

# EPCES NEWS

Volume : 26 Issue : 14

July-September 2023



## Inauguration of Bharat Mandapam by Hon'ble Prime Minister

• Member Query Updates • Pending Issues Status • Global Insights • Zone Updates

## SEZ MERCHANDISE EXPORTS

### ( APRIL TO SEPTEMBER)

(in USD Mn)

Zones	Sep. 2022	Sep. 2023	Growth	April - Sep		Growth	Share (2023)
				2022	2023		
Kandla Special Economic Zone	2,817	3,260	16%	21,379	17,126	-20%	59%
Vishakhapatnam Special Economic Zone	469	734	57%	3,041	3,478	14%	12%
Seepz Mumbai	528	588	11%	2,854	2,779	-3%	9%
Falta Special Economic Zone	255	351	38%	1,805	1,771	-2%	6%
Mepz Chennai	297	279	-6%	1,607	1,639	2%	6%
Noida Special Economic Zone	236	329	40%	1,471	1,499	2%	5%
Cochin Special Economic Zone	111	157	41%	925	979	6%	3%
Grand Total	4,712	5,698	21%	33,082	29,271	-12%	100%

## SEZ SERVICE EXPORTS

### ( APRIL TO SEPTEMBER)

(in USD Mn)

Zones	Sep. 2022	Sep. 2023	Growth	April - Sep		Growth	Share (2023)
				2022	2023		
Cochin Special Economic Zone	2,376	2,495	5%	13,201	12,424	-6%	28%
Seepz Mumbai	2,604	1741.795	-33%	9,819	8,302	-15%	19%
Mepz Chennai	1,682	1688.3313	0.4%	8,808	8,178	-7%	18%
Vishakhapatnam Special Economic Zone	1,429	1687.5746	18%	7,307	7,956	9%	18%
Noida Special Economic Zone	834	899	8%	4,632	4,609	0%	10%
Falta Special Economic Zone	286	328.6781	15%	1,470	2,243	53%	5%
Kandla Special Economic Zone	100	114.369	14%	523	551	5%	1%
GRAND TOTAL	9,311	8,955	-4%	45,760	44,262	-3%	100%

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## Inauguration of Bharat Mandapam by Hon'ble Prime Minister



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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)

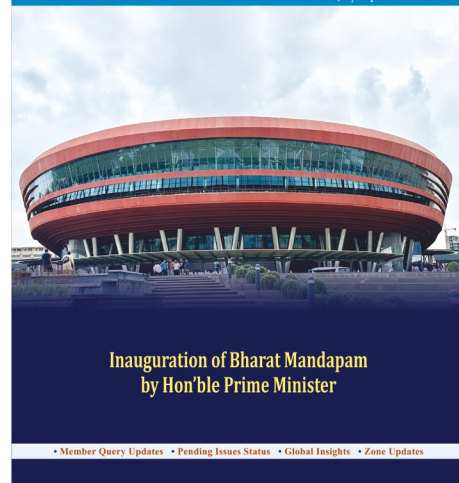
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**Bhuvnesh Seth**  
Chairman, EPCES

**Alok Vardhan Chaturvedi**  
Director General, EPCES

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**Bhuvnesh Seth**  
Chairman, EPCES

“As regards SEZs, during H1, FY 24, exports of Goods and Services from SEZ declined by 7 %, exports of Goods declined by 12%, export of Services by 3%. Sale of Goods to DTA from SEZs declined by 9%. During the same period, imports of Goods from SEZs declined by 11% and procurement of Goods from DTA by SEZs declined by 5%.”

## *Dear Friends*

There is further deterioration in the outlook for International Trade following the conflict between Israel and Hamas in the first week of October which has the potential to disrupt the world economy. It may further fuel inflation and rising interest rates which are already high because of Russia-Ukraine war and adverse US-China relations.

While decline in Merchandise Exports has moderated to 8.7 % to 211.40 billion in H1 FY 24 on YoY basis, Services exports have increased by 5.6% to 164.89 billion. Of the 30 principal Commodity Groups, exports have increased in respect of 13 groups while exports have declined in 17 groups. In the major commodity groups, exports of Petroleum products were down by 17.61%, Engineering Goods down by 2.82%, Gems & Jewellery down by 24.83%, Chemicals down by 15.16%, RMG of all Textiles down by 15.36% while exports of Electronic Goods increased by 27.62% and Drugs & Pharmaceuticals increased by 5.02%.

As regards SEZs, during H1, FY 24, exports of Goods and Services from SEZ declined by 7 %, exports of Goods declined by 12%, export of Services by 3%. Sale of Goods to DTA from SEZs declined by 9%. During the same period, imports of Goods

from SEZs declined by 11% and procurement of Goods from DTA by SEZs declined by 5%.

It is heartening to note that Hon'ble Commerce & Industry Minister is regularly reviewing the export scenario with EPCs and Industry Associations to address their concerns. In the last EPC meeting, CIM has indicated that there will be some positive news about the proposed DESH Bill shortly. However, there are fund constraints for coverage of EOUs and SEZ under the RoDTEP scheme, even though the RoDTEP Committee has submitted its recommendations about SEZs and EOUs about a year back. EPCES has been following up with the Government on a continuous basis. We hope that Government finalises the Bill and ends this policy uncertainty about SEZs at the earliest which is adversely affecting investment plans.

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

Wishing you all a very happy and prosperous Festival Season !!!

**Bhuvnesh Seth**





**Alok Vardhan Chaturvedi**  
Director General, EPCES

“EPCES has organised multiple workshops on the GST updates and Trade Finance which have been very popular. EPCES has also taken up with the Ministry of Environment and Forests regarding the difficulties being faced by the exports in Extended Producer Responsibility under Plastic Waste Management Rules.”

## *Dear Members*

World Trade Organisation, in its October 2023 update, has lowered the estimated growth of the volume of the world merchandise trade to 0.8% this year (CY23), less than half the 1.7% increase forecasted in April. However, the 3.3% growth projected for 2024 remains nearly unchanged from the previous estimate. However, it has not taken into account the potential disruptive impact of the Israel-Hamas conflict started in the first week of October 2023.

As Governor RBI has brought out in his statement on 6.10.2023, domestic economy activity is exhibiting resilience on the back of domestic demand. Real GDP growth for 2023-24 is projected at 6.5 per cent.

While decline in Merchandise Exports has come down to 8.7% in H1 FY24 to 211.40 billion as compared to decline of 15.1% in Q1 on YoY basis, Services exports have increased marginally by 5.6% to 164.89 billion. As regards SEZs, exports of Goods and Services declined by 7 %, exports of Goods declined by 12 %, export of Services by 3 %.

You will be happy to know that EPCES is continuing with the initiative of bringing out monthly Trade bulletin providing detailed country-wise, commodity-wise analysis of exports and imports of goods and services related to SEZs and EOUs based on the availability of data from NDSL and DGCIS.

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

EPCES has organised multiple workshops on the GST updates and Trade Finance which have been very popular. EPCES has also taken up with the Ministry of Environment and Forests regarding the difficulties being faced by the exports in Extended Producer Responsibility under Plastic Waste Management Rules.

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 have also added a new column about news from abroad selecting some articles published in various magazines. We will be happy to hear from you for suggestions for improving the news magazine.

(Alok V Chaturvedi)



## PM Inaugurates 'Bharat Mandapam' at Pragati Maidan

**H**on'ble Prime Minister, Shri Narendra Modi, dedicated the International Exhibition-cum-Convention Centre (IECC) complex at Pragati Maidan named as 'Bharat Mandapam' in New Delhi on 26.7.2023 built at a cost of Rs 2700 cr. Union Minister for Trade and Commerce, Shri Piyush Goyal, and other Union Ministers and leading industry experts and Senior Government officials were present on the occasion.



The Prime Minister's vision of having a world-class infrastructure for hosting meetings, conferences and exhibitions in the country has led to the conceptualization of the International Exhibition-cum-Convention Centre (IECC) at Pragati Maidan. The project revamps the old and outdated facilities at Pragati Maidan. With a campus area of approximately 123 acres, the IECC complex has been developed as India's largest MICE (Meetings, Incentives, Conferences, and Exhibitions) destination. In terms of the covered space available for events, the IECC Complex finds its place among the top exhibition and convention complexes in the world. The newly developed IECC complex at Pragati Maidan comprises multiple state-of-the-art facilities including Convention Centre, Exhibition halls and amphitheatre etc. It is a grand architectural marvel, designed to host large-scale international exhibitions, trade fairs, conventions, conferences, and other prestigious events. It is equipped with multiple meeting

rooms, lounges, auditoriums, an amphitheatre and a business centre making it capable of hosting a wide range of events. Its majestic multi-purpose hall and plenary hall have a combined capacity of seven thousand people, which is larger than the seating capacity of the famous Sydney Opera House in Australia. Its magnificent Amphitheater is equipped with a seating capacity of 3,000 individuals.

Other facilities available in the Convention Centre include 5G-enabled fully Wi-Fi-covered campus, 10G Intranet connectivity, interpreter room equipped with cutting-edge technology to support 16 different languages, advanced AV systems with huge-sized video walls, building management system ensuring optimal functionality and energy efficiency, light management system with dimming and occupancy sensors, state-of-the-art DCN (Data Communication Network) system, integrated surveillance system and energy-efficient centralized air conditioning system.



The architectural design of the Convention Centre building is inspired by Indian traditions and showcases India's confidence and conviction in its past while also embracing modern facilities and way of life. The shape of the building is derived from the Shankha (conch shell), and different walls and facades of the Convention Centre depict several elements of India's traditional art and culture including 'Surya Shakti' highlighting India's efforts

in harnessing solar energy, 'Zero to ISRO', celebrating our achievements in space, PanchaMahabhuta signifying the building blocks of universal foundation - Aakash (Sky), Vayu (Air), Agni (Fire), Jal (Water), Prithvi (Earth), among others. Also, various paintings and Tribal art forms from different regions of the country adorn the Convention Centre.

The convenience of visitors is a priority at the IECC, reflected in the provision of over 5,500 vehicle parking spaces. The ease of access through signal-free roads ensures visitors can reach the venue without any hassle. Also, the overall design prioritizes the comfort and convenience of attendees, facilitating seamless movement within the IECC complex.

The development of the new IECC complex at PragatiMaidan will help in the promotion of India as a global business destination. It will also play a vital role in boosting trade and commerce, leading to economic growth and job creation.

It will support the growth of small and medium enterprises by providing them with a platform to showcase their products and services on a national and international stage. It will also facilitate knowledge exchange and encourage the dissemination of best practices, technological advancements, and industry trends.



**Credit – PIB New Delhi**

## PM dedicates Yashobhoomi – India International Convention and Expo Centre, Dwarka to Nation



**H**on'ble Prime Minister, Shri Narendra Modi dedicated Phase 1 of India International Convention and Expo Centre - 'Yashobhoomi' to the nation at Dwarka, New Delhi on 17.9.2023. The extension of Delhi Airport Metro Express line from Dwarka Sector 21 to a new metro station 'Yashobhoomi Dwarka Sector 25' was also inaugurated. He also launched 'PM Vishwakarma Scheme' PM Vishwakarma logo, tagline and portal for traditional artisans and craftspeople on the occasion of VishwakarmaJayanti.

With a total project area of over 8.9 lakh square metres and total built up area of more than 1.8 lakh square metres, 'Yashobhoomi' is among the world's largest MICE (Meetings, Incentives, Conferences, and Exhibitions) facilities. It is developed at a cost of around Rs. 5400 crore, boasts of a magnificent Convention Centre, multiple Exhibition halls and other facilities. The

Convention Center, built across more than 73 thousand square metres of area, comprises 15 convention rooms including the Main auditorium, the Grand ballroom and 13 meeting rooms with a total capacity of holding 11,000 delegates. The Convention centre has the largest LED media facade in the country. The plenary hall in the Convention Center is equipped with a seating capacity of around 6,000 guests. The auditorium has one of the most innovative automated seating systems which allows the floor to be a flat floor or an auditorium style tiered seating for different seating configurations. The wooden floors and the acoustic wall panels used in the auditorium will ensure the world class experience for the visitor. The Grand Ballroom, with a unique petal ceiling, can host





around 2,500 guests. It also has an extended open area that can seat up to 500 people. The 13 meeting rooms that are spread across eight floors are envisaged to hold a variety of meetings of different scales.

‘Yashobhoomi’ also offers one of the largest Exhibition halls in the world. These Exhibition halls, built across over 1.07 lakh square metres, will be utilised for hosting exhibitions, trade fairs, and business events, and are connected to a grand foyer space which is uniquely designed with copper ceiling which filters light in the space through the various skylights. Foyer will house various support areas such as Media rooms, VVIP lounges, Cloak facilities, visitor information centre, ticketing among others. All public circulation areas in ‘Yashobhoomi’ have been designed in such a way that it represents continuity with convention centres outdoor space. It is made of materials and objects inspired from

Indian culture in the form of terrazzo floors with Brass inlay representing rangolis patterns, suspended sound absorbent metal cylinders and lit up patterned walls.

‘Yashobhoomi’ also demonstrates a strong commitment to sustainability as it is equipped with a state-of-the-art wastewater treatment system with 100% wastewater reuse, provisions of rainwater harvesting, and its campus has received Platinum certification from CII’s Indian Green Building Council (IGBC). It is also equipped with high-tech security provisions to ensure safety for the visitors. The underground car parking facility for over 3,000 cars is also equipped with more than 100 electric charging points. It has also been connected to Delhi Airport Metro Express line with the inauguration of the new metro station ‘Yashobhoomi Dwarka Sector 25’.

**Credit – PIB New Delhi**

## CIM Holds Monthly Meetings with Exports Promotion Councils

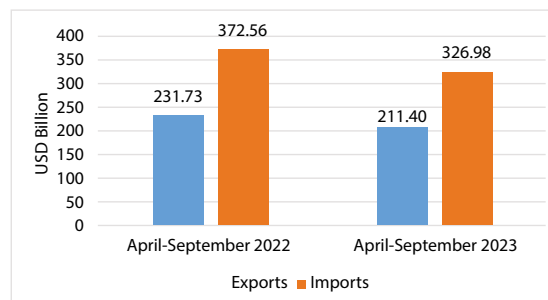


**H**on’ble Commerce & Industry Minister has been holding monthly meeting with EPCs. During the quarter, the meetings were held on 3.7.2023 and 29.8.2023. The last meeting was held on 9.10.2023. The last meeting was attended by Shri Sunil Barthwal, Commerce Secretary, Shri R K Singh, Secretary, Dept for Promotion of Industry and Internal Trade, Smt Rachna Shah, Secretary Textiles and Shri Rohit Singh, Secretary D/o Consumer Affairs and other senior officials of the these Departments.

Merchandise exports for the period April-September 2023 were USD 231.40 Billion with a de-growth of 8.77%. Merchandise imports for the period April-

September 2023 were USD 326.98 Billion with a de-growth of 12.23% leading to a lower trade deficit of USD 115.58 Billion as against USD 140.83 Billion during April-September 2022.

The estimated value of services export for April-September 2023 was USD 164.89 Billion showing a growth of 5.65% whereas the estimated value of services imports for was USD 89.22 Billion showing a marginal decline of 1.5%. The services trade surplus for April-September 2023 has been estimated at USD 75.67 Billion as against USD 65.49 Billion in April-September 2022. It was pointed out that rate of decline in merchandise exports has come down and it is hoped that export performance in the second half will be better.



Commodity wise exports figures during April-September 2023 are as follows :

Sl.No.	Commodities	(Values in Million USD)		% Change
		APR '22 - SEP '22	APR '23 - SEP '23	APR '23 - SEP '23
	COMMODITY GROUPS EXHIBITING POSITIVE GROWTH			
1	Iron Ore	658.66	1502.01	128.04
2	Oil Meals	557.15	786.49	41.16
3	Electronic Goods	10272.26	13109.84	27.62
4	Oil Seeds	529.89	654.25	23.47
5	Ceramic Products & Glassware	1853.45	2228.83	20.25
6	Fruits & Vegetable	1449.43	1604.08	10.67
7	Tobacco	659.48	709.61	7.60
8	Drugs & Pharmaceuticals	12723.50	13362.76	5.02
9	Coffee	610.23	631.19	3.43
10	Cereal Preparations & Miscellaneous Processed Items	1364.03	1389.75	1.89
11	Cotton Yarn/Fabs./made-ups, Handloom Products etc.	5793.55	5899.77	1.83
12	Spices	1926.89	1952.86	1.35
13	Cashew	157.09	157.57	0.31
Sl.No.	Commodities	(Values in Million USD)		% Change
		APR '22 - SEP '22	APR '23 - SEP '23	APR '23 - SEP '23
	COMMODITY GROUPS EXHIBITING NEGATIVE GROWTH			
14	Other cereals	525.03	379.66	-27.69
15	Jute Mfg. including Floor Covering	246.31	185.15	-24.83
16	Gems & Jewellery	20635.81	15618.82	-24.31
17	Petroleum Products	50843.44	41889.74	-17.61
18	Mica, Coal & Other Ores, Minerals including Processed Minerals	2715.15	2296.26	-15.43
19	RMG of all Textiles	8171.66	6916.37	-15.36
20	Organic & Inorganic Chemicals	15905.18	13494.67	-15.16
21	Plastic & Linoleum	4563.29	3907.28	-14.38
22	Handicrafts excl. Handmade Carpet	915.97	792.40	-13.49
23	Leather & Leather Products	2560.56	2236.44	-12.66
24	Man-made Yarn/Fabs./made-ups etc.	2584.94	2336.39	-9.62
25	Marine Products	4119.63	3803.87	-7.66
26	Carpet	709.92	669.34	-5.72
27	Tea	409.29	387.89	-5.23
28	Engineering Goods	55088.65	53536.63	-2.82
29	Rice	5477.54	5327.25	-2.74
30	Meat, Dairy & Poultry Products	2098.09	2091.66	-0.31

In the **engineering sector**, geopolitical tensions and stringent monetary policies have lowered exports. The US and EU have cut imports due to domestic concerns and the Russia-Ukraine conflict, and reduced imports from Bangladesh and Sri Lanka, primarily due to energy and debt crises, have added to the sector's woes. However, emerging trade partners like the UAE and Australia offer hope for market diversification. In fact, Engineering Goods have recorded a growth of 6.8% in September 2023.

**The Gems and Jewelry (G&J)** sector has faced its own set of challenges, with the economic slowdown in the US and Hong Kong adversely impacting exports. Trade restrictions due to Hong Kong's Zero Covid policy and beneficiation schemes in diamond-rich nations have added to the sector's difficulties. Reduced imports of small diamonds and declining global diamond and lab-grown diamond prices have further compounded the situation.

The decline in **the Textile Sector's** exports can be attributed to several factors. Firstly, reduced global demand for textiles in the USA and EU, driven by economic recessions and elevated interest rates, has played a significant role. High inventory levels in these markets have further contributed to the decline. Additionally, escalating domestic cotton prices in India have impacted exports, while diminished demand for cotton products in countries like Bangladesh and China has compounded the sector's struggles. Disrupted logistics networks due to the Russia-Ukraine war have also had a negative impact, as have luxury items like carpets, which have seen reduced demand during economic recessions. High freight costs have further hindered the sector's competitiveness.

**Electronic Goods** Exports have shown a marginal decline of 3.7% in September 2023 as the base effect is catching up. Export of **Petroleum Products** has been affected due to lower international prices. However, the decline in September has been lower at 10.6%.

**Agricultural Exports** have been affected by prohibitions, including restrictions on wheat and wheat products like flour and bran, as well as restrictions on rice exports, including broken rice and white rice, with additional duties imposed on other rice varieties.

In the marine sector, the US market is experiencing sluggish demand for shrimp, particularly in the retail

sector, and consumers are hesitant due to rising inflation and the availability of more affordable protein options. The inventory situation in the US market suggests a prolonged recovery may be unlikely until early 2024.

Shri SrikantBadiga, Vice Chairman EPCES raised the following issues concerning SEZs and EOUs:

- (i) EPCES is hopeful that the Government will be enacting the proposed DESH Bill at the earliest. Early passage of DESH Bill will result in huge investment as it will help big investors to serve domestic and export market in an integrated manner. They are waiting for a quick decision.
- (ii) RoDTEP committee has given report for SEZs and EOUs. We can at least start with a few sectors like textiles, food, engineering, etc. where domestic procurement is more. SEZs and EOUs should not be discriminated against.
- (iii) Compliance burden on SEZ units should be reduced. IT units have to file a lot of reports which should be combined and only one report with all fields should be insisted upon.
- (iv) There should be API based integration of SEZ online and GSTN. There should not be any physical endorsement of invoices for supply of goods and services from DTA and physical copies should not be insisted upon.
- (v) SEZs and EOUs are primarily for exports and they import raw materials to make high quality products for export markets. Various import restrictions – filing on Import Monitoring System, Quality Control Orders, Minimum Import Price, Port restrictions, etc. which are meant for domestic markets should not be applicable to imports by SEZs and EOUs which use these imports as raw material for manufacturing export products.
- (vi) IT/ITES developers are in deep financial trouble. We would like to have a quick resolution on the issue of co-existence of DTA/SEZ units in IT/ITES SEZs and INR payment should be allowed for supply of services from SEZ to DTA.
- (vii) SEZ developers and Units should be allowed to install rooftop solar panels with fiscal benefits as they will be using solar power for common facilities/ their own use.



