Can FTWZ unit send goods to domestic job-worker for job-work/value-add.</p> <p>b. Can FTWZ unit send goods to another SEZ unit in the same/other SEZ for job-work/ value-add.</p>	An FTWZ unit is primarily set up for warehousing and trading of goods. Some minor activities are allowed to be carried out such as packing, repacking, labelling, re-labelling etc. within FTWZ and job work is not allowed. You may refer to Rule 41(1)(g) of SEZ Rules, 2006 in this regard.
119	As per rule 30 (14) of SEZ rules, SEZ units are allowed to procure goods from an EOU. In this process, BOE has to be filed by SEZ unit and based on Bill of entry, EOU unit will file the ex-bond shipping bill to their jurisdictional Customs. Now every transaction is recorded in RBI portal (either in EDPMS or IDPMS system) and manual filing of shipping bill(s) is not allowed. There is one circular i.e., 22/2023 which talks about transfer of goods by bonded warehouse on the cover of ex-bond shipping	The need to comply with warehousing provisions as well as 'bonding' and 'de-bonding' by EOU units has been done away with effect from 13 August, 2016 through public notices issued in this regard. As a consequence, EOUs units were delicensed as warehouses under Customs Act, 1962. Hence, requirement of filing of ex-bond shipping bill is not required in case of supply by EOU to SEZ unit. Accordingly, EOU units may supply goods to SEZ units by following the provisions of Rule 30(12)(a) and 30(12)(b) of SEZ Rules, 2006.

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119	bill(s) but it is not applicable for manufacturing unit (like EOU's). Can you please guide where EOU has to file the ex-bond shipping bill for such transfer of the goods to the SEZ unit and if such facility is not available in EDI, pls take it up with the CBEC / SEZ authorities to make the provisions according with the rules.	
120	As per the DGFT notification No.29 (RE-2015)/2015-2020 Dated 17 September 2016, we can import granite slabs (HSN Code: 68022390) 2 cm Thickness @CIF value \$ 50/SQMT. Can we import Granite slabs 3 CM thickness. If yes, what is the CIF value in \$ per sqmt?	Refer to Schedule 1 under "Import Policy - ITC (HS), 2022," available on DGFT online portal to determine whether a product is categorized as permissible or restricted for import.
121	Please clarify whether we can send goods procured without tax through hand-carry outside of India by filing temporary removal of goods.	You may remove the goods on a temporary basis to abroad in line with Rule 50(2) read with instruction no. 84.
122	We are a SEZ co-developer in MIHAN SEZ, Nagpur. The total area of 100 Acres has been approved as co-developer in MIHAN SEZ. Due to business restructuring, the company is looking for the investor to develop the partial area of around 50 Acres out of total area of 100 Acres. Further, when we approached to MIHAN SEZ DC, we were informed that Kolland SEZ must pay back all benefits availed in respect of proposed 50 Acres to be developed by new investor. It is to be noted that Kolland SEZ is not coming out of MIHAN SEZ, Nagpur and only bringing a new investor to develop the part of existing SEZ which has been approved as SEZ Co-developer in the name of Kolland SEZ in MIHAN SEZ, Nagpur. In view of the above, plz let us know the process for introducing new investor in SEZ in the area approved as a co-developer in MIHAN SEZ.	We understand that Kolland SEZ is a co-developer as notified by Board of Approval (BOA) and for operational efficiency want to introduce another co-developer for development of designated area in MIHAN SEZ. It is to be noted that more than one co-developer can be approved by BOA for the purpose of development of SEZ and all these approved co-developer would be eligible for all tax concessions as prescribed under Section 26 of SEZ Act, 2005. You may also refer to enclosed Instruction no. 109 dated 18 October 2021 for the same. For introducing a co-developer you need to get into an agreement with the proposed entity with a clear objective and responsibilities and furnish an application before the BOA for approval.
123	In furtherance to below mail, can you please help with the process if available for IT/ITES Registration copy issued by Directorate of Industries authorized officers.	Circular H.O. CIRCULAR No - 6/99 issued by Directorate of Industries stating the procedure for obtaining IT/ITes registration in state of Maharashtra may be referred in this regard.

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124	<p>This is with reference to Commercial Circular No. 263 issued vide MSEDCL/P-Com/Accts/Elect Duty/011866 dated 26 Apr 2016 and Commercial Circular No. 204 issued vide MSEDCL/P-Com/Accts/ED-Exmp/22550 dated 08 Aug 2013. Please guide us in availing benefits of Electricity Duty Exemptions (EDD) available under Category 3 of the Circular No. 263. Request if you could help us with the following:</p> <p>(i) Process for the same</p> <p>(ii) IT and ITES unit registration with Directorate of Industries Authorized Officers</p> <p>(iii) ELP-I (Employment of Local Persons)</p>	<p>The unit may apply for Electricity Duty (ED) exemption or refund through the MSEDCL website by filling an online application form on www.mahadiscom.in. Required document could be:</p> <ol style="list-style-type: none"> 1) Application in Form F in prescribed format. 2) Original Electricity Duty Exemption Certificate issued by competent authority. 3) Lease deed. 4) Constitution documents. 5) Project report. 6) Authorisation for signing of application and affidavit. 7) Power Sanction letter. 8) Copies of Energy/Power bill. 9) Document regarding date of commencement of unit. 10) IT/ITES Registration copy issued by Directorate of Industries authorized officers. 11) Other relevant document as per requirement.
125	<p>We have placed one purchase order from Bangalore, IN, to a supplier in China. We arranged the delivery from supplier's place in China to our customer's place, which is Singapore. In this case, we didn't file a bill of entry, but we received a query from the bank that you made payment to the supplier, and the bank is asking for bill of entry documents.</p>	<p>From the details of the transaction provided, we understand that this is a High sea sale (HSS transaction). Please note that a HSS agreement is made on the stamp paper and Bill of lading (B/L) is endorsed in favour of the new buyer. Further, with respect to the payment made in lieu of such HSS transaction, you may interact with your bank and provide them with relevant documents such as shipping bill, bill of lading, high sea sale agreement etc. required to close the IDPMS with bank.</p>
126	<p>Please guide whether provision for recredit of our b-17 bond are available. If yes, kindly provide the procedure and relevant circular.</p>	<p>Public Notice No. 23/2021 issued by Office of the Commissioner of Customs, City Customs Commissionerate, Bengaluru, could be referred for situations under which B-17 bond may be re-credited.</p>
127	<p>In furtherance to below query, could you please clarify, whether we can avail the input on goods procured in guest house like cot, bed, TV, furniture etc or will that be blocked under Section 17(5)(g).</p>	<p>Expenses related to guest house are not considered as expenses in course of furtherance of business by GST authorities across jurisdictions. Hence, authorities may disallow such inputs availed by unit.</p>

