

EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

Ministry of Commerce & Industry, Government of India

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EPCES CIRCULAR NO. 242 DATED 01-02-2017

Subject : Announcement of Union Budget 2017-18 by Hon'ble Finance Minister

Hon'ble Finance Minister Shri Arun Jaitley presented Union Budget 2017-18 on February 01, 2017. The salient features with regard to Special Economic Zones, are as under:-

- Union Budget has extended the credit limit of Minimum Alternate Tax (MAT) from 10 years to 15 years.
- A sub para after sub-section (1) of Section 10AA of Income Tax Act has been added as under:-
“It is proposed to insert a new Explanation after sub-section (1) of the said section so as to provide that “the amount of deduction referred to in that section shall be allowed from the total income of the assessee computed in accordance with the provisions of the Income-tax Act, before giving effect to the provisions of the said section and the deduction under the said section shall not exceed such total income of the assessee”. This amendment will take effect from 1st April, 2018 and will, accordingly, apply in relation to the assessment year 2018-19 and subsequent years.

However, government has not considered EPCES requests for withdrawal of MAT/DDT on SEZs or reduction in rates of MAT @ 7.5% or alternatively refund of surplus lying unutilized in MAT Account. EPCES had also requested for extension of benefits of Section 10AA for SEZ units till 2022.

EPCES also has requested the Government as under:-

- Ø The definition of exports in the Model GST Law need to synchronize with SEZ Act to avoid any dispute.
- Ø Section 26 and Section 30 of the SEZ Act require appropriate modification to give effect to provide exemption from IGST, CGST, SGST on imports as well as domestic procurement of inputs.
- Ø Clear-cut guidelines on zero rating of GST in respect of supplies from SEZ to SEZ for both, inter-state and intra-state supplies.

EPCES requested that certain steps are to be immediately taken which would demonstrate Government's continued support to SEZs. Such steps could include withdrawal of MAT/DDT on SEZs, changes in GST as mentioned above, providing best FTA rates for sale in DTA by SEZs, permission to do job work on behalf of DTA etc.

This is for kind information of the members.