## Development Commissioner, VSEZ holds Open House on Operational Challenges in SEZs and EOUs

**E**PCES Regional Council-VSEZ, in collaboration with the SEZ Association of AP & Telangana and VSEZ organized an Open House regarding operational issues being faced by EOUs and SEZs on August 25, 2023, in Hyderabad. The event was chaired by Shri Srinivas Muppaala, IRSME, Development Commissioner-VSEZ, and Shri Alok Chaturvedi, IAS (Retd), DG EPCES. The session was moderated by Sri Srikanth Badiga, Vice Chairman EPCES. The primary focus of the meeting revolved around addressing operational challenges within Special Economic Zones (SEZs) and Export-Oriented Units (EOUs). The event was attended by over 150 representatives, including SEZ Units, Developers, EOUs, and Customs officials.



Shri Alok Chaturvedi, DG EPCES, in his opening remarks, briefed the participants about the latest status of key issues concerning SEZs and EOUs. He informed that there have been intense inter-ministerial discussions between Finance and Commerce Ministries regarding the proposed DESH Bill and a consensus on key issues has approved by the Government and then taken up by the Parliament in the winter Session. He also informed that the RoDTEP committee has given its report regarding ceiling rates in respect of SEZs and EOUs. EPCES has requested Commerce Ministry to at least start with a few sectors like textiles, food, engineering, etc. where domestic procurement is more and has urged the Government that SEZs and EOUs should not be discriminated against.



Shri Srinivas Muppaala, DC, VSEZ, appreciated the initiative of EPCES and the SEZ Association for Telangana and VSEZ for organizing the event.



He commended the dedicated efforts of SEZ Units and informed that there has been a remarkable 34% increase in exports from Visakhapatnam Special Economic Zone (VSEZ) during the first quarter of the fiscal year, amounting to Rs. 50,195 crores. He emphasized the need for standard operating procedures (SOP) within VSEZ's jurisdiction, reiterating his commitment to ensuring ease of doing business.

A presentation on operational issues was made by VC, EPCES followed by a presentation on SEZ Rules, SEZ Online Modules, and Ease of Doing Business by Mr. Mallikarjun N and Mr. Nemish Zaveri from Grant Thornton Bharat.

Thereafter, a detailed interaction with the participants was held on the issues raised by them. Representatives of Micron Technology Operations raised various operational issues related to Customs and DC offices and the working of SEZ online and suggested that it should be a seamless online platform without insistence on submission of physical documents. Most of the clearances and approvals should be on self-certification basis with sample risk based verification. Clearance procedures of scrap including UPS batteries with a shelf life of only 2-3 years should be streamlined and transaction value should be taken for the purpose of duty payment. Exit process should also be streamlined. Solar panels installation should be treated as part of infrastructure. There should be a time-bound approvals/clearances. Tata Advanced System representative raised the issue of 120 days limit for bringing back the items sent

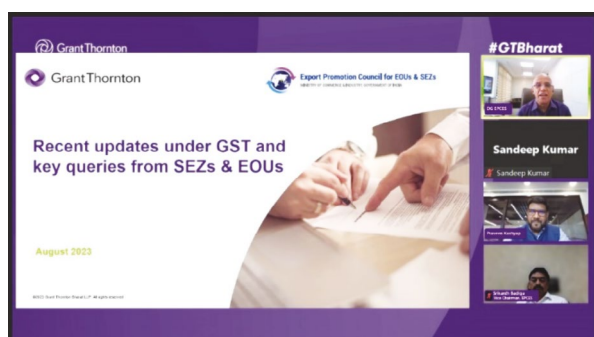


for temporary removals for test/repair /calibration, etc. as it is not possible for them to comply with 120 days limit as they are into Defence and Civilian Aerospace business involving precision engineering. They also raised the issues relating to RoDTEP, doing jobwork for DTA units, 90 days lead time for EOUs to send the goods for job work, delays in fixation of SION for the EOU, allowing EOUs job-work for DTA even for non-export purposes, 6 months lead time for EOUs to send back the rejected goods to original supplier via re-export. Issues were raised by Aurobindo Pharma, APSEZ, GAR Corporation and Amneal Oncology

and WIPRO Manikanda SEZ. Some of the issues were resolved. DC, VSEZ assured to resolve issues related to his jurisdiction. DG EPCES assured to take up the issues which are under the jurisdiction of Commerce Ministry and require relaxation of SEZ Rules and FTP provisions related to EOUs.

Sri SrikanthBadiga, VC, EPCES conveyed his thanks to the DC VSEZ and DG EPCES for their pro-industry approach. He stated that this Open House event exemplified a collaborative approach for finding solutions to the challenges faced by SEZs and EOUs.

## Webinar on Recent Updates under Goods and Service Tax



The Export Promotion Council for EOUs & SEZs (EPCES), in collaboration with their knowledge partners Grant Thornton Bharat LLP (GTBLLP), conducted a webinar on “Recent Updates under Goods and Service Tax” on 18.8.2023.

Shri Alok Chaturvedi, IAS (Retd.), DG, EPCES, in his opening remarks, briefed the participants about the status of key issues, such as the RoDTEP for SEZs and EOUs and the proposed DESH Bill.

A presentation was made by GT Team led by Shri Karan Kakkar, Partner. The presentation covered GST updates related to SEZs and EOUs ,key queries

raised by EPCES members and key compliances for SEZs and EOUs followed by Q&A. A copy of the presentation is attached and is available on <https://www.epces.in/>

The following updates were discussed:

- (i) Taxability of services provided by an office of an organization in one state to office in another state, both being distinct persons (Circular No. 199/11/2023-GST dated 17 July 2023)
- (ii) Calculation of interest u/s 50(3) in case of wrong availment of IGST credit and reversal thereof (Circular No. 192/04/2023-GST dated 17 July 2023)
- (iii) Taxability of share capital held by parent company in subsidiary company (Circular No. 196/08/2023-GST dated 17 July 2023)
- (iv) Clarification on refund-related issues (Circular No. 197/09/2023- GST dated 17

July 2023) Availability of ITC in respect of warranty replacement of parts and repair services during the warranty period (Circular No. 195/07/2023-GST dated 17 July 2023)

- (v) Manner of dealing with difference in ITC availed in Form GSTR-3B vis-à-vis Form GSTR-2A for the period 1 April 2019 to 31 December 2021 (Circular No. 193/05/2023-GST dated 17 July 2023) Central Goods and Services Tax (Second Amendment) Rules, 2023 (Notification No. 38/2023-Central Tax dated 4 August 2023)
- (vi) Hon'ble Supreme Court Ruling in case of C.C., C.E. & S.T. – Bangalore (Adjudication) vs. Northern Operating Systems Pvt Ltd regarding secondment of employees
- (vii) Notification 27/2023- Central Tax dated 31 July 2023, effective 1.10.2023, regarding
  - a. availability of zero rated supply for authorized operation only
  - b. Refund of unutilised ITC in case of zero-rated supplies shall be claimed under under bond or LUT
  - c. Non-realisation of sale proceeds for export of goods may result in deposit of refund claimed along with interest
  - d. all goods and services as the class of goods or services which may be exported on payment of IGST on which supplier can claim refund except following notified goods: • Pan masala • Unmanufactured tobacco bearing brand name • Tobacco refuse bearing brand name, related goods etc.

Following queries raised by members were discussed:

- (i) Applicability of EPR (Extended Producer's Responsibility) registration on SEZs and EOUs.
- (ii) Applicability of DGFT vide Notification No. 19/2023 and 23/2023 to SEZs and EOUs It has categorized certain goods falling under chapter 71 (precious or semiprecious stones, precious metals) and chapter 84 (Personal computers) into "restricted" category (earlier it was "free").
- (iii) Non-inclusion of SEZs and EOUs in the RoDTEP scheme.
- (iv) Procedure for clearance of sample/demo goods by SEZ units into DTA area for exhibition purposes. Also, whether such exhibition service invoices would be eligible for zero-rated benefit?
- (v) Provision in SEZ Rules regarding SEZ Units donating old used computers and computer peripherals to NGOs (without any consideration)
- (vi) Inclusion of Medical and Life insurance policy under default list of services.

The presentation also covered the key routine and event based compliances for SEZs and EOUs.

The webinar was attended by more than 125 members and there was active participation.



## RoDTEP Committee Holds Meeting with EPCs for Updation of RoDTEP Rates

**R**oDTEP Committee has been constituted under the chairmanship of Shri G K Pillai, Secretary (retd), Government of India vide D/o Revenue order dated 13.9.2023 for updating/reviewing the recommended RoDTEP ceiling rate schedules. The Committee has to work out the modalities for calculations of duties/taxes/levies at the Central, State and Local level, borne on the exported products, including prior stage cumulative indirect taxes on goods and services used in the production of exported product and such indirect duties/taxes/levies in respect of distribution of exported products based on the underlying principles of the RoDTEP scheme. The Committee has been mandated to take into consideration the incidence of duties/taxes/levies on export of goods from all segments such as DTA, AA, EOU, SEZ, etc. The Committee is mandated to submit its main report by 31.3.2024.

Accordingly, the RoDTEP Committee held a meeting with Export Promotion Councils (EPCs) and Chambers of Commerce on 26.9.2023. In the meeting a draft format for collection of data was discussed. It was decided that the exporters may give their comments by 10.10.2023 and then the Committee will issue finalized format. Exporters are to submit data in respect of their products by 30.11.2023.

EPCES submitted the following points before the Committee :

(i) **SEZs and EOUs should be covered under the RoDTEP Scheme**

At present, SEZs and EOUs have not been covered under RoDTEP scheme and thus exports by SEZs / EOUs are being discriminated against. We understand that the RoDTEP Committee had already submitted its recommendations to the Government for SEZs and EOUs. EPCES requests the Government that SEZs and

EOUs should be covered immediately under RoDTEP scheme. These units also suffer these taxes and duties and hence their exports should not be burdened with these taxes and duties. Ideally all sectors which have been covered under RoDTEP for DTA units should also be permitted for SEZs and EOUs. However, if Government has budgetary constraints, it may be started for SEZs and EOUs in some sectors where domestic procurement is high – textiles, engineering, etc. EPCES has sent a request vide its email dated 31.7.2023

(ii) **The recommendations of the RoDTEP Committee in respect of SEZs and EOUs should be made available to Industry so that SEZs and EOUs can comment on it.**

(iii) **No need of collecting data separately for SEZs and EOUs.**

As per latest data, SEZ Units make 25-30% of raw material purchase from domestic tariff area (DTA). And this would be more or less same as exports from DTA. EPCES is of the view that there is no need of collecting data separately for SEZs and EOUs for updating the ceiling rates. The ceiling rates applicable to DTA units may be recommended for SEZs and EOUs too as the ceiling rates are average rates based on collection of data from various units across India.

It was informed by the Committee that they have given their recommendations to the Government and it is upto the Government to notify the rates. It was informed by the Additional DGFT that the rates in respect of SEZs and EOUs haven't been notified due to budget constraints. It was pointed out by EPCES that it would be difficult to collect data from SEZ/EoU exporters now as rates have not been notified by Government even though the Committee has submitted its report in respect of SEZs and EOUs. It was informed by the Committee that it would be in the interest of SEZs and EOUs as in some cases RoDTEP rates are higher in respect of SEZs and EOUs as compared to DTA.

F. No. CBIC-140605/12/2023-O/o Dir(Drawback)-CBEC/812-826

Government of India  
Ministry of Finance, Department of Revenue  
Central Board of Indirect Taxes & Customs  
Drawback Division

\*\*\*\*\*

New Delhi, the 13<sup>th</sup> September, 2023

### **ORDER**

**Subject: Constitution of RoDTEP Committee for updating the recommended ceiling rates schedules**

Government hereby constitutes the RoDTEP Committee for updating the recommended ceiling rates schedules. The Committee shall be chaired by Shri G.K. Pillai, Secretary (retd.), Government of India, and it shall have two members Shri Y.G. Parande, Special Secretary-cum-Member CBEC (retd.) and Shri Gautam Ray, Chief Commissioner of Custom and Central Excise (retd.).

2. The Terms of Reference of the Committee shall be as follows:-

- (a) to interact with the administrative Ministries, Export Promotion Councils, Commodity Boards, Trade Bodies and other stakeholders so as to elicit relevant data;
- (b) to work out the modalities for calculation of duties/ taxes/ levies at the Central, State and Local level, borne on the exported product, including prior stage cumulative indirect taxes on goods and services used in the production of exported product and such indirect duties/ taxes/ levies in respect of distribution of exported product based on the underlying principles of the RoDTEP scheme. For this, the Committee shall take into consideration the incidence of such duties/ taxes/ levies on exports of goods from all segments such as DTA, AA, EOU, SEZ etc. and other relevant factors as deemed fit;
- (c) to collectively review the entire set of previously recommended ceiling rates schedules covering exports of goods based on most recent available data, and taking into account the current representative information on relevant factors that get considered in recommending the rates, and to update and recommend, in their report, the ceiling rates schedules
- (d) to give supplementary report/ recommendations on issues or representation, if any, arising from the revised schedules of rates consequent to the report of the Committee, after notification of the recommended rates.

3. For discharging the above Terms of Reference, the Committee will - (a) determine the methodology; (b) decide the modalities of holding deliberations and meetings with the stake holders; (c) conduct field visits and study specific production processes as it may

consider necessary; (d) provide documentation and calculation or worksheets, supporting the recommended ceiling rates as part of its report

4. The RoDTEP Committee will submit its main report to the Government by 31.03.2024. A supplementary report, if required, may also be submitted within three months of notification, of the revised rates, keeping in view any post-notification issues.

5. The members of the Committee shall be entitled to TA/DA as applicable to Group 'A' officers of equivalent status for its meetings with stakeholders or field visits outside Delhi which Committee decides to undertake. They shall be entitled to a sitting fee of Rs. 5000/- (Rupees Five Thousand only) per day of sitting. For sittings in Delhi, the Members shall also be entitled for admissible local conveyance. All expenses incidental to the functioning of the Committee, including office expenses, shall be met from the Budget of the Department of Revenue-Grant No. 31.

6. Joint Secretary (Drawback) shall be the Secretary to the Committee, which shall be serviced by the Drawback Division of CBIC in the Department of Revenue, Ministry of Finance.

AS & FA (Finance) has concurred vide FTS No. 300592124 dated 06.09.2023.

*Nidhi*  
13/9/2023  
(Nidhi Singh)

Sr. Technical Officer (Duty Drawback)

To:-

1. Shri G.K. Pillai, Chairman, Drawback Committee.
2. Shri Y.G. Parande, Member, Drawback Committee.
3. Shri Gautam Ray, Member, Drawback Committee.
4. Joint Secretary (Drawback) - cum - Secretary, Drawback Committee, Department of Revenue, Ministry of Finance.

Copy to:-

1. PS/OSD to Finance Minister.
2. PS/OSD to Minister of State (Finance).
3. PPS to Secretary (Revenue).
4. Chairperson, CBIC.
5. Member (Customs), CBIC.
6. AS&FA, Department of Revenue, Ministry of Finance.
7. CCA, CBIC, Department of Revenue, Ministry of Finance.
8. JS (Revenue), Department of Revenue, Ministry of Finance.
9. DDO/PAO, Department of Revenue, Ministry of Finance.
10. Guard File.

*issued*  
13/9/23



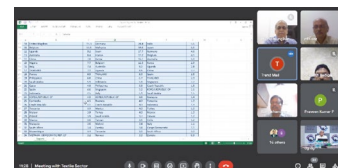
## EPCES Holds Meeting of the Textiles and Allied Products Panel

A meeting of the Textiles and Allied Products Panel of EPCES was convened on 16.8.2023. Giving the background, Shri Alok Chaturvedi, DG EPCES, stated that various panels had been established by the Cntral Governing Council, such as Engineering, Textiles, Chemicals, Drug and Pharmaceuticals, FTWZ, and International cooperation. However, most panels, except for International Cooperation and FTWZ, had not held meetings. In consultation with Mr. Badiga, Vice Chairman, it was decided to directly organize meetings for members exporting in specific sectors. He also highlighted the availability of commodity-wise, country-wise Exim data of SEZ and EOUs from NSDL and DGCIS, enabling identification of members exporting to specific regions. He stated that the following issues may be covered by the members :

- (i) Challenges faced with domestic regulatory authorities for import of raw materials
- (ii) Challenges faced with foreign regulatory authorities for accessing foreign markets.
- (iii) Challenges faced in identification or accessing new/potential markets
- (iv) Challenges being faced in the trade policy or sector specific policy
- (v) Challenges in strengthening existing or developing new foreign markets
- (vi) Financial assistance from Government under the MAI scheme
- (vii) Any other issues/challenges/suggestions.

DG EPCES informed that following his discussion with Shri Satya Srinivas, Additional Secretary (SEZ division), in view of fund constraints,

EPCES has requested DoC to start with covering a few sectors, say, Textiles, Engineering, etc. under RoDTEP. Regarding the proposed DESH Bill, he informed that there appears to be a consensus between M/o Finance and M/o Commerce on key issues and soon the proposal may be considered by the Cabinet followed by discussion in Parliament.



Vice chairman thanked DG for giving detailed background and stated that the meetings of different panels will be organized at regular interval. He said, as per the suggestions received, EPCES may take sector specific delegation to specific region or we may invite trade delegation from abroad too.

Thereafter, Shri Milind Mungikar, CGC member, stated issues faced in general and specifically for his company. This was followed by raising of issues and providing suggestions by other participants. The key issues discussed were as follows:

### 1. **Zen Linen, MEPZ and SriCity SEZ**

- (i) GSP removal by the US Govt and MEIS withdrawal by Indian govt for HS CODE – for 9404

It was stated that Zen is the largest manufacturer of Polyester fiber pillows in Asia. It had 95% share in the US market and was competing the business with the Chinese for the past 20 years. After withdrawal of GSP benefit by the US govt (7% IMPORT DUTY) and also withdrawal of MEIS( 5%) by Government, The unit has lost its competitiveness by 12% and in last two years 60% of the business is shifted to China worth US\$ 10 million. It was requested that Govt should include 9404- Textile in RoSCTL, RoSCTL / RoDTEP should be extended to SEZ units. DG stated that EPCES has already requested D/o Commerce to start with covering a few sectors such as Textiles under the RoDTEP for SEZs and EOUs.

- (ii) PLI Scheme extension to Brownfield projects –Textile Sector. It was requested that the PLI scheme should be extended to brown field projects also as the additional investment in brown field is resulting into additional revenue generation and job creation. DG stated that the matter will be taken up with the Textile Ministry.
- (iii) Business in Russia. It was requested that BSM may be organized in Russia for textile sector especially for Chapter 9404 (Pillows, Cushions, Duvets, Quilts) and Chapter – 63 (Curtains, Throws, Cushion covers Bed Linen etc). DG stated that BSM will be arranged if certain minimum no of members are interested in visiting Russia
- (iv) Removal of Goods for E-commerce and also refund of duty for returns. It was stated that SEZ should be allowed to sell into E-commerce bulk as well as singlepiece. At the time of removal of goods from SEZ, unit is paying required BCD and GST. However, for return of goods by E-commerce company there should be a seamless mechanism to refund the BCD into unit's account. It was assured that the matter will be taken up with DoC/Customs.
- (v) Selling of E-commerce goods on overseas platform. It was informed that when exporters are selling their own brand on e-commerce website in overseas market, they have to spend cost toward advertising and promotion, storage, forwarding cost etc. All these costs are adjusted in the price and the e-commerce company transfers the balance amount to their account. Till they establish the brand there will be losses in the beginning as amount spend on advertising and promotion will be very high and the invoiced amount and received amount will have huge difference and would never match. Also there is no fixed time for receipt of funds and the payment will be delayed beyond six months as it depends upon the market situation and acceptance of brand. It was requested that Govt should relax the time limit for inward foreign payment and also short receipt of funds to be accepted as per Chartered Account statement.

DG stated that the Basic idea is to ensure export proceeds are received timely and in full as per RBI circular under FEMA guidelines. However, the issues are genuine and will be taken up with RBI/DoC for resolution.

- (vi) Delay in clearing of import courier for free samples. It was informed that exporters receive almost 5-6 couriers from their overseas buyers in the US and other countries and these are free samples for business developments. Airport Customs are with holding these couriers and asking exporters to file BOE etc and this is resulting into delays and affecting our business. It was requested that the SEZ couriers should be cleared without any delays. It was decided that the issued will be taken up with the airport Customs Authorities
- (vii) Integrated textile parks for Polyester products. It was stated that India has a very small global share of business in Polyester textile and apparel sector. This industry is predominantly dominated by Chinese. The main success of Chinese growth in this sector is due to eco system which they created for polyester fabric making, which means spinning, weaving, processing and confectioning units are all located in single district. Land is given free of cost for 99 years lease and for machinery a low interest loan for 30 years. It was suggested that India needs to follow this procedure and give more benefits and then only Indian exporters can match China prices and be competitive globally. Our advantage is cheap labour as compared to China. It was decided that the suggestions will be given to the Textile Ministry and followed up.