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128	Can we avail input on RCM paid on guest house which is used for employee's accommodation for business travel.	SEZs have a relaxation from payment of GST liability under RCM, provided the SEZ unit has a valid LUT under GST. However, if the unit proceeds with payment of GST under RCM, then input tax credit may be availed provided said such accommodation is used in course or furtherance of business and all other conditions for ITC availment are fulfilled.
129	One of our DTA customer has not received ITC. On checking, we found that the said BOE have been reflected correctly in ICEGATE. However, the same is not seen in party's GSTR 2A/2B. Please advise.	Please ensure that your ICEGATE portal is well linked with GST portal for correct reflection of data. You may refer to advisory issued at ICEGATE portal in this regard. However, in case it is still not reflecting on GSTR-2B, you may raise a grievance on the GST portal.
130	In furtherance to below query, please confirm the validation of Public Notice No. 10/2013, issued by SEEPZ SEZ. Also, please confirm whether the LOA of trading unit should have this activity covered.	Please note that while responding to your initial query, we understood that the unit has already obtained special permission for engaging in trading activity and such activity is already forming part of the LOA of unit. Further, while going through the specific public notice issued by SEEPZ, we understand that trading for Gems and Jewellery unit is not permitted.
131	Whether there is any restriction on sale of gold from the trading unit to its manufacturing unit and from the trading unit to any other unit in same SEZ or other SEZ.	There is no restriction under SEZ law on such sale scenarios.
132	We would like to re-import the 8 Kgs material from batches HHA2207002 and HHA2209005, re-work them and re-export the output after re-work. Please share the formalities of re-import and re-export.	An EOU may re-import goods exported earlier for repairs by following the terms and conditions mentioned under Notification No. 52/03-Customs dated 31 March 2003.
133	Seek clarification on Trade Notice 28/2023-24 Para 3(i) issued on 09 October 2023. We understand that being a IT/ITES service exporter our export figures are not compiled with DGCI&S and hence we shall not be eligible to get benefit of auto generated e-SHC and accordingly, we must apply separately as we have done in past.	Yes. Services unit will not be able to get eSHC. They will have to apply as per earlier practice.
134	Clarification is required on unused imported raw materials procured against procurement certificate by availing the exemption from payment of BCD, SWS, and IGST are to be cleared in DTA.	Please find pointwise response to queries raised by unit in its letter to EPCES as below: Unutilized goods a. Yes, BCD and SWS are required to be reversed vide TR-6 challan and applicable GST to be reversed through tax invoice.

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	<ul style="list-style-type: none"> a. Whether we need to reverse the BCD, SWS and IGST saved vide TR-6 challan b. If so, whether TR-6 challan will be acceptable document for under Sec 16(2) of CGST Act as any other document for availing the ITC of IGST paid c. If not, whether we should insist on re-assessment of Bill of Entry so that IGST paid against such re-assessment can be availed as ITC under GST d. If part quantity imported is to be cleared in DTA, in such a scenario the re-assessment can be sought e. Is there any requirement to pay interest f. If so, what should be the period for which interest is payable g. In case the goods are sold in DTA at a higher value, whether reversal of duties need to be done at original import value or the higher value h. In case the goods are sold in DTA at a lower value, whether reversal of duties need to be done at original import value or the lower value i. Whether only BCD, SWS only need to be reversed on TR-6 as GST is charged on forward charge for sale in DTA Finished Goods <ul style="list-style-type: none"> a. Whether only BCD, SWS only need to be reversed on TR-6 as GST is charged on in DTA sale invoice on forward charge b. If so, are there two different procedures in case of sale of finished goods and sale of unused raw materials. 	<ul style="list-style-type: none"> b. GST to be paid vide Tax invoice and accordingly buyer may claim input of tax paid on such procurements basis the tax invoice issued. c. Re-assessment of BOE is not warranted. d. No, Re-assessment of BOE is not warranted. e. No Interest is leviable. f. Not Applicable. g. Reversal of BCD and SWS would be done at import value. h. Same as above. i. Yes. Finished goods <ul style="list-style-type: none"> a. Yes. b. Duties/taxes in relation to finished goods need to be reversed on the value of imported material on which duty benefits are availed.
135	<p>We have sent a car for servicing at a service centre located in DTA. The car is registered in name of Unit in SEEPZ SEZ. It is used for authorized operations and vehicle is available in SEEPZ SEZ on every working day. The service centre is citing provisions of section 54 of CGST Act, and they are demanding to produce list</p>	<p>As per Section 16 of IGST Act read with Rule 30 of SEZ Rules, 2006, in case where the DTA Supplier is having a valid LUT and the supply is made for authorized operations, the unit may avail the benefit of zero-rating and receive goods/ services without charging GST on such supplies. Rule 30 of SEZ Rules, clearly requires a unit to obtain</p>