## 2. **Kariwala Industries Ltd.**

- (i) Digitalization of Shipping Bill Copies. It was stated that currently, the process of handling shipping bill copies in Falta SEZ is manual and paper-based. This includes copies such as EDF, Triplicate, Quintuplicate, and Quadruplicate. It was suggested that there should be a digital system so that shipping bill copies are generated electronically and sent via email. The same is followed in case of DTA shipments. DG stated that the matter will be discussed with NSDL Team. Digital copy of shipping bill should be available in SEZ Online system.

- (ii) Usage of Eco-Friendly Materials for Carton Securing. It was brought out that presently, the requirement to use plastic straps and LED seals for securing cartons during LCL cargo exports from Falta SEZ has raised concerns. Many countries, including the US and the UK, are prioritizing eco-friendly practices and discouraging the use of non-recyclable materials. Consequently, our customers have reported customs penalties due to the use of plastic straps and metal seals. It was requested to allow the use of sustainable alternatives, specifically, jute straps and wax seals which are biodegradable and have a significantly lower environmental impact. It was decided to take up the issue with the Customs Authorities.

**3. Mahaveer Cotton Pvt. Ltd.**

- (i) Third party exports through DTA merchant exporters. As per Rule 41 of the SEZ Rules, an SEZ unit may subcontract a part of its production to DTA with the prior permission of SO provided the goods requiring further processing taken outside the SEZ shall be brought back into the unit within the specified time period. Thus, when SEZ units subcontract, exporting the goods directly from the DTA Subcontractor through a merchant exporter is not allowed. It was requested that exports directly through DTA Subcontractor units through merchant exporter or otherwise should be allowed as it will save time and money on logistics and will be more efficient. DG stated that this will require amendment in SEZ Rules. It will be taken up with D/o Commerce.
- (ii) RoDTEP scheme for SEZ units. It was requested that Chapter 63 products in SEZs should be covered under RoDTEP scheme. It was informed that the issue has already been taken up with the D/o Commerce.

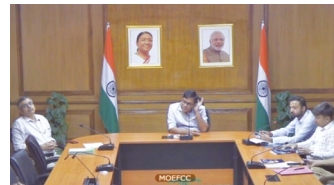
**4. Prym Fashion (India) Pvt. Ltd**

- (i) Sub - Contract (Job work) to DTA Unit from EOU. Prym Fashion (India) Pvt Ltd., are operating under EOU. Presently, as per FTP para 6.13 (a)(ii), EOUs may sub-contract upto 50% of overall production of previous year in value terms in DTA with permission of Customs authorities. As a part of supply chain change management Prym Fashion (India) Pvt. Ltd. has been selected to supply certain material to parent organisation Prym Fashion-GmbH. Prym

Fashion-India currently does not have the facility to undertake the entire production process to supply the same. However, considering the large volume of business prospects, they are desirous to grab this opportunity to enhance output, export sales, profit, and business growth, by sub-contracting certain processes in DTA to save costs on imported inputs (reduces FE outflow), besides considerable increase in our export sale (enhances FE inflow). As there is cap of 50% in value terms on subcontracting, clarification is sought whether waiver of restriction from the authorities can be granted since the business strategy proposed by Prym Fashion will eventually benefit both our unit as well the sub-contractor in DTA in terms of business growth and employment, besides enhancement in FE earnings for the country as a whole. It was informed by DG that the basic idea is that 50% of the production should be in the EOU itself. How much of the work is supposed to be sub-contracted, a projection has to be made. Accordingly, it was suggested that a proper representation be made before the Policy Relaxation Committee of DGFT for relaxation of para 6.13 (a)(ii) of FTP for a certain period.

### Ministry of Environment and Forests clarifies Extended Producers Responsibility (EPR) Fram

Keeping in view the difficulties being faced by the members regarding Extended Producers Responsibility (EPR) Framework under Plastic Waste Management Rules, Shri Alok Chaturvedi, DG EPCES had discussion with Smt Leena Nandan, IAS, Secretary, M/o Environment & Forests and Climate Change (MOEFCC) on 1.9.2023 in her office. Following the discussions, it was decided to have an interaction with the officers and experts from MoEFCC and Central Pollution Control Board (CPCB). The same was held on 29.9.2023 under the chairmanship of Shri Satyendra, IPS, Director, MOEFCC. Shri Tanu Aggarwal, DDG EPCES moderated the discussion. More than 35 units participated in the discussion. E-WASTE (MANAGEMENT) Rules, 2022 were also discussed and pharmaceutical companies discussed difficulties in registration for Extended.



## Some News from Abroad

### How China Grabbed Pole

Amidst the debate on China's slowdown and "China plus one" strategies, there is a danger of the forgetting just how much China has locked itself into pole position on the key businesses of the next several decades: Solar and wind energy, electric vehicles, batteries, newly important materials, and (at some stage, perhaps) semiconductors.

As countries figure out how to deal with such dominance, it is important to understand whether China's present dominance was happenstance, or merely reflective of an already acquired manufacturing prowess. How important was strategic foresight, or was the West simply caught napping?

The answer is all of these. What is really an industrial coup has played out in the past 15 or 20 years, even as our policy wonks were advocating a replication of China's success in toys and apparel! The world in general woke up far too late. The US was celebrating its Silicon Valley techpreneurs and their generation of wealth in trillions of dollars, while China became their supply base even as it moved unnoticed to dominate the new foundational businesses.

Today, China has in place enough manufacturing capacity to supply much if not all of world demand for electric vehicles (EVs), solar panels, and wind-energy turbines, plus the equipment for making them. It may not be allowed to swamp markets, but ending Chinese dependence will take many years. Meanwhile, Beijing is in a position to threaten trade sanctions, such as the recent stoppage of supplies of gallium and germanium, critical for chip manufacture.

The West should blame itself. At the turn of the century, Germany promoted the installation of rooftop solar panels and encouraged China to meet the new demand.

Other European countries did likewise. China then moved quickly to acquire scale, thereby gaining huge cost advantages (added to which were state subsidies) that forced hundreds of competitors in the West to go out of business. It now dominates the full value chain from polysilicon to the end product, solar modules. China also accounts for 60 per cent of the wind turbine market, and controls the market for active pharmaceutical ingredients (API), on which India's feted pharma industry depends.



Meanwhile, Chinese car companies saw the coming of EVs as an opportunity to upstage the legacy players focused on internal combustion engines. In battery technology, key to EVs, the Chinese achieved critical technological breakthroughs that made batteries cheaper. Sales soared off the charts as Chinese car companies began turning out low-cost EVs. Also, Tesla was encouraged to invest in a Shanghai giga-factory, the company's largest.

The extent of strategic foresight (and the absence of it elsewhere) is most visible with regard to raw materials. China moved early to sew up much of Congo's cobalt (displacing Western companies) and Bolivia's lithium. When Indonesia banned the export of raw nickel, Chinese refiners descended on the country in droves. China also bought up companies in Australia, the US, and Europe that had technology, or made critical equipment.

Could other countries have done what China has? We will soon know as the US and Europe (also India) try to replicate the Chinese success story with subsidies and various forms of protection. But Chinese success has depended on all-in strategy, including cutting-edge research in industries still evolving, the reduction of cost through free land, state-backed loans, and cheap electricity, a willingness to live with the ill-effects of highly polluting production facilities, using the size of its domestic market to acquire scale, and the strategic targeting of resources. Much of the West will find it impossible to duplicate this total package with Beijing's single-mindedness.

What countries have done so far is an ideological about-turn by saying goodbye to the shibboleths of the post-Reagan/Thatcher era: Getting government out of business, and letting markets function unfettered. In India too, Narendra Modi promised "minimum government" in 2014 and said the business of government was not business. But his government is now fully committed to an interventionist policy: Production incentives, capital subsidies, tariff protection (40 per cent for solar panels), and even picking winners as would-be national champions. What China has done is to give a global push to economic nationalism. How it will work out remains to be seen.



**Credit – Business Standard**

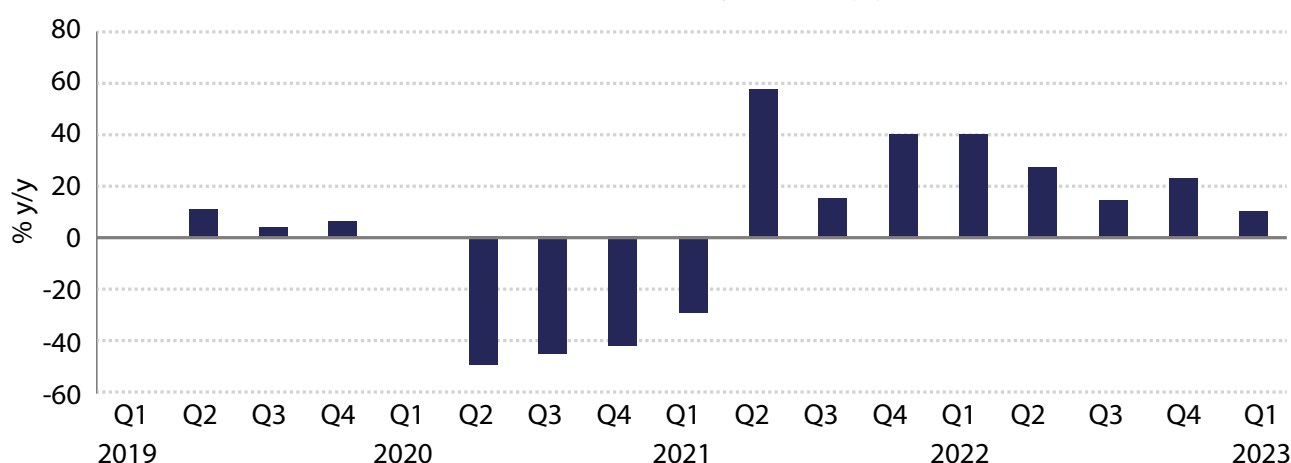


## Dubai: Transport & Storage Sector to Remain a Key Driver of Growth Increased Investment in Infrastructure and Population Growth Underpins the Medium Term Outlook.

The transport & storage sector is a key component of Dubai's economy. Not only is it the second-largest component of GDP (after wholesale & retail trade and ahead of financial & insurance activities), it has also been the fastest-growing sector since the end of the Covid-19 pandemic, and as such has been the biggest

contributor to Dubai's headline GDP growth in recent quarters. Moreover, it is also key in fueling growth in the other most important sectors. Encompassing not only the transport of goods, but also people, it is an instrumental support of the ever-more important tourism sector, and through that retail trade, hotels and restaurants, and construction.

Dubai Transport & Storage GDP, % y/y



Source: Haver Analytics, Emirates NBD Research

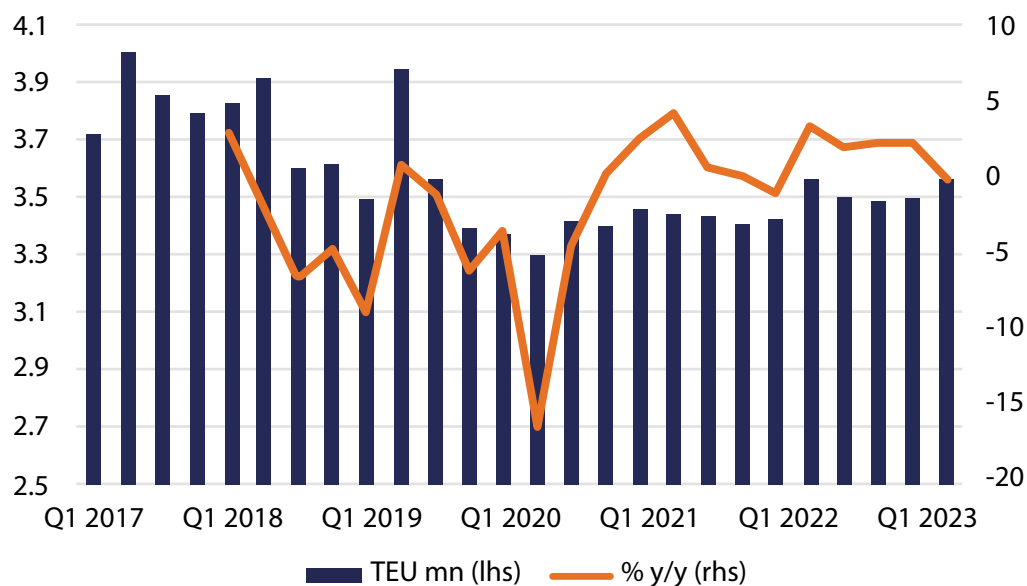
### Ports & Shipping

The DP World-operated Jebel Ali container handling facility is the largest box-shipping port between Singapore and Rotterdam, with world class equipment, a deep draught able to accommodate the largest of the world's mega vessels (crucial in securing the biggest services), and a present capacity of 19.3mn twenty-foot equivalent units (TEUs) per annum, set to rise to 22.4mn once Terminal Four is completed. The facility has long been the regional market leader, enabling it to handle far more volume than solely that destined for Dubai as it became the key regional transshipment hub – traditionally, less than half of the volumes handled at Jebel Ali

have been port-to-port shipments.

However, in recent years this high level of transshipment volumes has left Jebel Ali more vulnerable to rising regional competition, with a series of major port investments in the Gulf region competing more vigorously to either provide transshipment services themselves, or simply to cut out the middleman and enable direct shipping of goods to their markets after upgrades to facilities. Over the past decade there have been a series of major developments and expansions launched or completed elsewhere in the Gulf, from Dammam in Saudi Arabia to KBSP in Bahrain and the Mubarak Port project in Kuwait. Closer to home, the growth of Abu Dhabi Ports facilities such as KIZAD is another challenge to Jebel Ali.

## Jebel Ali throughput, TEU



Source: Dubai Statistics Center, Emirates NBD Research

On the back of this mounting regional competition, in tandem with slowing global trade growth, container throughput growth at Jebel Ali stalled after 2015 when it handled 15.6mn TEUs, before falling back to 14.1mn TEUs by 2019. The pandemic posed another challenge to Jebel Ali volume growth, but the facility has been coming back strongly since the global reopening began, and it posted y/y growth in 2021 and 2022. 2023 has also got off to a positive start, with a total 7.1mn TEUs handled over the first six months on growth of 1.1% y/y.

The outlook for transshipment volumes will likely remain challenging in the near term if regional competition intensifies further and global trade falters. Indeed, exports out of China have been especially weak in recent months, and global trade volumes have declined in H1 2023. In 2022, total throughput expanded 1.7% to 14.0mn TEUs, but this was on the back of port-to-port volumes climbing 8.6%. However, the strong multi-modal logistics offering in Dubai, with easy connections to major highways and the air freight facilities at DXB and DWC will be supportive for transshipment over the longer term, as will the world-class storage facilities in Dubai.

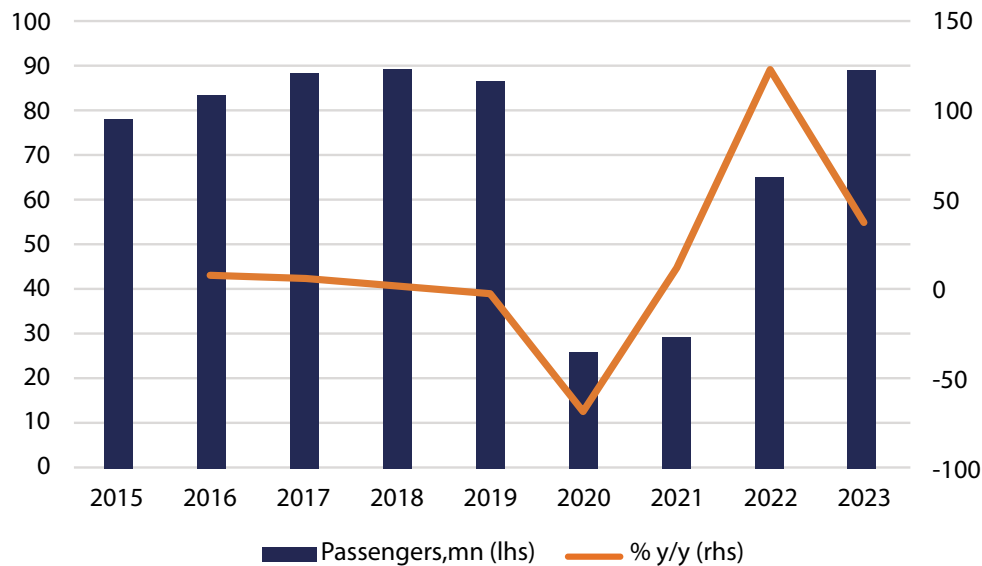
More positive for the sector outlook is the aforementioned strong growth in origin and destination

cargo, which is reflective of the strong economic growth in Dubai more broadly. With the population growing robustly (and ambitious plans to hit 5.8mn residents by 2040), this is being reflected in non-oil trade volumes with imports up 17.5% y/y in H1 in nominal terms, and much of this will be coming through Jebel Ali. Ongoing investment in developing domestic manufacturing industries will also support export growth going forward. DP World has welcomed the growth in port-to-port over transshipment volumes, with the former bringing in higher margin revenue.

## Air Freight

Similarly, to volumes at Jebel Ali, air freight volumes in Dubai (with the bulk handled at Dubai International but with Al-Maktoum International playing a growing role) have not yet recovered previous highs as of 2022. Total volumes across the two airports hit 2.7mn tons in 2018, before a runway closure in 2019 contributed to a 4.1% decline that year, followed by a 20.7% drop in 2020 as the Covid-19 pandemic hit. There was a robust 19.9% surge in volumes in 2021 as global demand for high value consumer electronics in particular accelerated, but volumes declined once more last year, dropping 10.3%. H1 2023 volumes at DXB were 853,000, down 6.2% y/y.

## Dubai Airports throughput, tons



Source: Dubai Statistics Center, Emirates NBD Research

As with global trade volumes more generally, air freight volumes could come under continued pressure through the end of this year and into 2024 as consumer demand weakens on the back of ongoing inflationary pressures and tight monetary policy. The experiences-over-goods dynamic that has played out since the post-pandemic reopening will likely also continue to weigh on demand for air freight in the near term. Nevertheless, as with Jebel Ali volumes, a growing domestic population will remain supportive of growth in the sector over a longer-term horizon. This will be facilitated by strong global connections, with Emirates SkyCargo just one major operator: the company boasts 155 destinations in its air network, and an integrated road feeder service. In May, it announced two new Boeing 747-F dedicated freighter planes amid plans to double its cargo capacity over the next decade on the back of bullish growth projections.

### Air passengers

Emirates has also been instrumental in driving up passenger volumes through Dubai International Airport, along with other major regional and international airlines. The recovery in domestic tourism has played a part in this, as visitor numbers to Dubai over the January to July period hit a record 9.8m, up 21.4% y/y and 2.6% higher than pre-pandemic 2019 numbers. However, DXB does not only cater for domestic traffic but is also

a major global transit facility, and the airport handled 41.6mn passengers in the first half of the year. Paul Griffiths, CEO of Dubai Airports, told Dubai Eye's Business Breakfast radio station in September that the forecast is for 89mn passengers in 2023, which if realised would be even with 2018 volumes and up 36.8% y/y. As Chinese visitors return to international travel, this number will likely be exceeded next year. Meanwhile, Al-Maktoum International is still a much smaller player in passenger volume terms but Griffiths talked up the potential development of the airport as the city grows and the aim for the facility to eventually handle up to 250mn passengers annually remains.

### Dubai Airports passengers

Strong connectivity with India remains key for Dubai airports, and it was the destination country for 6mn passengers passing thorough DXB, or 14.6%, in the first half of the year. While measures by the Indian authorities to boost its own airlines' direct connections with Europe and the US could limit future growth from this market, as could the development of new Saudi Arabian services (3.1mn passengers, or 7.8%, at DXB in H1), the ongoing global growth of tourism and Emirates' strong presence in East Asia will help offset this. Emirates has been ramping up its China services once more this year since China's zero-Covid policy

was ended, with frequent direct flights to Beijing, Guangzhou, Shanghai, and Hong Kong, and ongoing

connectivity to over 24 other points through partnerships with local carriers.



Source: Dubai Statistics Center, Emirates NBD Research

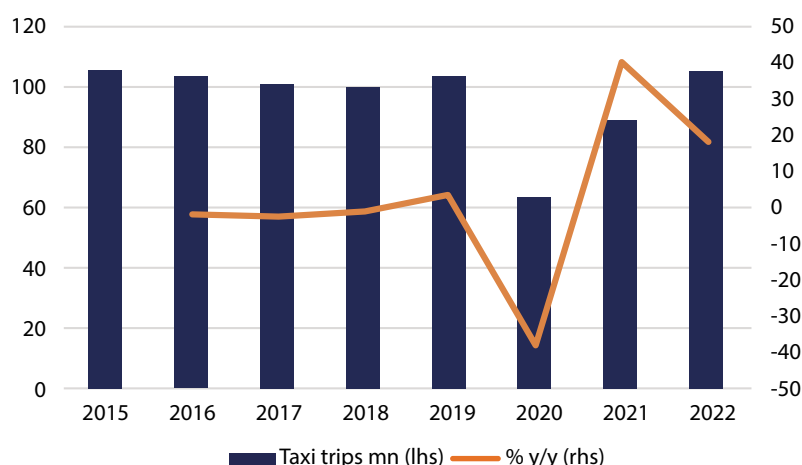
## Metro, Road, Rail

Finally, it is worth noting that the transport & storage component of Dubai's GDP also encompasses travel within the emirate, and the expansion seen in this regard this year is strongly indicative of ongoing robust growth in the population and the economy at large. Over the past several years the number of journeys taken on Dubai's metro and tram services has recovered steadily, rising to a record of 49,518 in December 2022. Over 2022 as a whole, journeys numbered 549,699, up 11.7% y/y. Meanwhile the number of taxi trips taken

last year rose to 105.2mn, up 18.3% on 2021 and just shy of the peak of 105.6mn taken in 2015.

Traffic on Dubai's roads continues to grow, leading to healthy revenue for electronic toll gate operator Salik. Since its partial listing 12 months ago, Salik's share price has risen 67.0% as of September 21st. In 2022 there were an average of 1.48mn trips every day, and Salik's core forecast is that net annual toll traffic on the Salik road system will 'rise 5.5% CAGR from 2022 to 2025, and by 2% from 2026 to 2071.'

## Dubai Taxi Trips



Source: Dubai Statistics Center, Emirates NBD Research



Looking further ahead, the development of the UAE's rail network will help facilitate the movement of both goods and people by rail. The newly developed line now runs for 900km from the UAE's southern border with Saudi Arabia through to Fujairah and connects all the major ports including Khalifa Port and Jebel Ali on the way. Not only will this boost rail freight volume in the near term, but the eventual linkage with the rail networks of the

rest of the GCC should support regional trade growth and economic integration. Within the next decade, the launch of passenger rail services on the network will support the planned population growth in the Dubai.

**Credit – Emirates NBD**

<https://www.emiratesnbdresearch.com/en>

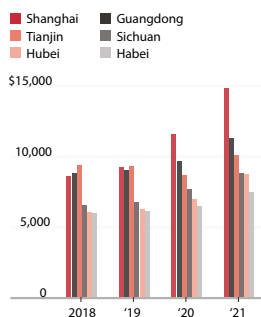
## China's Factory Relocation Challenge: Interior Regions Gaining Ground

*\*By Jason Douglas | Updated: October 7, 2023\**

**SINGAPORE** — In the race to dethrone China as the world's manufacturing hub, countries like Mexico, India, and Vietnam face a formidable competitor: China's vast interior. Low-cost manufacturing is gradually shifting away from China's bustling coastal regions as companies seek cheaper land and labor in central and western provinces. This migration has accelerated in recent years due to rising costs from U.S. tariffs and a focus on high-tech industries in China's coastal megacities.

**Inside Job**  
Labor costs are lower in inland provinces than they are on China's coast

Average annual private sector wage



Source: CEIC

This move has triggered an export surge for China's inland provinces, surpassing the growth in overseas sales of potential rivals to China's manufacturing crown. Despite Western nations' concerns about relying on China as a supplier, China remains dominant in global manufacturing.

However, challenges loom for China, including a shrinking manufacturing workforce due to demographics and declining foreign investment. While Western nations are offering subsidies and incentives to encourage businesses to seek alternatives to China, a significant shift in sourcing

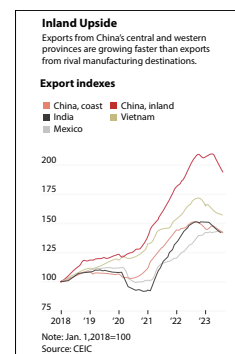
is expected to take years to materialize, according to economists.

Gordon Hanson, an economist at Harvard University, noted that "China is going to be a major player in global manufacturing for the foreseeable future" due to its extensive manufacturing capacity.

Exports from China's central and western provinces have surged by 94% since the beginning of 2018, outpacing the export growth of countries like India, Mexico, and Vietnam. This growth is attributed to the reshuffling of global supply chains following the U.S.-China trade war and the COVID-19 pandemic.

Despite this shift, China's coastal regions, with manufacturing hubs like Guangzhou, Shenzhen, Ningbo, Shanghai, Qingdao, and Tianjin, continue to be the powerhouse of global manufacturing. Together, these regions exported around \$2.7 trillion in goods over a 12-month period through August, roughly half the combined total exports of the U.S., European Union, and Japan.

The shift inland is driven by the search for cheaper labor, as coastal wages have risen significantly. The trend of better-educated youth in coastal cities seeking employment in services rather than factories has also



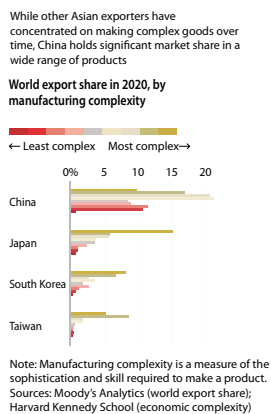
Note: Jan. 1, 2018=100

Source: CEIC

contributed to this migration. Companies are also looking for less expensive factory space and adhering to stricter environmental regulations in coastal areas.

In many ways, the move reflects a similar shift in the U.S. after World War II when factories moved away from major cities in pursuit of lower taxes and labor costs. China's development of its interior regions has been in progress since the 1960s, originally aimed at protecting industries during the Cold War. The effort laid the foundation for future industrial growth, supported by infrastructure development.

The success of China's interior regions lies in labor-intensive, low-value-added manufacturing, allowing coastal regions to focus on advanced manufacturing. For example, exports of heavy industry products from Hubei, a central province, more than doubled between 2018 and 2022.



Western countries have grown concerned about their reliance on China for manufactured goods, especially as China competes in industries like smartphones, machinery, and automobiles. Efforts to lure manufacturing back to Western countries have included subsidies and restrictions on China's access to critical technologies.

However, economists suggest that loosening China's grip on global manufacturing will be challenging due to China's scale and its ability to produce a wide range of goods efficiently. Cheap loans, a vast supplier network, and excellent infrastructure further strengthen China's position.

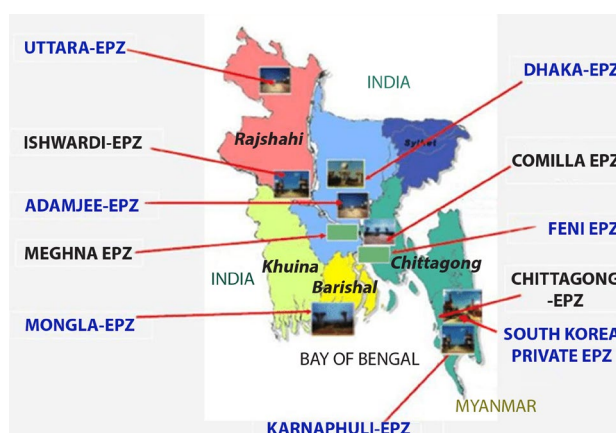
This means emerging manufacturing nations such as Vietnam, India, and Bangladesh face significant hurdles in competing with China. As Stefan Angrick, a senior economist at Moody's Analytics, highlights, "How do you compete with that?"

**\*Contributions by  
Stella Yifan Xie in Hong Kong.\***

## Bangladesh's Economic Zones to Receive Eco-Friendly Performance Ratings

The Bangladesh Economic Zone Authority (Beza) is introducing a comprehensive classification system, categorizing the nation's economic zones into four tiers: bronze, silver, gold, and platinum. This initiative aligns with international standards and aims to enhance the environmental sustainability of the production process. The move is geared toward meeting the growing demand for eco-friendly production in the global market and attracting future investments.

In pursuit of this objective, the government is in the process of developing a guideline called the Green and Resilient Economic Zone (GREZ). This guideline will be the cornerstone for the



classification system, focusing on evaluating economic zones based on their environmental, social, economic, and management performance.

Beza has presented the draft guideline to government stakeholders and representatives from the economic zones, marking a significant step in recognizing and categorizing the country's economic zones based on their environmental performance. Notably, this is the first effort aimed at local-level classification of economic zones as environmentally friendly.

Currently, many export-oriented companies in Bangladesh, particularly in sectors like garments and textiles, receive LEED (Leadership in Energy and Environmental Design) certificates from the United States Green Building Council (USGBC) in recognition of their environmentally sustainable practices. Over 200 LEED-certified factories currently operate in the country.

According to Beza data, the government has approved 92 out of 100 proposed economic zones, with industrial production already underway in 12 of them, while infrastructure development is ongoing in 32 others. The initial phase of environmental categorization will begin as pilot activities in three economic zones, including Bangabandhu Sheikh MujibShilpa Nagar in Mirsarai and the Meghna Industrial Economic Zone in Sonargaon.

Abdullah Al Mahmud Faruk, project director of Bangabandhu Sheikh MujibShilpa Nagar, expressed optimism that once the draft guideline receives approval from the Prime Minister's Office, the actual implementation will commence in the next two to three months. He also highlighted the global significance of such a rating system, which can positively impact exports and attract more investments to the country.

Shams Mahmud, the managing director of Shasha Denims, emphasized the importance of this initiative in a world increasingly focused on eco-friendly products. He believes that investors will likely favor economic zones in countries with these environmental ratings, creating a competitive environment among zones to maintain their eco-friendly status.

The introduction of these performance ratings comes at a crucial time, especially as the European Union implements initiatives like the Carbon Border Adjustment Mechanism (CBAM) and Due Diligence Act. To maintain competitiveness in exports to these countries, adhering to international obligations and environmental standards is paramount.

As outlined in the GREZ guideline, economic zones will

be assessed based on four key performance indicators: management, environmental, social, and economic performance. The comprehensive evaluation will encompass 21 criteria across these four categories, with each satisfactorily met criterion earning a zone five points. Achieving all the criteria will grant an economic zone platinum status, signifying the highest level of environmental friendliness.

Although the local environmentally friendly rating system is a positive step, questions have arisen regarding its international recognition. Naful Hasan, the director-general of the Prime Minister's Office, emphasized the importance of international acceptance for the success and profitability of these initiatives. International alignment with standards is crucial, as it ensures that investors can confidently operate in the global market. Abdullah Al Mahmud Faruk, in response to these concerns, assured that international standards have been a priority in the development of this initiative.

**Credit – World Free Zone Organization Newsletter**

## **China Unveils Ambitious Reforms in Free Trade Zones to Boost Economic Growth**

China is set to implement a series of comprehensive reform measures in key areas such as trade, investment, finance, and cross-border data flow within its 21 pilot free trade zones (FTZs). These measures are part of



*An aerial view of the Lin-gang Special Area of China (Shanghai)  
Pilot Free Trade Zone on Oct 22, 2022*

the country's efforts to bring its FTZs in line with high international economic and trade standards, deepen institutional openness, and drive innovation and development across the entire industry chain.

Sheng Qiuping, Vice-Minister of Commerce, shared

these plans during a press conference in Beijing. He emphasized that the FTZs have already eliminated restrictions in the manufacturing sector within their negative list for foreign investment access. As a result, the focus now shifts to further opening up the service industry within these zones. To achieve this, the Ministry of Commerce will collaborate with relevant government agencies to sensibly reduce the negative list for foreign investment access in the FTZs. Simultaneously, efforts will be made to introduce a negative list for cross-border trade in services, setting the stage for nationwide expansion in the next phase.

Sheng highlighted that China's FTZs have achieved alignment with international standards in various

areas, including trade, investment, finance, shipping, and talent. They have successfully implemented fundamental reforms, groundbreaking innovations, and opening-up measures, leading to significant institutional advancements. Despite covering less than 0.4 percent of China's national territory, the 21 FTZs played a substantial role in the country's economic landscape. In 2022, they contributed 18.1 percent of China's foreign direct investment and 17.9 percent of its foreign trade value. These contributions continued to grow, reaching 18.4 percent and 18.6 percent, respectively, in the first half of 2023, as reported by the Commerce Ministry.

## South Korea Unveils Opportunity & Development Zones to Drive Regional Growth

South Korea is taking a significant step towards achieving more balanced regional development by introducing Opportunity & Development Zones (ODZs). These development zones, designed to promote economic growth in regional areas, come with an enticing package of tax benefits for businesses. Under the plan, companies operating within ODZs will enjoy a five-year waiver of income and corporate taxes, along with an additional 50 percent reduction in taxes for the subsequent two years. Moreover, businesses relocating to ODZs by selling real estate elsewhere will benefit from deferred income and corporate taxes on the capital gains from these transactions.

Historically, South Korea has had various special economic zones throughout the country. However, the impact of these zones has been somewhat limited, primarily due to incentives that didn't fully meet expectations. The government is determined to change this narrative with the introduction of ODZs, offering a more attractive tax incentive package to encourage corporate relocations and investments. In addition to ODZs, the presidential committee is also unveiling other special zones, each with its

unique focus. These include zones dedicated to regional education innovation, fostering local talent, establishing IT hubs, and promoting regional content and brands.

President Yoon Suk Yeol emphasized the importance of balanced growth during the committee meeting in Busan. The government aims to foster development in both the southeast and southwest regions, with Seoul and

Busan acting as central pillars of this ambitious endeavor. The introduction of ODZs and other specialized zones underscores South Korea's commitment to achieving equitable regional development, strengthening the nation's economic landscape, and enhancing opportunities for businesses to thrive in various parts of the country.





# Status of Pending Issues related to SEZs and EOUs

As on 18.10.2023

## 1. Coverage of SEZs and EOUs under RoDTEP

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

[SEZ Division/Revenue]

## 2. Status of DESH Bill

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

[SEZ Division/Revenue]

## 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 formulation has been proposed for amendment in SEZ Rules for this purpose which is in discussion with CBIC

[SEZ Division/Revenue]

## 4. 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. DC VSEZ has requested for amendment in power guidelines for this purpose.

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. The same needs to be expedited.

[SEZ Division/Revenue/Power]

## 5. Extension of WFH facilities in IT/ITES SEZs beyond 31.12.2023

The proposal is pending for legislative vetting after concurrence with CBIC. May be issued anytime.

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

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

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

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

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

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

**b. Rental charges and Maintenance charges by the Developer to Unit against the said leased premises shall continue to be at zero rated under IGST**

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.

**8. EODB related Issue :**

**a. 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.

**[SEZ Division/Revenue]**

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

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

**[SEZ Division]**

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

**[SEZ Division]**

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

services as it may create complications for the units.

[SEZ Division]

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 all goods except prohibited goods can be imported by SEZs and EOUs. These import restrictions are for domestic market :**

- a. **Registration Certificate/Import Permit from Central Insecticides Board for Import of Boric Acid**
- b. **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.
- c. **Regulatory Requirement for import/export of drugs**
- d. **Port restrictions**

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

- a. Transfer of used laptops and other electronic goods by IT/ITES units in SEZ to DTA (New laptops and electronic goods were imported

and after use for more than 3 years or so, they are being transferred to DTA on payment of customs duty, but import license is being insisted upon by SEZ authorities as per import policy)

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

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

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

[DGFT/SEZ Division]

DoC will examine this in consultation with relevant Ministries

# News from the Zones

## Cochin SEZ

### Seminar on Export Credit Insurance

A program on Export Credit Insurance, focusing on safeguarding exports from buyer non-payment, took place on July 12, 2023. Shri Subhash Chahar, DGM & Regional Manager, Southern Region, ECGC introduced various ECGC products. Shri Sreenivasarao Varanasi, Branch Manager, ECGC, Kochi, made a presentation about the services being offered, including market studies and assistance in verifying foreign buyer authenticity. ECGC officials addressed members' queries. An on-site ZED(MSME) registration assistance session was also presented by Shri Shanavaz, Joint Director and ZED Certified Consultant. MSME



incentives and subsidies, such as establishing common facilities, etc., were also discussed. EPCES Kerala Region used this occasion to bid farewell to the Mr. Harilal, Joint Director General of Foreign Trade, who was transferred to Delhi. EPCES recognized his contributions. Smt. Geetha, retiring on June 30, was also felicitated and her long and dedicated service to CSEZ was appreciated.

## Webinar on Extended Producer Responsibility (EPR)

The Export Promotion Council for EOUs & SEZs, in collaboration with Kore Kompetencies, Bangalore, organised a webinar on Extended Producer Responsibility (EPR) on August 4, 2023. The webinar aimed to address members' queries about EPR registration requirements, coverage of Producer Importer Brand Owners (PIBOs), and compliance with evolving EPR regulations.

Ms. Supriya, Regional Director, welcomed the participants, and Mr. K.K. Pillai, Regional Chairman, inaugurated the event, emphasizing the need for systematic waste disposal, especially plastics waste. He acknowledged EPCES's active role in organizing knowledge sharing sessions during his tenure. Mr. Anil Kumar, MO, Kore Kompetencies discussed the applicability of EPR registration to sectors dealing with plastic and e-waste. He explained the importance of waste management, the purpose of EPR, and how members can handle registration requirements,

even if they aren't directly liable. Importing countries, like the EU and UAE, also insist on EPR registration. During the Q&A session, members inquired about registration validity and waste management obligations. Mr. Anil Kumar advised units to obtain EPR registration certificates from foreign suppliers if they import products related to EPR. He highlighted the importance of enlightening suppliers about EPR registration when purchasing materials, parts, etc. He also noted that EPR in India is in its initial stages and may expand in the future, providing details on the necessary documents for EPR registration. With over 50 participants, including 47 members from various regions, the webinar received positive feedback. Members expressed gratitude for EPCES's proactive role in organization of the event and requested similar programs. Ms. Supriya, Regional Director, delivered the Vote of Thanks and encouraged members to reach out via email for further EPR-related queries.



## Identifying Regulatory and Infrastructure Gaps in Government SEZs - PwC takes feedback from CSEZ units

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*PwC team's presentation before DC, CSEZ*

## Interactive Session with Cyberpark Kerala

RD CSEZ, EPCES held an interactive session on August 23, 2023, at Cyberpark Kerala to understand the concerns of the units. RD briefed the units about the activities of the EPCES and issues taken up by EPCES with different departments of the Government. She also briefed about the facility provided by EPCES to its members for getting replies to their queries by sending email at [query@epces.in](mailto:query@epces.in). Publications such as Information brochure about EPCES, monthly trade bulletin and EPCES news magazine were distributed. Training programs on SOFTTEX filing and SEZ unit formalities were requested by members. RD also emphasized the requirement of mandatory membership of EPCES. More than 25 members participated in the interaction.



*RD interacts with Cyberpark Officials*

## Bangalore Region Webinar on SOFTEX Filing



On September 14, 2023, EPCES CSEZ, Bangalore, in collaboration with World Trade Centre (WTC) Bangalore, Cochin, Chennai, and with the support of BDO India, Hyderabad & Pune, organized a webinar titled “SOFTX FILING—Compliance & Expert Insights” for the benefit of EPCES members. The event was designed to provide a comprehensive understanding of Softex filing. The session was introduced and moderated by Mr. Vivek George, Head of WTC Bangalore, and inaugurated by Mr. K K Pillai, Regional Chairman (Officiating), CSEZ-EPCES, Cochin. The webinar focused on Software Export Declaration (SOFTX) and its importance, explaining its necessity for companies, irrespective of their size, involved in exporting software via virtual modes. Mr. Karthik Mani, an Indirect Tax Expert from BDO India, Hyderabad & Pune, served as the key speaker, offering insights into Softex filing and compliance. He covered the following aspects:

- (i) Introduction to SOFTX: Explaining the legal requirement for exporters of software to file a declaration and obtain certification of software export value.
- (ii) Who Should File Softex: Determining the eligibility for Softex submission, as per regulations by FEMA and RBI.

- (iii) Compliance: Addressing the monthly Softex submission requirements and the timeline for filing.
- (iv) How to File Softex: Discussing the submission process for SEZ and STPI/Non-STPI units, including online and offline options.
- (v) Contents of Softex: Detailing the essential information to be included in the Softex form.
- (vi) Impact of Non-Compliance: Highlighting the potential consequences of not complying with Softex filing requirements, including penalties and risks.



- (vii) Best Practices: Offering recommendations for organizations to ensure compliant Softex submission.

The webinar saw active participation, with 360 attendees, including numerous EPCES members who gained valuable insights and had their queries addressed. Mr. C U Pooviah, Regional Director of EPCES-CSEZ Bangalore, expressed his gratitude to all participants and supporters for making the event possible.

# Madras EPZ



## Seminar on the proposed DESH Bill – revamping SEZ Act

A Seminar in hybrid mode was organised by MEPZ, EPCES and Grant Thornton Bharat on September 26, 2023 at Dr. A.P.J. Abdul Kalam Conference Hall, MEPZ SEZ, Tambaram, Chennai. The seminar primarily focused on the proposed revamping of the SEZ Act, shedding light on the key challenges and practical difficulties



faced by SEZ and EOU units. Additionally, the event covered recent developments and incentives available under Tamilnadu Industrial Policy

2021, as well as the Foreign Exchange Management Act (FEMA).



Chaired by Shri. Alex Paul Menon, IAS, Development Commissioner, the meeting was graced by the presence of Shri Ravinder, DCC, Customs, Shri Anand S, Regional Chairman of EPCES, DDC Mr. Balasubramanian, DDC Mr. Prabhu Kumar, and Shri PS Krihnan, Partner at Grant Thornton Bharat. The Regional Director of MEPZ moderated the discussions. More than 150 units participated in the deliberations.