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	of goods and services duly authorised by DC of zone, wherein motor car parts and service to motor car is mentioned as exempt. Kindly advise on requirement of producing such list.	endorsement on invoices meant for authorized operations. Further, the uniform list of services may be referred to ensure whether the procured services are meant to be used for authorized operations. Additionally, Section 54 of CGST Act read with Rule 89 of CGST Rules, provides provisions to seek refund by the supplier to SEZ unit wherein invoices on which refund is claimed needs to be duly endorsed by the Specified Officer. The said provision also does not demand for a list of authorized goods/services to be produced/approved by DC. In the above backdrop, the unit may request the service centre to raise tax invoice without GST for the services procured, in view of the uniform list of services specified for procurement of services without GST. For procurement of any duty free goods, the unit may reach out to the DC office for approval.
136	In furtherance to below query, as per the circular dated 18 May 2022, as per clause N(ii) of Part III, it is stated that entity registered with IFSC shall submit all the financial information, expressed in USD to IFSCA. If it is read with clause N (i), it seems that we have to submit the audited accounts in USD. So, please clarify the same at the earliest possible.	The enclosed circular is industry/transaction specific i.e., aircraft industry dealing with leasing of aircraft business under IFSC. Accordingly, based on the understanding that the unit is covered under the model mentioned under the said circular, the unit (being lessor in the transaction) is required to submit all the financial information to IFSCA in USD currency.
137	Please let us know is that compulsory to prepare the complete annual accounts of company for each year in FCY (\$) and get it signed from auditors.	There is no condition in law which states that SEZ/ IFSC units are required to prepare their financial statements in FCY.
138	In furtherance to below query, please share the relevant notification or advisory	We understand that this is just an online functionality requirement enabled at e-invoice portal. You may refer to the advisory released by GSTN dated 24 July 2023.
139	From when to file exemption for E Invoice is required. Any notification in this regard?	Reply by RD: 1. Effective from October 2020, e-invoicing was made applicable for GST Registered persons with turnover more than Rs. 500 crores. 2. From January 2021, it was made with turnover of more than Rs. 100 crores. 3. From April 2021, it was for more than Rs. 50 crore turnover.

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		<p>4. From April 2022, it was for more than Rs. 20 crore turnover</p> <p>5. From October 2022, it was for more than Rs. 10 crore turnover and</p> <p>6. From 1 August 2023, made mandatory for turnover of Rs. 5 crores & above.</p> <p>It appears that before the relevant effective date for mandatory issue of e-invoice, we need to generate an e-invoicing exemption declaration to qualify for exemption at GST portal. Reply by GT Team: SEZ Unit is required to submit the E-invoice exemption declaration form on the e-invoice portal.</p>
140	Whether domestic vendor/services provider who supply goods/services to Company will charge GST in their invoices? If they charge GST in their invoices, then how GST input credit would be availed by the Company in such cases. Please forward the guidelines on the matter with relevant rules under GST Act.	<p>As per Section 16 of IGST Act read with Rule 30 of SEZ Rules, 2006, in case where the DTA Supplier is having a valid LUT and the supply is made for authorized operations, the supplier may avail the benefit of zero-rating and supply goods/services without charging GST on such supplies.</p> <p>Further, the unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment.</p>
141	For inter-unit transfer of used IT assets from SEZ unit to DTA unit of same entity, SEZ officer is not allowing the movement of goods from SEZ to DTA with reference of para 2.31 of FTP. It is important to note that FTP merely restricts import of secondhand/ used IT assets for the first time into India. However, the restriction does not apply to goods/IT assets (as specified in Para 2.31 of the FTP) that have already been imported and are accessible in India, either in DTA or SEZ units.	At present, it will be a problem as SEZ to DTA will have to follow import policy as the goods are entering the DTA market. You will have to take import license/ authorisation from DGFT HQ for this. However, EPCES has taken up with DGFT to relax this condition for transfers from SEZ to DTA in case of used laptop/ electronic goods which were imported into SEZ as new ones. We are following up with DGFT.
142	In furtherance to below query, Rule 53 states that “the Unit shall achieve positive NFE to be calculated cumulatively for a period of period of five years from the commencement of production according to the formula”. The rule In furtherance to below query, Rule 53 states that “the Unit shall achieve positive NFE to be calculated cumulatively for a period of	Please refer to Rule 18(2)(i) and 18(3)(b) of SEZ Rules, 2006. Just like DTA exporters, you have to fulfil MVA norms as per FTP para 4.37 and HBP Para 4.60. Also please see Rule 53C and D of SEZ Rules.

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	period of five years from the commencement of production according to the formula”. The rule has also provided that where a Unit is unable to achieve NFE due to adverse market conditions or any ground of genuine hardship having an adverse impact on functioning of the Unit, the five-year block period for the calculation of NEF earnings may be extended by the Board of Approval for a further period of up to one year, on a case to case basis. Can you please elaborate on the grounds on which it is stated that we need to check the MVA at product level?	
143	Whether the SEZ unit needs to make sure that it is achieving Minimum Value Addition (MVA) at the Invoice level or at the Product level. For Eg., if we are raising an invoice for 10 pieces then in that case do we need to check whether we are achieving MVA at single piece level or we can check at consolidated level for 10 pieces.	Referring to Rule 53 of SEZ Rules, 2006, value addition as mentioned therein is based at product level. Further, you may also refer to Para 4.37 of FTP 2023 read with Para 4.60 of HBP-2023 for better clarity.
144	<p>A clarification regarding “Supply to SEZ Units/ Developers allowed for authorised operations with payment of IGS” may please be given. It is mentioned in explanatory note corresponding to the above that “amendment proposed in relevant notification to allow the suppliers to make supply of goods and/or services to SEZ units/developers allowed for authorised operations upon payment of IGST”.</p> <ol style="list-style-type: none"> Does this mean that units are not entitled to get goods/services at zero rated as per 16(1)(b) of IGST Act. If the suppliers does not have the LUT, still they have been supplying goods / services to SEZ units upon payment of IGST. Then how does this explanatory note makes the difference. I believe that “zero rated” supply is now restricted only to “authorised operations” related supply, which means that, goods or services relating to “authorised operations”, i.e., directly related to authorised operations are eligible for supply under LUT and zero rated tax. 	<p>Please find below pointwise reply to your queries as below:</p> <ol style="list-style-type: none"> Please note that the publication enclosed in mail is a private entity publication and depicts individual point of view. However, please note that Rule 30 of SEZ Rules, clearly requires a unit to obtain endorsement on invoices meant for authorized operations. The unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment. Irrespective of categorization of supply into authorized and non-authorized operations, every supply made to SEZ unit is chargeable as IGST in accordance with Section 7 of IGST Act.

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145	<p>In furtherance to below query, please clarify the following:</p> <ol style="list-style-type: none"> 1. Going forward, attestation by SEZ Specified officer on invoices is required. As per point no 18 of publication, it is learnt that the said requirement is dispensed with (rule 89). 2. In cases where SEZ entities pay taxes (for other than authorized operations), can we take credit of taxes so paid. As per our interpretation, only those procurements which are for authorized operations are treated as zero rated supply. So practically should there be 2 GST registrations, one for SEZ status for authorized operations and one DTA registration for non-authorized supplies to enable ITC availment. 3. In cases where procurement is made on payment of taxes (for non-authorized supplies where Section 16(1) doesn't apply), can the supplier bill us on CGST+SGST or still on IGST. 	<p>Please find below pointwise reply to your queries as below:</p> <ol style="list-style-type: none"> 1. Please note that the publication enclosed in mail is a private entity publication and depicts individual point of view. However, please note that Rule 30 of SEZ Rules, clearly requires a unit to obtain endorsement on invoices meant for authorized operations. 2. The unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment. 3. Irrespective of categorization of supply into authorized and non-authorized operations, every supply made to SEZ unit is chargeable as IGST in accordance with Section 7 of IGST Act.
146	<p>How will the supplier ensure that the goods or services he provides to sez entity is for authorised operations of the sez entity. The liability to ensure lies wit the supplier or SEZ entity. What if service /goods are partly used for authorised operations and partly for others and procurement was done in single go?</p>	<p>The responsibility for ensuring compliance with the conditions for claiming any benefits/concessions lies with the SEZ unit that procures such goods/services. The unit may provide confirmation to the supplier in order to differentiate between procurement intended for authorized and non-authorized operations. Further, the uniform list of services may be referred to ensure whether the procured services are meant to be used for authorized operations. Additionally, when procurement consists of a combination of supplies for both authorized and non-authorized operations, taxes may be applied to procurements made for non-authorized operations.</p>
147	<p>We have sold goods from our SEZ unit to DTA on payment of Custom duty & IGST as applicable at the time of clearance. Subsequently, the DTA buyer has rejected the goods due to mis-match of specification. Now, the DTA buyer wants to return the goods and is asking for refund of custom duty and IGST paid at the</p>	<p>The DTA buyer may claim refund of duty/taxes paid at the time of goods supplied from SEZ. The DTA unit may approach the jurisdictional Customs Authority for refund under section 26A read with 74 of the Customs Act, 1962.</p>

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	time of clearance of the goods. Please guide the procedure & documentation to get back the goods into SEZ unit and claim the refund of custom duty & IGST by the buyer.	
148	Please advise whether our items with HS Code 85299090, 84733020 and 90318000 are eligible for Interest Equalization Scheme.	Product mentioned under HSN 9031 – Medical and Scientific Instruments (Measuring or Checking Instruments, Appliances and Machines, Not Specified or Included Elsewhere In This Chapter; Profile Projectors) are allowed to avail the benefits under IES from the mentioned three HSNs.
149	<p>In line with 52nd GST Council meeting, please clarify on below mentioned points.</p> <ol style="list-style-type: none"> 1. As per 16(1)(b) of IGST Act, supply of goods/ services to SEZ units are considered as zero-rated with LUT. Is there any change in this? 2. The suppliers of goods or services to CSEZ Units / developers are allowed for authorized operations upon payment of IGST. Such provision is already there in the existing IGST Act. When such provision is already there, what is the relevance of this amendment? 3. Is zero rated supply restricted only for “authorized operations” of unit by the notification? 4. Whether the rent payable by unit to Developer is taxable as per the new amendment? 	The word “for authorised operations” has been included in said sub-section, which would mean that goods/services would be allowed for zero-rated benefit, only if the same are meant for authorized operations of SEZ unit/developer. The purpose of this clarification is to highlight the restriction posed on procurements made for authorized operations only. As per recent amendment in Section 16 of IGST Act w.e.f. 1 October 2023, it had been provided that all zero-rated supplies (including supplies to SEZ) would be made under the option of LUT only. Accordingly, in order to allow supplies to be made to SEZs on payment of tax, requisite amendment needs to be undertaken.
150	What is the procedure for calculation of duty liability while de-bonding the goods in case of exit from scheme. Which rate of duty should be taken. Is CA certificate required to be submitted to customs before duty computation. Kindly provide the circulars indicating procedure for exit from EOU scheme.	Para 6.17 of FTP, 2023, specifies the process regarding exit of EOU from the scheme. Further, please note that the applicable rate would be taken for payment of duty liability at the time of exit from the scheme and CA certificate is not required at the time of submitting duty computations to customs.
151	We intend to sell a granite processing machine imported from Italy during the period 2011-2012. Please let know the procedures to be followed for selling this machine.	Para 6.14(b) of FTP, 2023 to understand the process for removal of capital goods.