## Noida SEZ

### Interaction with Russian Embassy and Russian Government officials for investment in Indian SEZs

Following the visit of a delegation of Russian Lawyers representing Russian companies to NSEZ in April 2023, and visit of DDG to Russian Embassy in India, Russian Embassy organised a meeting on VC on 4.7.2023. Shri Alok Chaturvedi, DG EPCES, Shri Srikant Badiga, VC, EPCES, Shri Vilas Gupta, Member CGC, EPCES and RD, NSEZ and officials from Invest India participated from Indian side and officials from the Russian Embassy in Delhi and representatives from the Russian Ministry of Industries in Moscow from Russian side participated in the deliberations.

Shri Alok Chaturvedi, DG EPCES briefed Russian officials about the advantages in operating in Special Economic Zones in India, such as zero rating, duty free imports, world class infrastructure, single window system with the presence of Development Commissioner and Customs officials in the SEZs and other benefits. The meeting was marked by the genuine interest of the Russian Embassy in inviting their country's industrialists to explore opportunities for establishing industries in Special Economic Zones (SEZs) within India. Russian officials noted the benefits and said that they will discuss with the Russian investors.

## Vishakhapatnam SEZ

### Shri Srinivas Muppaala Assumes Role as Zonal Development Commissioner for VSEZ



Shri Srinivas Muppaala, an IRSME officer with a strong academic background and a wealth of experience, assumed the role of Zonal Development Commissioner for Visakhapatnam Special Economic Zone (VSEZ) on April 27, 2023. He holds a B.Tech in Mechanical Engineering from Jawaharlal Nehru Technological University College of Engineering, Hyderabad, and an M.Tech in Production Engineering from the

Indian Institute of Technology, Delhi. His extensive career includes notable positions, such as Chief Rolling Stock Engineer (Coaching) at South Central Railway, where he received a National Award for outstanding service in 2014. The Export Promotion Council for EOUs & SEZs wishes all the best for his successful tenure in VSEZ and is certain that Industry will be immensely benefitted with the rich experience of Shri Srinivas Muppaala.



## EPCES-VSEZ organizes Seminar on Trade Finance and Facilitation

RD, VSEZ, EPCES organized a Seminar on Trade Finance and Facilitation on 14.9.2023 at Quality Inn Ramachandra, Duvvada-VSEZ Main Road, Visakhapatnam. Smt. Roshni Aparanji Korati, IAS, Joint Development Commissioner, inaugurated the Seminar.

Mrs. Himaxi Jain, Manager of Global Strategic Alliances & Legal at 360tf, made a presentation. Backed by a decade of Trade Finance expertise, 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. They envision offering 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, Kenya, Bangladesh, & 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 well positioned to digitize financing in the industry through 360tf.

Mrs Jain engaged with representatives from Special Economic Zones (SEZs) and Export-Oriented Units (EOUs). She made a presentation covering various aspects of trade financing, including:

- i. How Trade Finance can enhance exports and profits.
- ii. Expanding business into new territories.
- iii. The role of digitization in Trade Finance to expedite processes.
- iv. Risk mitigation strategies in Trade Finance.
- v. Compliance precautions related to EDPMS (Export Data Processing and Monitoring System).

The seminar provided an excellent platform for more than 40 unit representatives to gain insights into instant working capital funding and various trade finance products, allowing exporters to explore opportunities for optimizing their financial operations.

## VSEZ organizes “Swachhata Hi Sewa’ campaign, a special cleanliness programme ‘Ek Taarikh, Ek Ghanta, Ek Saath’

On October 1, 2023, as part of the ‘Swachhata Hi Sewa’ campaign, the Visakhapatnam Special Economic Zone (VSEZ) organized a special cleanliness program titled ‘Ek Taarikh, Ek Ghanta, Ek Saath’ at designated sites within VSEZ and other SEZs in Andhra Pradesh and Telangana. Shri Srinivas Muppaala, IRSME, Development Commissioner, and Smt. Roshni Aparanji Korati, IAS, led the Shramdaan activities, which included a thorough clean-up of the solar sub-station, Heavy Vehicle Parking Bay, and weeding of surrounding footpaths. During the event, Smt. Roshni encouraged Sanskruthi School children to participate in the voluntary service, aligning with Prime Minister Shri Narendra Modi’s call for community involvement. The campaign, which started on September 15, 2023 concluded on Mahatma Gandhi’s

birth anniversary on October 2, 2023. This initiative involved over 1000 individuals across various SEZs in the states of Andhra Pradesh and Telangana, engaging in garbage removal and hygiene awareness campaigns as part of the ‘Swachhata Hi Sewa’ Special Campaign 3.0.



## Replies to Queries by Epces Member (July-September 2023)

<b>S.No. 1</b>	
<b>Details of EPCES Member</b>	<b>Dinesh Poojary</b> Simosis International
<b>Query from Member</b>	We are into agro commodities export. We regularly purchase raw materials from various vendors in DTA. Some vendors prefer to supply the goods charging IGST. In this case, can we purchase the raw material by paying IGST and claim the refund? Please guide us with the relevant procedures to be followed.
<b>Response by Grant Thornton</b>	SEZ units may claim refund of IGST paid provided the supplier has not filed an application of refund for the same.

<b>S.No. 2</b>	
<b>Details of EPCES Member</b>	<b>Ch. S. S. Sekhar</b> R.D-EPCES-VSEZ
<b>Query from Member</b>	<ol style="list-style-type: none"> <li>Any update on Circular 15/2023 dated 7 June 2023, which mandates additional qualifiers (the declaration of IUPC name and CAS number) in import/export declaration in respect of certain products w.e.f 1 July 2023</li> <li>For return of rejected goods from SEZ Unit to DTA unit, does the unit need to pay IGST. How to make invoices without IGST and procedure to send the goods to supplier.</li> </ol>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>Due date for mandatory declaration of additional qualifiers in import/export declarations as prescribed in Circular no. 15/2023-Customs dated 7 June 2023 is extended from 1 July 2023 to 1 October 2023 vide circular no. 18/2023-Customs dated 30 September 2023.</li> <li>You may refer to Rule 48 of SEZ Rules, 2006 which states that in case goods procured from DTA are supplied back to DTA would be treated as normal re-import of goods by DTA unit and respective procedures would apply.</li> </ol>

<b>S.No. 3</b>	
<b>Details of EPCES Member</b>	<b>Biswajit Bhattacharjee</b>
<b>Query from Member</b>	<p>Please advice - Under which of below two options, can services be given by a STPI unit:</p> <ol style="list-style-type: none"> <li>Service Invoice to be raised in INR currency and payment realization to be earned in USD / Foreign currency or</li> <li>Service Invoice to be raised in USD currency and payment realization to be earned in INR / convertible currency.</li> </ol>
<b>Response by Grant Thornton</b>	You may go with option 1 i.e. invoice can be raised in INR and payment realization to be earned in foreign currency.

<b>S.No. 4</b>	
<b>Details of EPCES Member</b>	<b>Chandru Ramachandran</b> Business Consultant, VMC Business Services
<b>Query from Member</b>	<p>Please clarify on following points related to MOOWR scheme since there is no specific references in the relevant FAQ/Circular/Notification:</p> <ol style="list-style-type: none"> <li>1. Whether goods (resultant/final product) moved from MOOWR unit to FTWZ will be treated as export under zero rated duty in line with export to overseas. Is it necessary to make payment of Customs duty &amp; IGST deferred at time of import of inputs utilized for goods sent to FTWZ.</li> <li>2. Whether goods moved from MOOWR unit to EOU will be treated as export under zero rated duty in line with export to overseas.</li> <li>3. Any pre-approval/permission or certificate is required from Jurisdiction Customs for import of goods under MOOWR unit for each and every shipment.</li> <li>4. Whether MOOWR unit can procure goods from FTWZ without payment of duties &amp; taxes. <i>on FDI investment while filing MPR?</i></li> </ol>
<b>Response by Grant Thornton</b>	The unit is required to report the investment made in the zone at the end of each month, including both FDI (Foreign Direct Investment) and non-FDI, if applicable. Additionally, as per the instructions outlined in note 1 and note 2, these reported values should be cumulative in nature. This means that the reported investment should reflect the total amount invested up to that point of time, rather than just the investment made within the specific month. The values should be reported in INR crores.

<b>S.No. 5</b>	
<b>Details of EPCES Member</b>	<b>M.Gopi</b> Commercial, Mentor Printing and Logistics Pvt. Ltd.
<b>Query from Member</b>	<p>We are procuring products from suppliers who are located within India ( i.e. deemed exporters) under the below circumstances.</p> <ol style="list-style-type: none"> <li>1. Suppliers who are importing their raw materials under Advance Licence and supplying to us after manufacturing their final products in foreign currency</li> <li>2. Suppliers manufacturing with indigenous raw materials and supplying their final products in foreign currency</li> <li>3. Rare suppliers manufacturing Indigenous raw materials and supplying their final products in INR.</li> </ol> <p>Please clarify which type of bills to file for above supplies. ( i.e. whether “DTA procurement” or “DTA Procurement with Export Benefit”)</p>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. Unit needs to file a Bill of Export only to comply with Para 4.21 of FTP-2023 and SEZ Rules 2006. However, as per Para 4.21 payments made in INR also taken into account for discharge of Export Obligation provided the same will be made through foreign currency account of SEZ Unit.</li> </ol>
	<ol style="list-style-type: none"> <li>2. DTA procurement form needs to be filed, for payment in Foreign Currency please follow instruction under FEMA and RBI.</li> <li>3. DTA procurement form needs to be filed in this case.</li> </ol>

<b>S.No. 6</b>	
<b>Details of EPCES Member</b>	<b>Ch.S.S.Sekhar</b> Aspire Unit
<b>Query from Member</b>	While transferring of Capital Goods (Inter Unit Transfer within the Company) from SEZ to SEZ unit, why do we need to mention the original value of goods in transfer invoice instead of depreciation value? Is there any provision/ rule in SEZ or Customs Valuation Rules other than SEZ Rule 38. <a href="#">Go FDI Investment while filing MPR?</a>
<b>Response by Grant Thornton</b>	As per Rule 38(4) of SEZ Rules, 2006, when goods are transferred, receiving unit should treat them as imports. The value of these goods should be deducted from imports of transferring unit. If there's any change in depreciated value at the time of transfer, this difference should be recorded in bond ledger as adjusted amount.

<b>S.No. 7</b>	
<b>Details of EPCES Member</b>	<b>Shravan C</b> Assistant Manager - IDT, Biocon Limited
<b>Query from Member</b>	We have procured raw materials (DKTIII ) from DTA unit in year 20-21 for unit price of INR 4250 per Kg. Due to various business reasons we are unable to utilise the material. Management has decided to sell the same to another DTA unit with agreed price of INR 1330 per kg. SEZ Officer insisted us to pay custom duties on INR 4250. Kindly suggest whether to adopt transaction value of INR 1330 or procurement price of INR 4250 for payment of applicable customs duties. Also let us know whether the customer will be eligible to avail credit of full IGST in case duties are paid on INR 4250. <a href="#">Go FDI Investment?</a>
<b>Response by Grant Thornton</b>	Custom duties need to be paid on value for which duty benefit is availed at time of import/ procurement. Further, recipient would be eligible to avail benefit of full IGST which is paid by them.

<b>S.No. 8</b>	
<b>Details of EPCES Member</b>	<b>Anshul Anand Srivastava</b> SEZ compliance (TAX), Global Logic Sr Manager -
<b>Query from Member</b>	We are engaged in providing IT/ ITES services. Our AD bank is asking for the certification of SOFTEX for supply of services from SEZ to DTA and SEZ to SEZ. Can you please clarify the same. <a href="#">Go FDI Investment?</a>
<b>Response by Grant Thornton</b>	As per FEMA Regulations, exporters of software are required to file SOFTEX. However, please note that in case an invoice for supply from one SEZ unit to another SEZ/DTA unit is made in foreign currency, the same can be filled in SOFTEX for the relevant period.

<b>S.No. 9</b>	
<b>Details of EPCES Member</b>	<b>Santhosh Wellsfargo</b>
<b>Query from Member</b>	Recently there was a change in the Board of directors. Whether we need to amend the EPCES membership certificate. <a href="#">Go FDI Investment?</a>
<b>Response by Grant Thornton</b>	Yes, process the amendment of e-RCMC.



<b>S.No. 10</b>	
<b>Details of EPCES Member</b>	<b>M/s Zensar</b> Technology Limited
<b>Query from Member</b>	Under which rule turnkey project material can be removed at the time of exit. <a href="#">on FDI investment while filing MPR?</a>
<b>Response by Grant Thornton</b>	You may refer to Rule 49 read with Rule 2(e) of the SEZ Rules, 2006 for removal of capital goods after use in construction project.

<b>S.No. 11</b>	
<b>Details of EPCES Member</b>	<b>Dinesh Kannan R</b> Assistant Manager - IDT Biocon Limited
<b>Query from Member</b>	In furtherance to below query, kindly confirm whether any restrictions are applicable for exporting un-utilized steel pipes and fittings as such from SEZ unit <a href="#">on FDI</a>
<b>Response by Grant Thornton</b>	Please refer to export policies (Schedule 2 under “Export Policy - ITC(HS) 2018) available on DGFT online portal in relation to restrictions applicable on products to be exported.

<b>S.No. 12</b>	
<b>Details of EPCES Member</b>	<b>Dinesh Kannan R</b> Assistant Manager - IDT Biocon Limited
<b>Query from Member</b>	We have procured steel pipes & fittings for our authorised operations through SEZ BOE and DTA procurement, but now we are not able to utilise few items at SEZ. Hence, we would like to export the unutilised/left over materials to our unit located at Malaysia. Please guide. <a href="#">on FDI</a>
<b>Response by Grant Thornton</b>	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export un-utilized goods out of India.

<b>S.No. 13</b>	
<b>Details of EPCES Member</b>	<b>Chandra Sekhar</b> Finance Consultant -SEZ, Centific
<b>Query from Member</b>	Whether SEZ unit can claim refund of RCM paid on foreign software subscriptions. <a href="#">on FDI</a>
<b>Response by Grant Thornton</b>	In case where SEZ unit has paid GST under RCM and credit has not been availed of such GST paid, the unit may explore the option to seek a refund under “Excess payment of tax” category.

<b>S.No. 14</b>	
<b>Details of EPCES Member</b>	<b>Arvind Khandelwal</b> M D Equipments Pvt Ltd
<b>Query from Member</b>	We are sending the goods to our vendor for final finishing like painting and packing etc. Under which rule can we directly export the goods from vendor’s premises and what documents are required for the same. <a href="#">on FDI</a>

<b>Response by Grant Thornton</b>	You may refer to Rule 42 of SEZ Rules, 2006, wherein procedure and conditions under which the unit may export goods directly from premises of sub-contractor are mentioned.
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<b>S.No. 15</b>	
<b>Details of EPCES Member</b>	<b>Mohammed</b> Ayan Hilltop Stones Private Limited
<b>Query from Member</b>	We are having One Star House Certificate effective from 05 February 2021 to 04 February 2026 issued under FTP 2015-2020. As per para 1.09 of HBP 2023, any status certificate issued under the old FTP shall remain valid up to 30 September 2023. Please clarify, whether the certificate having validity up to 19 February 2026 can be used or needs to be renewed as per the new HBP 2023. <a href="#">FDD</a>
<b>Response by Grant Thornton</b>	Para 1.09 clearly states that the Star Status certificate issued under preceding FTP is applicable only till 30 September 2023. Accordingly, the unit is required to apply for a fresh status certificate.

<b>S.No. 16</b>	
<b>Details of EPCES Member</b>	<b>Thangamani. R</b> Manager – Indirect Taxation, Orchid Pharma Limited,
<b>Query from Member</b>	We are holding 3 Star Export House Certificate effective from 19 February 2021 to 19 February 2026 issued under FTP 2015-2020. As per para 1.09 of HBP 2023, any status certificate issued under FTP 2015-20 to an IEC holder shall remain valid only till 30 September 2023. Please clarify, whether we can use the same certificate till 19 February 2026 or we have to apply for renewal under new FTP & HBP 2023. <a href="#">FDD</a>
<b>Response by Grant Thornton</b>	Para 1.09 clearly states that the Star Status certificate issued under preceding FTP is applicable only till 30 September 2023. Accordingly, the unit is required to apply for a fresh status certificate.

<b>S.No. 17</b>	
<b>Details of EPCES Member</b>	<b>Supriya P</b> Regional Director EPCES, CSEZ - Cochin Region
<b>Query from Member</b>	The procedure for shifting a SEZ unit from one phase to another. <a href="#">FDD</a>
<b>Response by Grant Thornton</b>	Shifting within same SEZ is allowed by zonal DC with amendment in LOA. Further, execution of BLUT would be required subject to change in original computation.

<b>S.No. 18</b>	
<b>Details of EPCES Member</b>	<b>Rajul Mehta</b> Manager Sonic Biochem Extractions P Ltd.
<b>Query from Member</b>	We are selling finished goods from our SEZ unit to another SEZ unit. Whether this type of sale is treated as domestic sale or deemed export? Where to show this transaction in APR <a href="#">FDD</a>
<b>Response by Grant Thornton</b>	Rule 46(12) of SEZ Rules, 2006 specifically addresses transfer of goods from one SEZ unit to another SEZ unit. Additionally, Rule 53(A) of SEZ Rules stipulates that such transactions

	are to be treated as exports. Consequently, these transactions should be reported in Para 3 (Export Details) of APR.
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<b>S.No. 19</b>	
<b>Details of EPCES Member</b>	<b>Bharath.B.S Syngeneintl</b>
<b>Query from Member</b>	We have imported equipment's on loan basis through SEZ BOE for authorised operations and now said equipment's are not required for project. Please suggest under which provision/Act/Rules/ Instructions, we can ship back the equipment to original supplier.
<b>Response by Grant Thornton</b>	Kindly refer to Rule 29 read with Rule 34 of SEZ Rules, 2006, wherein procedure in relation to goods imported on loan basis and export of goods not utilized is mentioned respectively.

<b>S.No. 20</b>	
<b>Details of EPCES Member</b>	<b>Supriya P</b> Regional Director EPCES, CSEZ - Cochin Region
<b>Query from Member</b>	We purchased batteries from a DTA supplier in 2017 without paying any taxes. Now, we are in the process of returning these goods to DTA supplier. I would like to understand the impact of this clearance of capital goods on our GST return and the payment of IGST. Additionally, we would like to know if DTA Sales tax is applicable to this transaction.
<b>Response by Grant Thornton</b>	As per Rule 49 of SEZ Rules, 2006, a unit may remove capital goods to DTA after use in SEZ on payment of applicable duty/ IGST on the depreciated value thereof and at the rate in force on date of removal of goods. Further, with reference to your query related to reporting of such transaction under GST law, kindly refer to instruction no. 9 of GSTR-1.

<b>S.No. 21</b>	
<b>Details of EPCES Member</b>	<b>Srinivas BV</b> Jubilant Pharmova Limited, Mysuru
<b>Query from Member</b>	We had supplied some of goods (FG) to SEZ unit based on their BoE authenticated by their SEZ officers. We supplied the product without taxes. Now these goods are rejected and we need to get back these goods from SEZ unit. Please guide.
<b>Response by Grant Thornton</b>	You may refer to 4th proviso of rule 27(9) in conjunction with rule 48(3) of the SEZ Rules 2006 as captioned provision addresses the procedures and conditions for returns of goods from SEZ units.

<b>S.No. 22</b>	
<b>Details of EPCES Member</b>	<b>Ian Gonsalves</b> Deputy Office Manager
<b>Query from Member</b>	Kindly find the below queries to understand better the compliance process or workflow 1. SERF deadline? 2. Softex deadline? 3. e-BRC issue date?

	<p>4. Is it possible to edit wrongfully entered SERF data due clerical mistake by the employer</p> <p>5. Is there a new upgrade to SEZ website as you would know that we need to set up one particular system only for the SEZ compliances and once this system goes down, then we are reliant on 3rd parties computers.</p>
<b>Response by Grant Thornton</b>	<p>Please find below the response to your queries -</p> <ol style="list-style-type: none"> <li>1. Due date for filling SERF is 10th of the following month.</li> <li>2. Due Date submission of Softex is 30 days from the end of month in which invoice is raised.</li> <li>3. e-BRC issue date - Same may be confirmed by your AD bank.</li> <li>4. Yes, you may undertake an amendment in values submitted through SERF of subsequent month.</li> <li>5. The website for SEZ online functionalities is - <a href="http://sezonline-ndml.co.in">sezonline-ndml.co.in</a></li> </ol>

<b>S.No. 23</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	Whether we need to file the APR of previous financial year 2022-23 though we had not commenced our business, but we had the initial capital and other expenses incurred for our SEZ unit. If Yes, please confirm the last date for such submissions.
<b>Response by Grant Thornton</b>	APR filling becomes mandatory from the date of commencement of business. Accordingly, if your business has commenced in FY 2022-23 then APR is required to be filed. Further, the due date to submit the APR for the FY 2022-23 is 30th September 2023.