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152	Can a 100% EOU do high sea sales. If no, what were the other options to do this high sea sales for an EOU.	High Sea Sales (HSS) mentioned in Para 6.10 of FTP, 2023, refers to imported consignment sold before it reaches Indian Customs port. These are incidental activities and are not main activity. EOU cannot be set up entirely for trading purposes, however some incidental trading situations are considered in the law.
153	In furtherance to below query, can you please clarify if supplies to EOU or SEZ or Export to overseas customers in INR can be taken for NFE or not. Also 3rd Party exports in INR can be taken for NFE calculation.	Reply by DG EPCES: Supplies to EOU or SEZ or Export to overseas customers in INR or 3rd Party Exports in INR cannot be taken for NFE. DGFT has allowed only certain export promotion benefits in accordance with the said RBI circular as per FTP para 2.52(d)(iii) and 2.53. Reply by GT Team: Export benefits as per export realisation in INR and that only as per para 2.52 (d) (iii) and 2.53 are available for meeting export obligations for EPCG scheme, Advance Authorisation scheme and Status holders scheme only.
154	As per the said RBI Circular it accepts export realization in INR. But as per the FTP only foreign currency payment will be acceptable for claiming the FOB value as per Para 6.07 (a)(III). Please clarify.	The RBI circular outlines provisions related to imports and exports, while Para 6.07 of the FTP 2023 pertains to DTA Sales. It is pertinent to note that the circular and specified FTP paragraph should not conflict with each other.
155	Can you please confirm if the unit is required to file Rental invoice raised by the Developer in DSPF on SEZ NDML portal? If yes, then under which authorised operation category?	Rental service procured from SEZ Developer is required to be reported in DSPF. Further, such service is covered at Entry No. 41 "Renting of Immovable Property Services" of uniform list of services.
156	Is there any notification where SEZ company must pay insurance premiums including GST and later claims refund from GST portal	SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. General Insurance is covered at serial number 26 of the list and these services can be availed without payment of GST. However, life/ medical insurance services are not covered. Also please note that Life/ medical Insurance services are also in restricted under GST law for availment of ITC and therefore GST refund will not be available.
157	In furtherance to below query, please share the process to be followed by both Developer and SEZ Unit in case we are developer and given some area on lease to X unit which is a service provider. Due to some business constraint, unit	You may follow the below mentioned steps – <ul style="list-style-type: none"> - Company X to surrender the extra space/ area back to Developer; - Developer to issue a NOC or an addendum to this effect;

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	X intend to lease out the area to other service provider.	<ul style="list-style-type: none"> - Company X need to get the LOA amended from Zonal Development Commissioner for reduced area; - Developer to get into a fresh lease with new business which intends to occupy the vacant space; - New business entity will be required to obtain a LOA from Zonal Development Commissioner
158	Can an existing IT SEZ Unit allowed to lease out their vacant Space? Kindly confirm with guidelines.	SEZ unit is not allowed to sublease its vacant space under the existing SEZ Law. Such facility is available only to SEZ developers.
159	<p>Please clarify the following queries as to GST liability as recipient.</p> <ol style="list-style-type: none"> 1. Is GST under RCM applicable for fees paid to Tamil Nadu Government (Joint Director of Industrial Safety & Health) for renewal of factory license. 2. Is GST applicable on working tiffin/lunch served to employees. We engage cooking people to prepare working tiffin & lunch to our employees. We provide our cooking space, facility & equipment to them and pay them only for the materials and labour. The cooking people are from nearby locality and they are mere cooks only and not professional/registered service providers/caterers. We recover a meagre amount from our employees as food deduction. 3. Is GST under RCM applicable on guarantees given by directors for credit facilities availed from bank. 4. Is ITC available for recipient for default on part of suppliers viz., delayed filing/not filing GSTR-3B/subsequent cancellation of RC? 	<p>Please find below the point wise response:</p> <ol style="list-style-type: none"> 1. No, GST is exempted vide notification no. 12/2017-Central Tax (Rate) dated 28 June 2017 for services provided by Government (State/ Union/local authorities) for obtaining registration/ licence required under any law. 2. GST is applicable on amount recovered from employees. 3. The recent circular no. 201/13/2023-GST dated 1 August 2023 clarifies that services supplied by the director in his capacity as a director would only be taxable to GST under RCM in the hands of Company. 4. No, ITC would not be available in case of default by supplier as Section 16(2)(c) of the CGST Act imposes such mandatory condition and non-fulfilment of which would render ITC ineligible.
160	Section 16(4) of IGST Act, 2017 read with Notification 1/2023 dated 31 July 2023 permits Export under IGST for all goods except 25 goods (like Pan-Masala, Tobacco etc). Does this notification cover export and supplies to SEZ both or for supply to SEZ, only LUT option is available.	From a conjoint reading of section 16(1) and newly inserted section 16(4) along with notification 01/2023-IGST dated 31 Jul 2023, it appears that supply to SEZ will also be governed by the amendment. Meaning thereby supply to SEZ can only be made under LUT.