<b>S.No. 24</b>	
<b>Details of EPCES Member</b>	<b>M/s Ameri</b> Consulting Private Limited, Whatsapp group
<b>Query from Member</b>	If there is any penalty or other adverse consequence of non filing of SOFTEX forms.
<b>Response by Grant Thornton</b>	Filing SOFTEX is mandatory & for non Filing liable for penalties

<b>S.No. 25</b>	
<b>Details of EPCES Member</b>	<b>KausikMajumder</b> Banco Products
<b>Query from Member</b>	We would like to purchase TV for Video Conference and projection purpose in our SEZ unit. Please guide us, how can we get benefit of GST for online purchase.
<b>Response by Grant Thornton</b>	You may specify your GSTIN and nature as SEZ unit while procuring goods through online mode to avail the GST exemption on such procurement.



<b>S.No. 26</b>	
<b>Details of EPCES Member</b>	<b>Gokul</b> Overseas, Kandla SEZ
<b>Query from Member</b>	We have filed Bill of Entry and paid customs duty, SWS & IGST. Goods could not be sold due to cancellation of contract by DTA unit. Now, we need to file the refund claim of duties paid. Please explain how & where to file the refund claim.
<b>Response by Grant Thornton</b>	You may refer to Section 26 and 27 of the Customs Act, 1962 for seeking refund of duty paid.

<b>S.No. 27</b>	
<b>Details of EPCES Member</b>	<b>Terram</b> Geosynthetics, Mundra SEZ
<b>Query from Member</b>	We have encountered an issue with a double customs duty payment for DTA BoE. On the first attempt, the payment got failed and then we did second successful payment. However, the amount from failed transaction has not been refunded from ICEGATE portal. Complaint raised at ICEGATE but not resolved.
<b>Response by Grant Thornton</b>	In addition to raising tickets on ICEGATE portal it is recommended that the unit shall reach out to jurisdictional customs authorities for proposed resolution.

<b>S.No. 28</b>	
<b>Details of EPCES Member</b>	<b>Vivek Milak</b> (Milak Enterprises) Kandla SEZ
<b>Query from Member</b>	We are a Pharma unit and sent pharma goods in DTA to hospitals after duty payment. However, part quantity of goods was returned as order was cancelled and goods received back in unit duly verified by customs. We have applied for refund to the Commissioner of Customs but were asked to submit an NOC from the KASEZ office. Is this necessary? If so, what is the procedure.
<b>Response by Grant Thornton</b>	There is no specific NOC prescribed under SEZ law. Further, if such NOC are warranted by customs authorities, unit may write an application to KASEZ seeking NOC.

<b>S.No. 29</b>	
<b>Details of EPCES Member</b>	<b>Prasant Kumar Sahoo</b> Deputy – Finance Controller, Peiner SMAG Machinery (India) Private Limited
<b>Query from Member</b>	As part of employee welfare activities, we are giving full sponsorships on few courses to our dedicated employees for learning and growing in Industry. Hence, we wish to know whether we can get IGST exemption on fees sponsored to employees. If Yes, then under which head services.
<b>Response by Grant Thornton</b>	We understand that unit is procuring training program from third party and is providing such training to employees free of cost. Based on this understanding, we wish to mention
	that “Commercial Training and coaching services” is forming part of uniform list of services at entry no. 20 and accordingly, the company may avail IGST exemption on procurement of these services.

<b>S.No. 30</b>	
<b>Details of EPCES Member</b>	<b>S Karthikeyan</b> SR Specialist – Site Accounting, Foundever
<b>Query from Member</b>	Can a SEZ unit do domestic business. If Yes, kindly provide procedures/any conditions to follow. Further, can we do the billing in INR.
<b>Response by Grant Thornton</b>	Refer to Rule 47 of SEZ Rules, 2006 read with Section 2(z) of SEZ Act, 2005, which states that any SEZ unit may sell goods and services to a DTA unit subject to terms and conditions specified therein

<b>S.No. 31</b>	
<b>Details of EPCES Member</b>	<b>Sushma Gupta</b> Team Compliance, Yash Technologies Private Limited
<b>Query from Member</b>	We have exported Software through Data Link and accordingly submitted Softex to STPI in Dec-2022. The client now requires Software in hard mode (CD mode), necessitating the submission of a Bill of Export (BOE). This would result in two open transactions in the RBI EDPMS portal, one for Softex and one for BOE. Please suggest how to close it in EDPMS portal.
<b>Response by Grant Thornton</b>	For this type of transaction, you may submit the shipping bill type as “NFEI” i.e. No foreign exchange involved, considering there will be no separate payment involved for supply in hard mode (CD). Further, there is no such issue involved for filing Softex and Shipping bill for same transaction.

<b>S.No. 32</b>	
<b>Details of EPCES Member</b>	<b>KavithaKanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	We have an SEZ unit based in GIFT City, Gujarat and a DTA unit in Bangalore. We have imported software services from USA for authorized operations in GIFT City for which vendor has raised invoices in two tranches. We were facing challenges in transferring funds due to RBI restrictions based on net worth criteria for startups. Partial payment was made from the GIFT City bank account without GST under reverse charge, but the balance amount was transferred from the Bangalore office's bank account with GST paid under RCM due to insufficient funds in SEZ bank account. We therefore, seek clarification on IGST reverse charge implications for second tranche payment and whether there is a possibility of refund for GST paid on first tranche, considering separate GST registrations for Bangalore and GIFT City operations.
<b>Response by Grant Thornton</b>	We understand that SEZ unit has received the imported services and the invoice is also raised in name of SEZ unit only. In line with aforesaid, SEZ units are excluded from payment of GST liability under RCM basis a valid LUT. However, in case DTA unit has paid taxes under RCM and credit has not been availed of such GST paid under RCM, then DTA unit may explore option to seek refund under “Excess payment of tax” category.
<b>S.No. 33</b>	
<b>Details of EPCES Member</b>	<b>Jinesh Vyas</b> Manager - Financial Controls, RXO Global Services India Pvt. Ltd

<b>Query from Member</b>	<p>We renewed our medical and accidental insurance services for staff. Our insurance service provider has raised a concern and requested us to make a GST payment on the premiums paid for these services. As these services are included in the default list of services for SEZ units, specifically categorized as “General Insurance Services,” we believe we are eligible to receive these services at a Zero-rated GST. We would like to confirm the following:</p> <ol style="list-style-type: none"> <li>1. Is insurance premium paid for staff-related insurance services considered as part of our authorized operations within the SEZ?</li> <li>2. Are we entitled to procure the aforementioned services at a Zero-rated GST?</li> </ol>
<b>Response by Grant Thornton</b>	<p>Premiums paid for Staff-related insurance services 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 jurisdictional Deputy Commissioner’s office for approving the benefit of zero rated supplies on Group Medclaim insurance services. Further, on merit of the case DC may allow benefit to the unit.</p>

<b>S.No. 34</b>	
<b>Details of EPCES Member</b>	<b>Aslam Basha</b> IAP/FIN/INSC/CUST FCAIT Automotive India pvt. Ltd.
<b>Query from Member</b>	<p>We like to understand the process to be followed for below activities in SEZ unit</p> <ol style="list-style-type: none"> <li>1. Scrapping of assets</li> <li>2. Purchase of Used assets from DTA to SEZ or SEZ to SEZ.</li> </ol>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. Scrapping of assets.</li> <li>2. An SEZ unit may procure used capital goods from a DTA/SEZ unit as per Rule 27 of SEZ Rules, 2006.. Refer to Rule 49 of SEZ Rules, 2006 for</li> </ol>

<b>S.No. 35</b>	
<b>Details of EPCES Member</b>	<b>Aswathy SR</b> Finance   Suntec Business Solutions Private Limited
<b>Query from Member</b>	<p>We have recently moved from STPI unit to SEZ unit and have a query regarding the DTA sale. Whether SEZ unit is authorized to supply services in DTA, if yes what should be the percentage of DTA sale with regard to export?</p>
<b>Response by Grant Thornton</b>	<p>You may refer to Rule 47 of SEZ Rules, 2006, which states that any SEZ unit may sell goods and services to a DTA unit subject to terms and conditions. Further, there is no percentage defined in law with regard to the proportion of supply allowed to be made to the DTA unit, subject to positive NFE.</p>

<b>S.No. 36</b>	
<b>Details of EPCES Member</b>	<b>Kishan Gamini</b>
<b>Query from Member</b>	<p>Can a 15 year old unit making 100% exports make an application for EOU registration. Are there any restrictions?</p>
<b>Response by Grant Thornton</b>	<p>There are no restrictions for existing companies to apply for conversion into EOU. You may refer Para 6.18 of FTP 2023 read with Para 6.38 of HBP, 2023.</p>

<b>S.No. 37</b>	
<b>Details of EPCES Member</b>	<b>Sunil. N. Shetty</b> PSBU-Finance, SEZ Phaltan
<b>Query from Member</b>	As per Rule 74 of SEZ Rules, 2006 (Exit of Units), a unit may opt of SEZ with approval of DC subject to payment of applicable duties. Further, penalty may be imposed, if the unit fails to achieve a positive NFE. The unit wants to know the duty impact on works contract purchase made prior to GST regime and if the SO office raise demand on such supply.
<b>Response by Grant Thornton</b>	SEZ unit may be required to pay applicable taxes on transaction value of pre-GST purchased goods before their final exit from the SEZ scheme

<b>S.No. 38</b>	
<b>Details of EPCES Member</b>	<b>DharamYudhishter</b> Accenture
<b>Query from Member</b>	We are involved in developing and testing various applications related to a project that must be tested over phone. In relation to same, we have procured phone, against which SEZ Authority has asked to clarify the nexus of iPhone with authorised operations and has also asked to obtain prior approval for adding the subject goods in LOA of unit. Need assistance in replying to aforesaid queries.
<b>Response by Grant Thornton</b>	We understand that SEZ authorities are seeking clarification from unit regarding use of iPhones for approved operations. Accordingly, the unit may substantiate appropriate reasons for using iPhones for research and testing purposes. Further, if research and testing services were not initially included in the unit's authorized operations, kindly approach SEZ authorities for its inclusion in LOA.

<b>S.No. 39</b>	
<b>Details of EPCES Member</b>	<b>Ramachandran L K</b> Senior Manager-Corporate Services, Sun Tec Business Solutions Pvt. Ltd.
<b>Query from Member</b>	Whether a software development company registered under SEZ is obligated to obtain EPR (Extended Producer Responsibility) registration.
<b>Response by Grant Thornton</b>	E-Waste (Management) Rules, 2022 shall apply to manufacturer, producer refurbisher producer refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, refurbishing, dismantling, recycling and processing of e-waste or electrical and electronic equipment listed in Schedule I. Accordingly, a software development company may not be required to obtain EPR registration.

<b>S.No. 40</b>	
<b>Details of EPCES Member</b>	<b>Adesh Ramchandra</b> Somwanshi, Tata Consultancy Services Ltd.
<b>Query from Member</b>	We have some 4 to 5 large SEZ units of having seating capacity of 5000 to 10000 associates in different locations like Nagpur, Mumbai, Pune, Trivandrum, Kochi etc.. However, the same units have not been fully utilized, Hence to use our facility to maximum capacity



	<p>we would like start training center for new joiners which might get absorbed either in same SEZ units or may be transferred to any other SEZ/STP/DTA units after completion of successful training after around 3-6 months. Please note that only 10 to 20% of space would be utilized as training center where we ensure that all such SEZ units will have positive NFE for sure &amp; there won't be any impact on current export of the same units. Please let us know your response on following queries.</p> <ol style="list-style-type: none"> <li>1. Do we have to take DC's approval for using partial space for training center</li> <li>2. Can training would be coming under an authorised operations as per SEZ Act &amp; rule</li> <li>3. Is there any restriction on associates who would be transferred to other STP or DTA locations after completion of training</li> <li>4. Do we have to do internal billing for providing or transferring manpower to other SEZ/STP/DTA units on our own Branches</li> </ol> <p>In case of asset movement, as per SEZ rules, all asset movement formalities would be completed , Please arrange to give us your opinion</p>
<b>Response by Grant Thornton</b>	<p>Please find our responses to your queries –</p> <ol style="list-style-type: none"> <li>1. Please note that there is no specific regulation under SEZ law highlighting permission for training services. However, unit may seek permission from the jurisdictional DC office for providing such training.</li> <li>2. Any additional activity performed by a unit needs to be included in its LOA as its authorized operations (if not already included).</li> <li>3. While seeking permission as mentioned in point no. 1 above, unit may seek an additional permission for transfer of associates post completion of training.</li> <li>4. It is recommended that the unit may consider implementing a cross-charging system to allocate costs or expenses when services provided by employees are utilized jointly by multiple units.</li> </ol>

<b>S.No. 41</b>	
<b>Details of EPCES Member</b>	<b>G V B Reddy</b>
<b>Query from Member</b>	We are a Co developer Please let us know annual system usage charges and we want to top up the transaction charges let us know how much minimum need to top up
<b>Response by Grant Thornton</b>	Annual system usage charges for co-developer amount to INR 10,000. Although there is no specific minimum top-up balance requirement outlined, it is recommended to maintain a minimum balance of approximately INR 1,000. This ensures that there's a sufficient balance to cover regular filings and other related activities within the system.

<b>S.No. 42</b>	
<b>Details of EPCES Member</b>	<b>Omkar Mohite</b> DuFlon Industries
<b>Query from Member</b>	We are planning to Purchase material from local vendor under GST invoice and bring material inward into our factory. We would conduct quality check, labelling, packing and export under our EOU license. Please advice if this procedure is allowed under EOU Scheme.

<b>Response by Grant Thornton</b>	An EOU may undertake arrangements as highlighted in trail mail. However, captioned transactions would be subject to fulfillment of conditions laid down under Appendix 6B read with Para 6.04 of FTP 2023.
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<b>S.No. 43</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> We Route Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	Please confirm what is the process to do Import Export Code Updation - Yearly updation prior to 30thJune, even if no change
<b>Response by Grant Thornton</b>	We wish to apprise that even if there have been no changes to your organization's details, updating IEC on DGFT portal remains obligatory for every financial year. This proactive measure is essential to maintain uninterrupted trade operations and adhere to regulatory standards. Should there be any modifications to details associated with your IEC, it is imperative to update them promptly on DGFT portal as they occur. Further, options for modification/updation of IEC are available under the IEC tab of DGFT portal.

<b>S.No. 44</b>	
<b>Details of EPCES Member</b>	<b>Srinivasa Rao Korada</b>
<b>Query from Member</b>	Request clarification on the following: <ol style="list-style-type: none"> <li>1. Whether an EOU (Seller) is allowed to sell raw materials (purchased/procured by EOU domestically) to SEZ unit/EOU/DTA (Buyer) ? Does EOU (Seller) requires specific permission/approval in its LOA/LOP for carrying out such transactions ?</li> <li>2. Will the answer be different, in case EOU (Seller) sells raw materials to SEZ unit/EOU/DTA (Buyer), if such raw materials are procured/imported from overseas with duty exemption ?</li> <li>3. Whether such sale of raw materials by EOU (Seller) to SEZ Unit (Buyer) is eligible for the purpose of NFE of EOU (seller), considering payment is received by EOU (Seller) in convertible foreign currency out of SEZ-FC account of SEZ unit (Buyer)?</li> </ol>
<b>Response by Grant Thornton</b>	Please find our responses below – <ol style="list-style-type: none"> <li>1. As per para 6.14 of FTP 2023, an EOU may sell un-utilized raw material to any SEZ/EOU/DTA unit. As highlighted in captioned para, a sale intimation is required to be filed with customs authorities.</li> <li>2. Same para 6.14 of FTP 2023 to be followed for imported goods as well.</li> <li>3. As per para 6.08 read with para 6.01 of FTP 2023, any supply made from EOU unit to SEZ units would be counted for fulfilment of NFE.</li> </ol>

<b>S.No. 45</b>	
<b>Details of EPCES Member</b>	<b>Nagarjuna CS.</b> Nest Group
<b>Query from Member</b>	We have exported currency counting machines to our customers, and due to faulty machines, we have reimported them back for repair but now these machines are unable

	to be repaired, and the customer has confirmed not export these machines to us and you may dismantle the machines and use parts for new machines. Request you to explore the procedure to be followed under EOU scheme for these defected machines using for our new machines.
<b>Response by Grant Thornton</b>	As per para 6.16 read with para 2.48 of FTP 2023, EOUs may import goods found defective, damaged or unfit for use for repair and subsequent re-export, subject to fulfilment of conditions prescribed under captioned para.

<b>S.No. 46</b>	
<b>Details of EPCES Member</b>	<b>Hariharan</b> ECON Systems
<b>Query from Member</b>	Please advise, whether we require Softex registration or Softex invoices filing in SEZ for the following transaction (Subscription fees).
<b>Response by Grant Thornton</b>	Software exported by SEZ units are required to be reported in respective month's SOFTEX filing.

<b>S.No. 47</b>	
<b>Details of EPCES Member</b>	<b>Hariharan</b> ECON Systems
<b>Query from Member</b>	We are a SEZ unit, and we want to supply our products to our clients under subscription basis. It is a subscription business model in which clients pay a recurring cost for access to a product rather than a one-time purchase. This recurrent cost is frequently paid monthly or yearly, and the buyer is frequently offered the option of purchasing at which frequency. The customer will pay a one-time price for hardware and a monthly subscription fee for software service maintenance. We will export the hardware and complete the payments remittance in the bank with the shipping bill for the client payment received against the hardware. Please advise on how to submit the subscription fee payment entry to SEZ and how to incorporate the subscription fee NFE in the APR. What documents we would need for the bank remittance process against the subscription fee received from the customer.
<b>Response by Grant Thornton</b>	Supply of software on subscription basis tantamounts to regular export of service, no separate treatment is required for the same. Accordingly, <ol style="list-style-type: none"> <li>1. Subscription fees received during the year need to be reported under regular exports in APR.</li> <li>2. Subscription fees would be accounted for in books on the basis of tax invoice and copies of FIRC's (substantiating remittance received for such services).</li> </ol>

<b>S.No. 48</b>	
<b>Details of EPCES Member</b>	<b>Mariselvan. G</b> Accounts Executive – Telesto Energy Pvt. Ltd.
<b>Query from Member</b>	We have tokened employee health insurance from "Care Health". They said health insurance not applicable for GST exemption and they raised invoice with GST only. and they shared to us one circular also. Please clarify this.

<b>Response by Grant Thornton</b>	Employee Health Insurance Policies are not included in the default list of services for authorized operations of SEZ units. Consequently, the such insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
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<b>S.No. 49</b>	
<b>Details of EPCES Member</b>	<b>Vijay Balu Gopalan</b> Concentrix
<b>Query from Member</b>	<p>We operate in a SEZ Unit and have the following questions regarding services between SEZs: Unit A (SEZ) delivers service to Unit B (SEZ)</p> <ol style="list-style-type: none"> <li>1. What is the process for Unit A on the SEZ Portal, and can invoices be issued in USD/ INR and payments be accepted in INR/USD?</li> <li>2. What is the procedure for Unit B in the SEZ portal, and can we accept invoices INR/ USD and Payments can be made in INR/USD?</li> </ol>
<b>Response by Grant Thornton</b>	<p>Please find our responses as below –</p> <ol style="list-style-type: none"> <li>1. Supplying unit is required to report transactions at the time of filing Annual Performance Report (APR). Further, as per Rule 53 of SEZ Rules, invoice may be raised in either of the mentioned currencies.</li> <li>2. Recipient unit is required to report procurements of duty free services at the time of filing DTA Service Procurement Form (DSPF). Further, payment to be made in accordance with the denomination of the invoice.</li> </ol>

<b>S.No. 50</b>	
<b>Details of EPCES Member</b>	<b>Jewellery&amp; Co. Mr Apurva A. Jhaveri</b>
<b>Query from Member</b>	<p>Please clarify in respect of below query:</p> <ol style="list-style-type: none"> <li>1. Import under HSN Code 7113 from South Korea of Article of semi-finished jewelry for making jewelry and export. As per amendment in import policy, Notification No. 25/2015-2020 dated: 25/08/2017, import of items fall under HSN Code 7113, 7114 has been restricted. We are 100% EOU, and do we require any separate import license for import from South Korea?</li> <li>2. Notification No.19/2023 dated: 12/07/2023 restricting import of items under HSN Code No. 71131911(earlier HSN Code 71131910. The items falls under HSN Code 71131910 are our main semi-finished inputs which we require for our finished products.</li> <li>3. Is customs notification No.36/2015-2020 dt: 18.12.2019, no.49/2015-2020 dt: 05.01.2022 and no. no.01/2015-2020 dt: 29.04.2022 will impact in this case?</li> </ol>
<b>Response by Grant Thornton</b>	<p>Please find our responses below for your consideration–</p> <p>The quoted notification categorises certain goods from “free” to “restricted” category, EOUs are not specifically excluded from the said notification. However, Para 6.01(d) of FTP, 2023 allows free import of all types of goods by an EOU, unless such goods are prohibited in nature. Therefore, it may be understood that an EOU may not be required to obtain a separate import license as highlighted in the notification. However, authorities may have</p>



	<p>a contrary view in this regard and may demand for a licence. Accordingly, DGFT needs to issue a clarification to mitigate the anomaly.</p> <p>The items falling under HSN Code 71131910 and 71131911 are also categorised under restricted category through Notification No.19/2023 dated: 12/07/2023.</p> <p>As per Notification No. 36/2015-2020 dated 18.12.2019 and 49/2015-2020 dated 05.01.2022, point no. 2, import of gold under Advance Authorisation and supply of gold directly by foreign buyers to exporters under para 4.45 of FTP (Para 4.44 of FTP 2023 as amended) against export orders are exempted from the amended provisions of these notifications.</p>
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<b>S.No. 51</b>	
<b>Details of EPCES Member</b>	<b>Aravind Kumar</b> Assistant Manager   Indirect Taxes and Regulatory Services, B S R & Co. LLP
<b>Query from Member</b>	Clarity on whether any permission is required to be obtained when an EOU sells goods or services to a DTA unit.
<b>Response by Grant Thornton</b>	EOU unit can undertake DTA sales subject to fulfilment of conditions prescribed under para 6.10 of FTP 2023.

<b>S.No. 52</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	In further continuation to below query, We have gone through the guidelines but please confirm whether we will come under these Rules as an IFSC Ancillary Service provider.
<b>Response by Grant Thornton</b>	IFSCs are covered under the definition of SEZ unit, accordingly the captioned rule is applicable to IFSC units. Additionally, the nature of services provided by the IFSC unit shall be covered under Rule 76 of SEZ Rules 2006.

<b>S.No. 53</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	In furtherance to below query, Can you brief on the regulations of Work from home concept for our employees
<b>Response by Grant Thornton</b>	Rule 43A of the SEZ Rules 2006, outlines the applicability of Work From Home (WFH) provisions to a SEZ unit. This rule also highlights a set of guidelines that must be adhered while implementing WFH practices within the unit.

<b>S.No. 54</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	Request your guidance whether we will come under SEZ or IFSCA regulations and provide the norms to be adopted being a SEZ unit and a Ancillary service provider.
<b>Response by Grant Thornton</b>	We wish to apprise that both SEZ and IFSC regulations would be applicable to the unit.

<b>S.No. 55</b>	
<b>Details of EPCES Member</b>	<b>JP Lawania</b> CEO, Megma Group, Megma Print-O-Pack Pvt. ltd., MegmaRfid And Labels Pvt. ltd.
<b>Query from Member</b>	In continuation to below query, I need clear NSEZ order please. Whether applicable
<b>Response by Grant Thornton</b>	There is no specific order issued by NSEZ authorities.

<b>S.No. 56</b>	
<b>Details of EPCES Member</b>	<b>JP Lawania</b> CEO, Megma Group, Megma Print-O-Pack Pvt. ltd., MegmaRfid And Labels Pvt. ltd.
<b>Query from Member</b>	Please give proper guidelines for applicability of TDS on NSEZ lease rent
<b>Response by Grant Thornton</b>	Please find attached the Supreme Court Judgment in the case of M/s. New okhla industrial development authority Vs Commissioner of income tax (Supreme Court of India) which deals with TDS on Lease rentals.  On the understanding of this- few points need to be checked before evaluating the applicability of TDS on lease rental.

<b>S.No. 57</b>	
<b>Details of EPCES Member</b>	<b>Ms Murthy</b> For Cabelas India Exports Pvt Ltd.
<b>Query from Member</b>	Is there any exemption for EOU Exporters to generate e-invoices in real time or even after few days or weeks but before filing GSTR-1 Returns i.e., physical Export can take place with Regular Invoices and e-waybill. Please clarify.
<b>Response by Grant Thornton</b>	We wish to apprise that there is no exemption to EOUs from generation of e-invoice. Further, it is recommended that information reflected in e-invoices shall correspond precisely with the physical movement of goods.

<b>S.No. 58</b>	
<b>Details of EPCES Member</b>	<b>Dharam Yudhishter</b> Accenture
<b>Query from Member</b>	In furtherance to below query, different customs offices have been following divert practices at various locations, and it would be great if you could help us obtain a proper clarification or circular clarifying the said facts from MoC.
<b>Response by Grant Thornton</b>	We wish to apprise that SEZ online portal facilitates the user manual for DSPF reporting, which clarifies this point as well. Kindly refer it for your consideration.

<b>S.No. 59</b>	
<b>Details of EPCES Member</b>	<b>Dharam Yudhishter</b> Accenture

<b>Query from Member</b>	<p>Please clarify, in respect of uploading zero rated service invoices in NSDL portal through DSPF module.</p> <ol style="list-style-type: none"> <li>1. If the services Supply under Bond / LUT Should we fill the IGST rate as Duty foregone in “S” column</li> <li>2. Alternatively we should fill 0% in column “S”</li> </ol>
<b>Response by Grant Thornton</b>	The rate of duty foregone needs to be mentioned in DSPF under column “S”.

<b>S.No. 60</b>	
<b>Details of EPCES Member</b>	<b>Bharat Bhushan</b> Associate Director-Supply Chain, Teva API
<b>Query from Member</b>	We have a Research and Development center which is an EOU. Please advise whether it is mandatory to submit the Chartered engineering certificate while submitting the application for the inclusion of such chemicals for R&D in our LOP.
<b>Response by Grant Thornton</b>	For the incorporation of a chemical product into the LOP, it is recommended that the company obtains a certificate from a qualified Chartered Chemical Engineer. This certificate serves as a validation of the chemical's requirement in production, properties, safety, and compliance with relevant regulations.

<b>S.No. 61</b>	
<b>Details of EPCES Member</b>	<b>Rajesh Runwal</b> Associate Manager-Corporate Accounting Group, Infosys
<b>Query from Member</b>	<p>Please assist on below queries for partial de-bonding of SEZ developer.</p> <ol style="list-style-type: none"> <li>1. Depreciation is allowed on CG procured for payment of duty</li> <li>2. Tax benefits taken on services procured need to be reversed?</li> </ol>
<b>Response by Grant Thornton</b>	<p>Kindly refer our below responses for queries raise in trail mail-</p> <ol style="list-style-type: none"> <li>1. As per Rule 49 of SEZ Rules, 2006, duty shall be levied on removal of capital goods on the depreciated value.</li> <li>2. As per Rule 23 of SEZ Rules, 2006, in case where a developer fails to utilize the goods or services on which exemptions have been availed, for authorized operations, the equivalent amount is required to be reversed.</li> </ol>

<b>S.No. 62</b>	
<b>Details of EPCES Member</b>	<b>Jayabharathi</b> Manager   JMD FTWZ Facility Head
<b>Query from Member</b>	Indian Entities are exporting to Overseas through FTZ with the strength of Shipping Bill (SB) & the IEC of Shipping bill not matching with the EDPMS portal. Hence the exporters are still in struggle to get the remittance of forex, In this regard, earlier attached circular were released by DC during 2017. Requesting to update is there any further circular released on top of this (or) still remains the same. Thanks.
<b>Response by Grant Thornton</b>	Revisiting our previous response (attached herewith), we recommend the unit to contact the SO office to inquire about any response received regarding their 2017 letter to RBI

	(highlighting the said mismatch). Furthermore, to address the technical issue and seek resolution, it is advisable to communicate with both the jurisdictional authorities and the NSDL team for enhanced clarity and potential
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<b>S.No. 63</b>	
<b>Details of EPCES Member</b>	<b>Sujit Kumar Jha</b> M/S. Balaji Export Co
<b>Query from Member</b>	If non-functioning unit required to renew epces license every year, or is it ok if we renew it once we become operational.
<b>Response by Grant Thornton</b>	RCMC requirement is not dependent on functioning or not. It is mandatory as per DGFT and D/o Commerce notifications. As the RCMC fee is very nominal, it will be in the unit's interest that RCMC membership is renewed at the earliest.

<b>S.No. 64</b>	
<b>Details of EPCES Member</b>	<b>Balasubramanyan T</b> Larsen & Toubro Limited - MFFK
<b>Query from Member</b>	Whether we can sell an obsolete machinery which is imported on Re-Export basis, as scrap in DTA with the customer concurrence. Please guide us with procedure to file BOE for the DTA sale (as this machinery belongs to the customer)
<b>Response by Grant Thornton</b>	Goods imported on duty free basis for the purpose of re-export, shall be re-exported back to the original owner of such goods. However, if goods could not be re-exported due to any reason, the same shall be informed to jurisdiction SO and a permission is required to be obtained under Rule 39 of SEZ Rules 2006, before undertaking clearance of those goods in DTA.

<b>S.No. 65</b>	
<b>Details of EPCES Member</b>	<b>Paramasivam</b> Silver Crest Clothing
<b>Query from Member</b>	<p>We have one Unit operating under EOU Scheme and another three DTA units operating under DEEC Scheme. We have been provided orders at EOU Unit and DTA Unit as well for our overseas buyer. We have Self Sealing Permission for all our Units. Please advise:</p> <ol style="list-style-type: none"> <li>1. Whether DTA Unit exports can be brought to EOU Unit and vice versa for consolidation and stuffing in container for container capacity fulfilling.</li> <li>2. We will prepare separate export invoice for DTA and EOU Unit Export Goods which are loaded in one single container.</li> <li>3. A Single Shipping bill will be raised with two export invoices.</li> <li>4. The interunit transfer for the purpose of consolidation from DTA unit to EOU Unit will be accompanied by the Delivery Challan with the e-way bill and export invoice.</li> <li>5. Once the consolidation is completed. The container will be accompanied by two export invoices and the e-way bill.</li> </ol>
<b>Response by Grant Thornton</b>	We wish to apprise that there is no specific provision under the circulars issued by CBIC in relation to self-sealing process, which clarifies the position or process wherein any goods pertaining to a DTA unit may be brought together with an EOU for self-sealing process. However, you may approach the jurisdictional customs authorities for any practical solution in this regard.



<b>S.No. 66</b>	
<b>Details of EPCES Member</b>	DuFlon Industries , Omkar Mohite
<b>Query from Member</b>	In furtherance to below query, Referring to FTP Chapter 6.01.E - State Trading regime shall not apply to EOU manufacturing units. So, procurement from Non-state trading companies and exporting under EOU banner subject to global customer requirements is allowed and possible? We understand, State trading enterprises are defined as governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and/or import. Please clarify.
<b>Response by Grant Thornton</b>	Para 6.01 (e) of FTP, 2023, allows State Trading regime for EOU units in respect of only certain items. Further, it is also pertinent to note that trading activity has been specifically denied in para 6.00 (a) of FTP, 2023.

<b>S.No. 67</b>	
<b>Details of EPCES Member</b>	DuFlon Industries , Omkar Mohite
<b>Query from Member</b>	Please clarify, 1. Can EOU company also do Export trading of Raw material or Semi finish goods or finish Machinery goods ? 2. Can EOU company also do Domestic Trading of Raw material or Semi finish goods or finish Machinery goods ?
<b>Response by Grant Thornton</b>	Trading activity is not permitted in the EOU scheme as mentioned in Chapter 6.00 (a) of FTP, 2023.

<b>S.No. 68</b>	
<b>Details of EPCES Member</b>	<b>Kalyani RD</b>
<b>Query from Member</b>	As per FTP 6.14. Intimation customs for sale of unutilized material and capital goods. Now customs requested to get permission from MEPZ. Clarify, if we have Positive NFE.
<b>Response by Grant Thornton</b>	As per FTP para 6.14, no specific permission is required from the DC office in case of any sale made to a DTA unit.

<b>S.No. 69</b>	
<b>Details of EPCES Member</b>	<b>Aslam Basha</b> IAP/FIN/INSC/CUST, Customs & Trade – INDIA FCAIT Automotive India pvt. Ltd
<b>Query from Member</b>	DSPF forms allows us to file multiple service provider invoices as single request ID for a month. However, in certain states, we have been asked to file DSPF as one request ID for one service provider. Could you please clarify.
<b>Response by Grant Thornton</b>	We wish to highlight that the DSPF module doesn't necessitate submission of separate request IDs for each service provider.

<b>S.No. 70</b>	
<b>Details of EPCES Member</b>	<b>Aslam Basha</b> IAP/FIN/INSC/CUST, Customs & Trade – INDIA FCAIT Automotive India pvt. Ltd
<b>Query from Member</b>	If the goods and services are clubbed and supplied to SEZ unit, then can we use clubbed invoice for both DTAP & DSPF filing.
<b>Response by Grant Thornton</b>	The same invoice has the flexibility to be uploaded under both DPF and DSPF modules respectively.

<b>S.No. 71</b>	
<b>Details of EPCES Member</b>	<b>Ajit Shinde</b> Jewelex
<b>Query from Member</b>	In furtherance to above query, IRDAI states that all non-life insurance is covered under the General Insurance Business Act only and in the notification issued by the IRDAI, they have mentioned in their heading - “Review of Regulation- General Insurance (Including Health)”. As there is not any specific definition of “General Insurance business service” under the SEEPZ Act so can we consider this health insurance also under the “General Insurance” only as per IRDA Act and avail the benefit of exemption under GST? (Sr. No. 25 of Uniform List).
<b>Response by Grant Thornton</b>	You may reach out to the jurisdictional Deputy Commissioner’s office for approving benefit of zero rated supplies on Group Medclaim insurance services. Further, on merit of the case DC may allow benefit to unit.

<b>S.No. 72</b>	
<b>Details of EPCES Member</b>	<b>Ajit Shinde</b> Jewelex
<b>Query from Member</b>	Can an SEZ unit make payment of the Premium of Group medclaim Insurance of its employees without GST? Can we consider it as a Business Support Service (Sr. 64) of the Uniform list of services to be followed by SEZ?
<b>Response by Grant Thornton</b>	Premiums of Group Medical Insurance Policies 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. Moreover, these medical insurance services cannot be considered as business support services within the SEZ framework.

<b>S.No. 73</b>	
<b>Details of EPCES Member</b>	<b>Sanjay Kapoor</b> Chief Operating Officer, Interra Information Technologies (I) Pvt. Ltd.
<b>Query from Member</b>	Our tenancy agreement for SDF’s in NSEZ was done in 2010 -2015 for 5 years and was registered at Registrar office NOIDA. (No stamp duty was paid , NSEZ units are exempted by UP Govt). Our tenancy agreement for same SDF’s which was done in 2015-2020 & then in 2020-2025 is not registered at registrar office, just signed by NSEZ Authority and by us. Under which notification/ rule/statement rental agreement of 5 years is not required to be registered now.Following clause is there in all our TENANCY AGREEMENTS

	“AND WHEREAS it has been agreed by and between the parties here to that the stamp duty and registration charges shall be borne and paid by the sub-lessee. Vide Notification No. 5/3249/11/2004/500/85/2001 dated 22.6.2004, Government of Uttar Pradesh has exempted the units located in NSEZ from payment of stamp duty in case of execution of sub-lease deed and tenancy agreement.”
<b>Response by Grant Thornton</b>	We understand that the exemption granted to SEZ units is specifically related to the payment of stamp duty and SEZ units have a compulsory obligation to register lease deeds. Hence, the exemption from stamp duty payment does not extend to the registration process.

<b>S.No. 74</b>	
<b>Details of EPCES Member</b>	<b>Sashi Varma</b> FCMA, Finance Manager, XO Pack Private Limited
<b>Query from Member</b>	Ours is a manufacturing unit operating from Cochin Special Economic Zone. We intend to participate in an exhibition which will be conducted at kaloorinternational stadium in September. We also intend to exhibit our products there. In this connection, please clarify the following:  1. Procedure for taking goods out of the Zone for this purpose. 2. Whether our company is exempted from payment of IGST on the exhibition bill raised on us
<b>Response by Grant Thornton</b>	As per rule 50(1)(b) of SEZ Rules, 2006, SEZ unit may temporarily remove goods to Domestic Tariff Area without payment of duty and Integrated Goods and Service Tax, for display/exhibition.  1. Rule 51 of said rules prescribes the procedure to be followed for temporary removal of such goods. The unit may remove the goods on the cover of pre-authenticated challans and obtain prior approval of Specified Officer (SO) of the Zone. Further, as per Rule 51 (4) goods shall be brought back to SEZ within 120 days or within such extended period as may be permitted by SO.  2. “Business Exhibition Services” forming part of the default list of services used for authorised operations are eligible for zero rated benefit.

<b>S.No. 75</b>	
<b>Details of EPCES Member</b>	<b>Sharath</b>
<b>Query from Member</b>	We are keen on implementing MOOWR scheme in our company. Can u please recommend an agent for Moowr scheme.
<b>Response by Grant Thornton</b>	Would request you to kindly share a brief background of the unit, its operations and location. Accordingly, we may connect separately to discuss the same over call.

<b>S.No. 76</b>	
<b>Details of EPCES Member</b>	<b>Raghupathy V Kanam</b> Latex Industries Pvt Ltd.
<b>Query from Member</b>	In furtherance to below query, Please clarify, is mere intimation or permission is required from MEPZ & Customs towards clearance of raw material to SEZ. We hope there is no

	hurdle for supply from EOU to SEZ as we will supply against the SEZ Bill of Entry/Bill of Export.
<b>Response by Grant Thornton</b>	Purchases highlighted in your mail may be treated as regular zero-rated purchases considering these purchases are specifically intended for the authorized operations of the SEZ. Further, to ensure compliance and transparency in the transaction, the endorsement of purchase invoices by the SEZ unit is essential. We don't anticipate any additional approval in this regard.

<b>S.No. 77</b>	
<b>Details of EPCES Member</b>	<b>Raghupathy V Kanam</b> Latex Industries Pvt Ltd.
<b>Query from Member</b>	<p>We have placed an order with SEZ unit to manufacture and supply of Non Sterile Powder Free Surgical Latex Gloves. To manufacture our required product as per our specification, one additional chemical required to add in their production process, which our supplier do not have in their inventory. FTP 2013 para 6.14 Sale of Unutilized Material and Capital Goods states-</p> <p>(a) In case an EOU / EHTP/ STP/BTP unit is unable to utilize goods and services imported or procured from DTA, it may be:</p> <ul style="list-style-type: none"> <li>i Transferred to another EOU/EHTP/STP/BTP/ SEZ unit; or</li> <li>ii Disposed of in DTA with intimation to Customs authorities on payment of applicable duties and/ or taxes and compensation cess. In addition, exemption of duties of Customs leviable under First Schedule of the Customs Tariff Act, 1975 availed, if any on the goods , at the time of import will also be payable. This sale would be further subject to compliance of applicable import conditions such as requirement of import Authorisation; or</li> <li>iii Exported.</li> <li>iv Such transfer from EOU/EHTP/STP/BTP unit to another such unit would be treated as import for receiving unit.</li> </ul> <p>In our case, it is not an unutilized material, we uses regularly in our production process. Please guide us with procedures for executing this supply</p>
<b>Response by Grant Thornton</b>	In the instant case we understand that SEZ unit is involved in providing manufacturing services and manufacturing of gloves aligns with the SEZ unit's authorized operations, any procurement made in for this purpose will be considered as part of the authorized operations. Hence, said goods may be supplied to the SEZ unit under zero-rated supplies.

<b>S.No. 78</b>	
<b>Details of EPCES Member</b>	<b>K.K Kalra</b> MehrotraImpex (India)
<b>Query from Member</b>	We want to amend HS Code in our REX registration. Please provide us the procedure for amendment as your earliest.
<b>Response by Grant Thornton</b>	To make amendment in HS code in Registered Exporter System (REX System) registration, you may approach the respective authorities, list of nodal authorities along with their names & contact details, is made available on the DGFT website (under Annexure 1B). Link enclosed for your reference : <a href="https://www.dgft.gov.in/CP/?opt=information-rex-system">https://www.dgft.gov.in/CP/?opt=information-rex-system</a>



<b>S.No. 79</b>	
<b>Details of EPCES Member</b>	<b>Senthil Kumar</b> General Manager, V.K.A. Polymers Pvt. Ltd.
<b>Query from Member</b>	Given that the products must be delivered to INDIA and that the purchase order was received in USD from abroad, may we use the RBI conversion rate or the exchange rate specified in the Customs Exchange Notification for the GST invoicing?
<b>Response by Grant Thornton</b>	As per Rule 34 of CGST Rules 2017, the exchange rate to be used for calculating the value of a supply is based on the rate of exchange notified under the Customs Act. Accordingly, the exchange rate determined in accordance with Rule 34 should be mentioned on the GST invoice.

<b>S.No. 80</b>	
<b>Details of EPCES Member</b>	<b>Kalyani RD, EPCES</b>
<b>Query from Member</b>	Can we use the RBI conversion rate or the exchange rate specified in the Customs Exchange Notification for the invoicing? ( For the GST invoice.)“ for the products delivered to INDIA and purchase order was received in USD from abroad.
<b>Response by Grant Thornton</b>	As per Rule 34 of CGST Rules 2017, the exchange rate to be used for calculating the value of a supply is based on the rate of exchange notified under the Customs Act. Accordingly, the exchange rate determined in accordance with Rule 34 should be mentioned on the GST invoice.