S. No.	Query from Members	Response by GT (EPCES Knowledge Partner)
161	The Company is interested in establishing and operating a factory in MEPZ or a similar facility that supports 100% EOU operations. Accordingly, please advise is there are any restrictions for a Singapore based company to open a factory in MEPZ to manufacture and export products like petbeds and what is the procedure to apply for and getting permission to start and operate a 100% foreign invested company/factory in MEPZ.	Rule 17 and 18 of SEZ Rules, 2006 provides provisions in relation to setting up a unit in SEZ.
162	In line with the recent IGST notification about the requirement for updating LUT number for export purposes as per Section 16(3) & 16(4) of IGST Act effective from 1 October 2023, please clarify, if this is a mandatory requirement, please let us know the process to apply for LUT	Filing a LUT for exports is a mandatory requirement under GST law. Please note that LUT can be filed online at GST portal using the GST credentials.
163	In furtherance to below query, please clarify, if an SEZ Unit can issue INR invoice to domestic customer for services rendered. For instance, Unit A in SEZ provided services to Hyundai DTA Unit and as per SEZ Law, will raise invoice in USD for the same. According to the master circular, if Hyundai opens Rupee Vostro account, then is it allowed to do billing to Hyundai in INR or the circular allows INR billing for only international transactions.	The proposed transaction i.e. provision of services from SEZ to DTA unit against INR payment, does not qualify the definition of services as enumerated under section 2(z). Practically if you do so, the same can be ratified by way of penalty under FTDR Act.
164	In furtherance to below query, we wish to inform that the PO from party 'X' to us is 100 \$ Party 'X' PO with final buyer 'Y' is 200 \$. Now 'X' wants to use his invoice on party 'Y' of 200\$ while courier agent collect from us and does customs clearance at Chennai. But use our name for all customs paperwork.	It is suggested to revisit your tri-party agreement and make sure to include such a situation/transaction in the agreement itself.
165	Section 16(4) of IGST Act, 2017 read with Notification 1/2023 dated 31 July 2023 permits Export under IGST for all goods except 25 goods (like Pan-Masala, Tobacco etc). Does this notification cover export and supplies to SEZ both or for supply to SEZ, only LUT option is available.	From a conjoint reading of section 16(1) and newly inserted section 16(4) along with notification 01/2023-IGST dated 31 Jul 2023, it appears that supply to SEZ will also be governed by the amendment. Meaning thereby supply to SEZ can only be made under LUT.

REPLIES TO QUERIES FROM MEMBERS (DIRECT TAXES AND FEMA)

S.No. 1	
Query from Member	<p>We are utilising the testing services of M/s. Inter Testing & Consulting Services (Shanghai) Co., Ltd. For this, we are making the A2 service payment by getting the CA Certificate after submitting the required statutory forms. Now our CA has informed us that the Form 10F which is one of the documents required for A2 Service payment has to be mandatorily through Income Tax website e filing mode. The service vendor has tried and informed us that due to security reasons they are not able to file the same through e filing. We request you to refer and guide us on what is remedial action for this matter.</p>
Response by Grant Thornton	<p>The provisions of section 90 of Income tax Act, 1961 ("IT Act") mandates that, a person who is not a resident in India should furnish the following documents to the person in India responsible to withhold tax to claim the income-tax benefits (withholding exemption, lower rate applicability, etc. as the case may be) based on the provisions of the Double Taxation Avoidance Agreement between the relevant country of the non-resident vendor and India:</p> <ol style="list-style-type: none"> a. Tax Residency Certificate. b. Form 10F (to be filed online in e-filing portal and to be furnished to the Company). c. No PE certificate. Hence, documentation of Form 10F is a mandatory requirement. Further, manually furnished Form 10F is not acceptable post 30 September 2023 and only e-filed Form 10F needs to be furnished (copy of notification in this regard is attached for your reference) at present. Further, the e-filed Form 10F can be filed (persons with or without PAN) and processed only through the e-filing website of the Income Tax Department (Web address: https://www.incometax.gov.in/). The website aforesaid is owned and operated by the Income Tax Department (Government of India) and thus any IT related security threat should not be a concern. At present there are no alternatives available than to generate Form 10F online through the website of the Income Tax Department. In the absence of Form 10F documentation, the Company should not consider any DTAA benefits to the Vendor regarding withholding tax.

S.No. 2	
Query from Member	Form 56 F which has to be submitted for claiming deduction under section 10AA has been removed in Income Tax Portal. Request you to let us know the status if form 56 F is applicable for the Assessment year 2023-24 and if only Form 56 FF (relating to SEZ re-investment Reserve) can only be filed.
Response by Grant Thornton	<p>We have received certain queries on the filing of Form 56F in order to claim deduction under section 10AA of the Income-tax Act, 1961 (Act) for Assessment Year (AY) 2023-24. We are sharing our analysis on this issue:</p> <ol style="list-style-type: none"> 1. As per the provisions of section 10AA of the Act, “(2) The deduction under clause (ii) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely :— (b) the particulars, as may be specified by the Central Board of Direct Taxes in this behalf, under clause (b) of sub-section (1B) of section 10A have been furnished by the assessee in respect of machinery or plant along with the return of income for the assessment year relevant to the previous year in which such plant or machinery was first put to use. (8) The provisions of sub-sections (5) and (6) of section 10A shall apply to the articles or things or services referred to in sub-section (1)” As per section 10AA(2)(b) and Rule 16DD of the Income-tax Rules, 1962 (Rules), Form 56FF has been prescribed by the Central Board of Direct Taxes. Similarly, section 10A(5) (drawn reference to in section 10AA(8)) read with Rule 16D prescribes the requirement to file Form 56F. 2. Notification no. 83/2021 dated 29 July 2021 had, inter-alia, omitted certain rules and forms which included rule 16D and 16DD alongwith Form 56F and 56FF. However, no changes/amendment were made in the main provisions of the Act viz. section 10A and 10AA. 3. Subsequently, Notification no. 140/2021 dated 29 December 2021 reinstated rule 16DD which stipulated filing of Form 56FF. Notably, no changes were made with respect to rule 16D (form 56F) and it stands deleted as on date. 4. Further the electronic filing mechanism for filing Form 56F has also been discontinued for the AY 2023-24. Issue for consideration: Whether a taxpayer is required to file Form 56F for AY 2023-24 and onwards? Our Analysis and way forward In the absence of any rule and corresponding form as on date for the purpose of section 10AA(8) r.w. section 10A(5) and also withdrawal of the facility to file the same electronically in our view the taxpayer should take due precaution to correctly compute deduction under section 10AA, whether itself or with help of consultants/auditors There is no requirement to obtain audit report in Form 56F, however, for internal control purposes (if the taxpayer chooses to obtain Form 56F), it may do so and keep in its records. Accordingly, a physical Form 56F can be obtained (duly certified) and maintained in the files. This can be submitted during assessment proceedings, if required to support the computation

S.No. 3	
Query from Member	<p>We have a Company incorporated in October 2019 and eligible for claiming concessional tax rate of 15% u/s 115BAB of Income Tax Act (ITA). However, Form 10-ID was not filed along with the first Income tax return (i.e. for FY 2019-20) as specified u/s 115BAB. The same was filed subsequently. However, in the first income tax return (FY 2019-20), option of 115BAB was selected. We seek your view on whether the Company will be eligible to claim concessional tax rate u/s 115BAB for future years.</p>
Response by Grant Thornton	<p>Section 115BAB(7) of ITA requires companies engaged in manufacturing to file Form 10-ID before the due date specified under section 139(1) for their first assessment year beginning on or after April 1, 2020, to benefit from concessional tax rates. Failing to do so may render the company ineligible for the concessional tax rate for that year. There's a widely adopted view that considers these form-filing requirements as procedural and argues that benefits shouldn't be denied due to filing delays. This view is based on legal cases where deductions were allowed despite form non-compliance. However, relying on this view and claiming concessional rates for FY 2019-20 and beyond may lead to significant legal disputes, as section 115BAB(7) appears mandatory. To minimize risks, the company could forgo past tax concessions and opt for the concessional rate from the year they file Form 10-ID before the income tax return due date, treating it as the first exercise of the option.</p>

QUICK ESTIMATES FOR SELECTED MAJOR COMMODITIES FOR DECEMBER 2023

TRADE : EXPORT

SL. NO.	COMMODITIES	VALUES IN MILLION USD				% CHANGE	
		DEC 2022	APR '2022- DEC '2022	DEC 2023	APR '2023- DEC '2023	DEC 2023	APR '2023- DEC '2023
1	Tea	79.59	641.32	76.24	608.00	-4.21	-5.20
2	Coffee	72.96	841.06	72.44	876.83	-0.71	4.25
3	Rice	1017.65	7999.55	870.60	7318.59	-14.45	-8.51
4	Other Cereals	169.54	868.87	25.27	454.42	-85.09	-47.70
5	Tobacco	93.19	981.54	129.48	1110.58	38.94	13.15
6	Spices	286.42	2750.22	365.70	2910.64	27.68	5.83
7	Cashew	36.47	249.14	36.26	249.47	-0.58	0.13
8	Oil Meals	186.13	963.44	182.88	1227.03	-1.75	27.36
9	Oil Seeds	131.53	942.89	142.69	1031.53	8.48	9.40
10	Fruits & Vegetables	249.27	2158.61	312.49	2510.28	25.36	16.29
11	Cereal Preparations & Miscellaneous Processed Items	210.30	1951.02	238.68	2088.89	13.50	7.07
12	Marine Products	699.05	6285.49	624.76	5852.31	-10.63	-6.89
13	Meat, Diary & Poultry Products	331.06	3040.31	429.58	3309.88	29.76	8.87
14	Iron Ore	156.80	838.88	573.33	2647.02	265.64	215.54
15	Mica, Coal & Other Ores, Minerals Including Processed Minerals	373.94	3818.97	393.27	3424.27	5.17	-10.34
16	Leather & Leather Products	396.66	3696.59	353.67	3253.29	-10.84	-11.99
17	Ceramic Products & Glassware	329.87	2749.74	339.61	3265.32	2.95	18.75
18	Gems & Jewellery	2541.73	28992.05	2899.33	24307.17	14.07	-16.16
19	Drugs & Pharmaceuticals	2266.64	18854.67	2477.43	20400.04	9.30	8.20
20	Organic & Inorganic Chemicals	2595.65	23006.26	2568.72	20269.34	-1.04	-11.90
21	Engineering Goods	9112.29	79855.87	10041.14	79508.18	10.19	-0.44
22	Electronic Goods	2293.22	16649.14	2623.63	20351.77	14.41	22.24
23	Cotton Yarn/Febs/Made-ups, Handloom Products etc.	863.31	8176.79	937.71	8669.81	8.62	6.03
24	Man-Made Yarn/Fabs/ Made-ups etc.	386.48	3678.33	374.57	3428.33	-3.08	-6.80
25	RMG of all Textiles	1481.41	11842.04	1295.29	10141.70	-12.56	-14.36
26	Jute Mfg. including Floor Covering	38.56	341.21	24.95	258.93	-35.30	-24.11
27	Carpet	118.45	1051.22	122.98	1037.93	3.82	-1.26
28	Handicrafts Excl. Handmade carpet	123.40	1288.91	134.96	1183.16	9.37	-8.20
29	Petroleum Products	8349.95	73578.25	6879.43	62074.89	-17.61	-15.63
30	Plastic & Linoleum	666.75	6470.97	736.30	5928.97	10.43	-8.38
	Sub-Total	35658.27	314563.35	36283.39	299698.57	1.75	-4.73
	GRAND TOTAL	38084.56	336299.10	38450.31	317121.33	0.96	-5.70

Note 1 : Exports include Re-Exports.

Note 2 : The figures for DEC '23 are provisional.

Note 3 : Grand total is inclusive of component Other.

QUICK ESTIMATES FOR SELECTED MAJOR COMMODITIES FOR DECEMBER 2023

TRADE : IMPORT

Sl. No.	Commodities	Values in Million USD			% Change		
		DEC'22	APR'22- DEC'23	DEC'23	APR'23- DEC'23	DEC'23	APR'23- DEC'23
1.	Cotton Raw & Waste	17.56	1320.01	29.47	498.75	67.82	-62.22
2.	Vegetable Oil	1825.48	16102.22	1109.72	11638.03	-39.21	-27.72
3.	Pulses	300.54	1356.45	375.99	2467.93	25.10	81.94
4.	Fruits & vegetables	247.46	2004.09	308.77	2176.92	24.78	8.58
5.	Pulp and Waste Paper	183.68	1589.57	130.67	1413.78	-28.86	-11.06
6.	Textile yarn Fabric, made-up articles	228.43	2060.44	200.24	1746.98	-12.34	-15.21
7.	Fertilisers, Crude & manufactured	1920.09	14142.24	1221.66	9002.07	-36.37	-36.35
8.	Sulphur & Unroasted Iron Pyrites	30.44	282.34	9.75	171.18	-67.97	-39.37
9.	Metaliferrous ores & other minerals	752.27	7120.63	769.14	7143.27	2.24	0.32
10.	Coal, Coke & Briquettes, etc.	3296.10	40529.02	3455.08	29294.16	4.82	-27.72
11.	Petroleum, Crude & products	19347.16	158633.90	14942.34	128611.64	-22.77	-18.93
12.	Wood & Wood products	568.65	5531.95	569.42	4907.63	0.14	-11.29
13.	Leather & leather products	86.55	808.85	93.59	748.51	8.13	-7.46
14.	Organic & Inorganic Chemicals	2556.09	26221.44	2157.78	20708.11	-15.58	-21.03
15.	Dyeing/tanning/colouring materials	307.96	2970.47	300.51	4021.73	-2.42	35.39
16.	Artificial resins, plastic materials, etc.	1688.68	17710.20	1864.11	17156.68	10.39	-3.13
17.	Chemical material & products	983.78	9259.57	842.38	10279.19	-14.37	11.01
18.	Newsprint	36.40	396.36	27.79	347.23	-23.65	-12.40
19.	Pearls, precious & Semi-precious stones	2484.71	23520.37	2193.24	17424.45	-11.73	-25.92
20.	Iron & Steel	2354.50	16581.00	2297.15	18005.45	-2.44	8.59
21.	Non-ferrous metals	1684.31	14970.98	1761.57	16403.88	4.59	9.57
22.	Machine tools	393.50	3282.50	432.05	3571.27	9.80	8.80
23.	Machinery, electrical & non-electrical	4141.08	33512.21	4213.87	36919.86	1.76	10.17
24.	Transport equipment	4643.70	23159.69	2084.53	19768.13	-55.11	-14.64
25.	Project goods	67.56	765.82	46.75	774.89	-30.80	1.18
26.	Professional instrument, Optical goods, etc.	601.39	5105.21	744.07	5732.40	23.73	12.29
27.	Electronic goods	6331.79	58218.97	9403.31	67227.95	48.51	15.47
28.	Medicinal & Pharmaceutical products	756.71	6130.87	768.07	6243.11	1.50	1.83
29.	Gold	1179.86	28387.67	3026.01	35951.34	156.47	26.64
30.	Silver	167.73	5097.12	135.68	2413.25	-19.11	-52.65
	Sub-Total	59184.16	526773.06	55514.71	482769.77	-6.20	-8.35
	GRAND TOTAL	61218.76	548640.22	58253.57	505145.99	-4.84	-7.93

Note 1 :	Imports include Re-Imports.
Note 2 :	The figures for DEC'23 are provisional.
Note 3 :	Grand total is inclusive of component 'Other'.

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.

Website : <https://www.epces.in/>

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Send query regarding FTP/SEZ Act/Rules/Direct/Indirect Taxes to query@epces.in

Send general problem, suggestion, if any, at <https://www.epces.in/enquiry-form.php>

Apply for non-preferential Certificate of Origin at <https://coo.dgft.gov.in/>

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