<b>S.No. 81</b>	
<b>Details of EPCES Member</b>	<b>Sreemagal. R</b>
<b>Query from Member</b>	SEZ entities are liable to RCM on specified services received by them except for import of service which is exempted by way of Notification no 18/2017-IGST Tax (Rate). As per Notification no 10/2017-IGST tax (Rate),any person located in the taxable territory other than non-taxable online recipient received any service by any person who is located in a non-taxable territory is subject to RCM. In case of supply of OIDAR services to SEZ entities can we avail the exemption of not to pay GST under RCM by way of notification 18/2017-IGST Tax (Rate) considering the service as import of service.
<b>Response by Grant Thornton</b>	As per Notification No. 18/2017 IGST 2017, all services imported by units within SEZs are eligible for a GST exemption. The exemption applies universally to all types of services, including those classified as Online Information and Database Access or Retrieval (OIDAR) services, as well as any other imported services.

<b>S.No. 82</b>	
<b>Details of EPCES Member</b>	<b>Naveen Kainth</b> AGM – Commercial & Logistics
<b>Query from Member</b>	In furtherance to below query, in Rule 34 it is mentioned that if unit is unable to use means for any reason the capital goods obsolete or the capital goods was for any specific export order which is finish or any other reason not usable. “Provided that in case a Unit is Unable to Utilise the goods or services imported or procured from Domestic Tariff Area, it may,

	(1) Export the goods; or” I also need to understand can we export a server from SEZ whose shelf life is about to finish in 2024. If yes, then in which rule.
<b>Response by Grant Thornton</b>	We wish to apprise that Rule 34 allows for the export of goods that have not been utilized by the SEZ unit. The phrase “Unable to utilize” has not been specifically defined in SEZ Law. As a result, its interpretation can be inferred from its literal meaning. If a particular item, like a server (in the instant case), has not been utilized for its intended purpose, it can be considered as “unable to utilize.”

<b>S.No. 83</b>	
<b>Details of EPCES Member</b>	<b>Naveen Kainth</b> AGM – Commercial & Logistics
<b>Query from Member</b>	We have a Capital goods which is not usable. Can we export the item in Rule 34 of SEZ rules 2006.
<b>Response by Grant Thornton</b>	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export un-utilized goods out of India.

<b>S.No. 83</b>	
<b>Details of EPCES Member</b>	<b>Naveen Kainth</b> AGM – Commercial & Logistics
<b>Query from Member</b>	We have a Capital goods which is not usable. Can we export the item in Rule 34 of SEZ rules 2006.
<b>Response by Grant Thornton</b>	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export un-utilized goods out of India.

<b>S.No. 84</b>	
<b>Details of EPCES Member</b>	<b>Balasubramanyan T</b> Larsen & Toubro Limited - MFFK
<b>Query from Member</b>	If an SEZ Unit got order from Merchant Export and then SEZ Unit Sub-Contracted to DTA. Please clarify, whether a DTA Unit can do the Merchant Export directly from their premises.
<b>Response by Grant Thornton</b>	As per Rule 42(2) of SEZ Rules, the Specified Officer may allow direct export of finished goods from a sub-contractor’s premises, subject to the condition there is no involvement of a third party in the export process. Thus, in the instant case the DTA unit cannot do direct export to Merchant Export.

<b>S.No. 85</b>	
<b>Details of EPCES Member</b>	<b>Chappa Rambabu</b> Vasant Chemicals
<b>Query from Member</b>	RoDTEP scheme is applicable for SEZ Unit or EOU,DTA Units? Whether RoDTEP incentive are available for export to Nepal where payment terms in INR only. We have already applied for RoDTEP scheme since long back and RoDTEP comity also visited our plant, please kindly update the same.

<b>Response by Grant Thornton</b>	The benefit of the RoDTEP incentive scheme has not been announced for SEZs and EOUs. The query in the log was asked by a member in a WhatsApp group regarding their DTA unit. Further, EPCES is actively following up on the status of the RoDTEP scheme with the concerned authorities. Any updates related to the scheme's applicability to SEZs and EOUs will be communicated to the members.
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<b>S.No. 86</b>	
<b>Details of EPCES Member</b>	<b>Ankur Gupta</b> Assistant Manager, Baba Global Ltd
<b>Query from Member</b>	Please confirm if GST Notification 30/2023 dated 31.07.2023 is applicable to SEZ unit also.
<b>Response by Grant Thornton</b>	Said notification specifies the special procedure for registered persons engaged in the manufacturing of goods like pan-masala and similar items under the GST Act. The notification is applicable to all registered individuals under the GST Act, including SEZ units.

<b>S.No. 87</b>	
<b>Details of EPCES Member</b>	<b>Verabhadra Rao Batta</b> Finance Manager, Maersk Global Service Centres (India) Pvt Ltd.C44:C52
<b>Query from Member</b>	Our SEZ Unit is willing to Donate few Old Used Laptops (Fully Depreciated in books of accounts, listed as Scrap by our IT department, but in working condition) to NGO's. These laptops were procured for our Authorized Operations Originally as Zero Rated Supplies (i.e. IGST 0%).  Require your inputs if it is allowed for SEZ Unit to go ahead with above transaction. If Yes, what would be the process to be followed
<b>Response by Grant Thornton</b>	According to Rule 49(4) of the SEZ Rules 2006, SEZ units can give away their used computers and computer peripherals to a recognized NGO. However, the said items must have been used within the SEZ unit for a minimum of 2 years since admission and approval of the Specified Officer needs to be obtained for such removal.

<b>S.No. 88</b>	
<b>Details of EPCES Member</b>	<b>V. Suresh</b> Business dept, Greentech Industries (India) Pvt Ltd.
<b>Query from Member</b>	In furtherance to below query, these goods are not mentioned in our BLUT and its new material which we are going for import. In that case, can we make import directly without permission from VSEZ office? And we are planning to generate renewable solar energy in our plant. In this case whether we need to get approval from DC?
<b>Response by Grant Thornton</b>	Basis the specific query asked, please note that details of duty forgone need to be reported at the time of filing BLUT. If there is any discrepancy or shortfall in the declared value, an additional BLUT must be filed with the Development Commissioner (DC) office. Further, in relation to generation of renewable solar energy in the SEZ plant would also require approval from the DC office.

<b>S.No. 89</b>	
<b>Details of EPCES Member</b>	<b>V. Suresh</b> Business dept, Greentech Industries (India) Pvt Ltd.
<b>Query from Member</b>	We are in SEZ for our production purpose we need to import solar panels from China in this case what kind of approval we need to take? And is any additional customs duty applicable at the time of import? Or clear under duty forgone? So please help to provide some feedback. Our HSN Code for Import is 85414011.(solar pannels)
<b>Response by Grant Thornton</b>	As per section 26 of SEZ Act 2005, SEZ units are exempted from levy of duty on import of goods. Further, considering given goods are not restricted in nature, no specific permission is required to be obtained from SEZ authorities.

<b>S.No. 90</b>	
<b>Details of EPCES Member</b>	<b>Samir Gokhale</b> Associate Principal – Facilities & Administration, LTI Mindtree Limited
<b>Query from Member</b>	<p>We have following queries:</p> <ol style="list-style-type: none"> <li>1. We have STPI unit where we have procured two types of laptops as detailed below: <ol style="list-style-type: none"> <li>a. Laptops procured on payment of applicable taxes and</li> <li>b. Laptops procured on lease basis. Lease being a service we have been paying applicable taxes on lease laptops.</li> </ol> <p>A few of our projects will be transferred from STPI unit to our SEZ unit. We wish to transfer a few laptops allotted to employees working on these projects from STPI unit to SEZ unit. As per work from home policy, laptops are currently available with employees. It will not be practically possible for physical movement of laptops. Is there any provision for virtual transfer of laptops.</p> </li> <li>2. In normal case, if we wish to procure laptops on lease basis in SEZ unit, what will be process of bringing such laptop from leasing company to SEZ unit. Lease of capital goods service has been incorporated in the approved list of service issued to SEZ unit and we shall the applicable taxes.</li> <li>3. Can we transfer duty exempted material procured in the name of SEZ developer to STPI unit without paying duties/taxes. If yes what will be the transfer procedure to be followed.</li> </ol>
<b>Response by Grant Thornton</b>	<p>Kindly refer our response as below:</p> <ol style="list-style-type: none"> <li>1. In absence of a specific provision for virtual transfer of IT assets (without bringing them in the SEZ unit) from STPI to SEZ employees. Additionally, goods transferred or brought into the SEZ unit, including IT assets, requires physical verification by the Assessing Officer.</li> <li>2. Supply of tangible goods falls under the default list of services and accordingly these services may be procured under benefit of zero-rated supplies.</li> <li>3. Goods procured by SEZ Unit/developer may be transferred to STPI without payment of duty subject to fulfilment of conditions mentioned under Rule 38 of SEZ Rules, 2006.</li> </ol>



<b>S.No. 91</b>	
<b>Details of EPCES Member</b>	<b>Sashi Varma B.Sc:</b> FCMA, Finance Manager. XO Pack Private Limited
<b>Query from Member</b>	Please advise if xo pack should pay igst or not.
<b>Response by Grant Thornton</b>	Applicable GST would be required to be paid by the Company.

<b>S.No. 92</b>	
<b>Details of EPCES Member</b>	<b>Sashi Varma B.Sc:</b> FCMA, Finance Manager. XO Pack Private Limited
<b>Query from Member</b>	In furtherance to below query, the second hand scooter is being used for procurement of indirect materials used in our manufacturing processes. In such a case, can the purchase be eligible for zero rated supply. I had also raised a query regarding billing for exhibition Please advise on that also.
<b>Response by Grant Thornton</b>	The procurement of materials for your manufacturing process could potentially qualify for zero-rated benefits, due to its intended use in the authorized operations (manufacturing) of the unit. However, as highlighted in earlier response authorities might not grant the benefit of zero-rated for the procurement of scooter and may ask to pay applicable GST on the same.

<b>S.No. 93</b>	
<b>Details of EPCES Member</b>	<b>Sashi Varma B.Sc:</b> FCMA, Finance Manager. XO Pack Private Limited
<b>Query from Member</b>	Ours is a manufacturing unit operating from Cochin Special Economic Zone. We intend to purchase a used two wheeler from one of our employees. In this connection, please clarify whether our company is exempted from payment of IGST on the bill raised on us by the employee.
<b>Response by Grant Thornton</b>	Procurement of a second-hand two-wheeler by the SEZ unit is not considered part of its authorized operations. As a consequence, as per Section 16 of the Integrated Goods and Services Tax (IGST) Act of 2017, this supply would not qualify as zero-rated supplies, applicable IGST is to be levied on said transaction.

<b>S.No. 94</b>	
<b>Details of EPCES Member</b>	<b>Anand S. Director,</b> SEA Hydrosystems India Private Limited
<b>Query from Member</b>	We, 100% EOU is a manufacturer of Hydraulic Cylinders and Engineering Components. We seek clarification regarding the ITC Refund claiming process for Merchant Exports Sales. We are supplying to a customer on Merchant Exports Under GST (Notification no 41/2017-Intergrated tax (Rate) Dt-23rd Oct-2017) at concessional rate of 0.1%. The registered recipient exporter, shows our company ( Registered supplier) as Manufacture at the time of filing the Shipping bill and provides us a copy of the same for our records. At present, we are declaring this Merchant Export Sales as Deemed Export in GSTR-1 and we intend to apply for ITC Refund. We would like to know the procedure to claim ITC refund for the subject shipment.

<b>Response by Grant Thornton</b>	In the case of merchant exporters, the manufacturer may charge a concessional Goods and Services Tax (GST) rate of 0.1% on the supply of goods to the merchant exporter. The manufacturer, who charges the concessional GST rate to the merchant exporter, may claim a refund of the tax amount paid to the government. This refund is claimed under the concept of an Inverted Duty Structure, where the ITC is higher than the output tax liability.
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<b>S.No. 95</b>	
<b>Details of EPCES Member</b>	<b>Karuppasamy M</b> Finance Team, Zen Linen International Private Limited
<b>Query from Member</b>	In further continuation to below query, Kindly share with us your guideline to resolve this issue. If any documents are required relating to this application, we wish to arrange and submit at the earliest.
<b>Response by Grant Thornton</b>	We wish to reiterate that the Company is advised to communicate the specific problem they encountered while submitting the online application to the MEPZ office. Once the MEPZ office provides a resolution to the issue, the Company may proceed with filing the online application accordingly.

<b>S.No. 96</b>	
<b>Details of EPCES Member</b>	<b>Karuppasamy M</b> Finance Team, Zen Linen International Private Limited
<b>Query from Member</b>	In furtherance to below query, we have made an online application at DGFT portal for the renewal of Star Status Certificate and received a letter from authorities mentioning that the IEC holder having exports from both SEZ/EOU and DTA Units will need to apply to Regional Authority concerned viz., DGFT office for Status Certificate. We enquired the DGFT Office Mumbai and Chennai and came to know that we need to apply only to the MEPZ SEZ and no need to send to the RA Office where the DTA unit is located. They have quoted the Para 1.08B HBP 2023. Also while we create the online application the option RA OFFICE is showing only the RA CHENNAI for us. We are not able to change this option. Also we are not able to select the "Branch" since the same is not visible in the application columns / menu. Request guidance.
<b>Response by Grant Thornton</b>	In response to your query, we wish to apprise that, the issue faced by the Company while filing the online application is possibly due to restrictions of the online system. Hence, would request you to kindly address the concerns by reaching out to the MEPZ office, highlighting the issues faced by the Company in relation to the RA (Regional Authority) office and non-reflection of branch details in the application. Accordingly, the Company may proceed with filing of said application online with the proposed resolution.

<b>S.No. 97</b>	
<b>Details of EPCES Member</b>	<b>Karuppasamy M</b> Finance Team, Zen Linen International Private Limited
<b>Query from Member</b>	We have the certain units and warehouses in different states. 1. AEO Certificate (issued by MEPZ-SEZ) – Do we need to apply for a separate certificate for all the units? 2. Stat Status House Certificate (issued by MEPZ-SEZ) - Do we need to apply for a separate certificate for all the units?

	3. We have a manufacturing unit in Bhiwandi location. It is a DTA Unit. If we are directly exporting from the bhiwandi unit, which address to be mentioned in the shipping bill. If we mention the MEPZ address what will happen at the time of receiving the Export benefits schemes or Licenses.
<b>Response by Grant Thornton</b>	We wish to reiterate that the Company is advised to communicate the specific problem they encountered while submitting the online application to the MEPZ office. Once the MEPZ office provides a resolution to the issue, the Company may proceed with filing the online application accordingly.

<b>S.No. 98</b>	
<b>Details of EPCES Member</b>	<b>Muhammed Sabirin NP</b> Finance Department, Nucore Software Solutions Pvt Ltd
<b>Query from Member</b>	<p>Seek clarification regarding the GST exemption of supplies to Special Economic Zones (SEZ), specifically of Employee Medical Group Insurance Policies. As understood, all supplies made to SEZ are categorized as zero-rated supplies under GST regulations. Such exemption does not apply to medical insurance policies due to their perceived status as non-business-related expenses.</p> <p>1.Compulsory Mandate: In response to the unprecedented challenges posed by the COVID-19 pandemic in 2020, the government mandated employers to provide Employee Medical Group Insurance Policies for their workforce. This requirement was framed as a necessary step to safeguard employees' health and well-being.</p> <p>2.Operational Impact: Employee Medical Group Insurance Policies have emerged as a significant financial commitment for companies. The substantial costs associated with these policies can considerably influence a company's financial landscape.</p> <p>3.Business Relevance: The well-being of employees has a direct correlation with overall business performance. Medical insurance coverage enhances the quality of the work environment, boosts morale, and contributes to sustained productivity.</p> <p>Given these factors, I believe there exists a compelling case for revisiting the classification of Employee Medical Group Insurance Policies as non-business-related.</p> <p>Request your expert guidance on whether the GST exemption for SEZ supplies encompasses Employee Medical Group Insurance Policies.</p>
<b>Response by Grant Thornton</b>	Employee Medical Group Insurance Policies 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. Further, the SEZ unit may reach out to the jurisdictional DC office for inclusion of said service as part of the authorized operations via UAC. This would involve submitting a proposal to the authorities outlining the benefits and reasons for including the medical insurance service as an authorized operation. Accordingly, on approval of UAC unit may procure said services under benefit of zero rated supplies.

<b>S.No. 99</b>	
<b>Details of EPCES Member</b>	<b>Sai Vamsi K</b>
<b>Query from Member</b>	Please clarify us regarding the below queries:

	<p>We are a 100% EOU located in Hyderabad. We have imported spice raw materials from China for reprocessing like grinding and sterilization in India and re-exporting the finished product to EU and US countries. Now, as per chapter 6 of Handbook of procedures 2023, An EOU which has imported the goods for re-processing like crushing, grinding and sterilization, need to complete the export obligation within 120 days from date of first import. Is there any process or provision to extend the time limit for completing the pending export obligation. If yes, who is the authority to approve the request.</p> <p>Also incase of value addition for FG, is there any minimum percentage of value to be there or only net foreign exchange positive is sufficient.</p>
<b>Response by Grant Thornton</b>	<p>We wish to highlight that, there is no specific provision that outlines an extension of the regulatory timeline of 120 days. Further, as per Appendix 6B of the Foreign Trade Policy, the minimum value addition required for spices is specified as 25%.</p>

<b>S.No. 100</b>	
<b>Details of EPCES Member</b>	<p><b>Supriya P</b> Regional Director, EPCES, CSEZ - Cochin Region</p>
<b>Query from Member</b>	<p>Whether a unit can get exemption from GST, when they're taking medical insurance policies for their staff as it's a SEZ unit.</p>
<b>Response by Grant Thornton</b>	<p>Medical insurance services for employees are not included in the default list of services for authorized operations of SEZ units. As a result, medical insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.</p>

<b>S.No. 101</b>	
<b>Details of EPCES Member</b>	<p><b>Kalyani RD</b></p>
<b>Query from Member</b>	<p>India to Russia physical exports Indian currency applicable?" Pl clarify</p>
<b>Response by Grant Thornton</b>	<p>As per Rule 45(2) of SEZ Rules, 2006, a unit may export to Russia and receive payment in Indian Rupees. The buyer can make the payment through the State Credit or Escrow Rupee Account, subject to approval from the Reserve Bank of India if required.</p>

<b>S.No. 102</b>	
<b>Details of EPCES Member</b>	<p><b>Amit Aggarwal</b> JagdambaI mpex</p>
<b>Query from Member</b>	<p>We want to do trading activities dta to dta on bill to ship to basis where goods will not enter sez but we have GST Registration of sez manufacturing unit so we are not sure about the GST ITC eligibility if we are doing these transactions on same GST Registration.</p>
<b>Response by Grant Thornton</b>	<p>SEZ unit is authorized to carry out only those activities mentioned in the LOA, any other services or operations not covered by the LOA would require additional approval. Further, to undertake trading activities the Company may set up a separate entity outside the SEZ under GST laws.</p>

<b>S.No. 103</b>	
<b>Details of EPCES Member</b>	<b>Diviam Aahar</b> Private Limited
<b>Query from Member</b>	We deal in kalanamak rice in india. Recently we have got an order for export to El Salvador, so we want to know what all documents are required for export of goods (rice).
<b>Response by Grant Thornton</b>	Please find below list of documents required for export of goods: <ul style="list-style-type: none"> <li>- Copy of Tax invoice;</li> <li>- Copy of bill of lading or airway bill;</li> <li>- Copy of Shipping bill</li> <li>- Copy of Insurance documents, if shipments are sent CIF;</li> <li>- Copy of Packing list;</li> <li>- Copy of Certificate of Origin (COO)</li> <li>- Copy of Export license</li> <li>- Any other (as specified)</li> </ul>

<b>S.No. 104</b>	
<b>Details of EPCES Member</b>	<b>Rajanikanth K N</b> Manager Logistics, Dcx Systems Limited
<b>Query from Member</b>	Is job work is allowed to EOU Unit from SEZ Unit, kindly advise.
<b>Response by Grant Thornton</b>	Special Economic Zone (SEZ) units are allowed to undertake sub-contracting for Domestic Tariff Area (DTA)/ Export Oriented Units, subject to certain conditions as laid down in Rule 43 of the SEZ Rules 2006.

<b>S.No. 105</b>	
<b>Details of EPCES Member</b>	<b>Sashi Varma, B.Sc:</b> FCMA, Finance Manager, XO Pack Private Limited
<b>Query from Member</b>	Ours is a manufacturing unit operating from Cochin Special Economic Zone. We intend to participate in an exhibition which will be conducted at kaloorinternational stadium in September. We also intend to exhibit our products there. In this connection, please clarify the following: <ol style="list-style-type: none"> <li>1. Procedure for taking goods out of the Zone for this purpose.</li> <li>2. Whether our company is exempted from payment of IGST on the exhibition bill raised on us</li> </ol>
<b>Response by Grant Thornton</b>	As per rule 50(1)(b) of SEZ Rules 2006, SEZ units may temporarily remove goods to the Domestic Tariff Area without payment of applicable duty and taxes for the purpose of display/exhibition. <ol style="list-style-type: none"> <li>1. Rule 51 of said rules prescribes the procedure to be followed for temporary removal of such goods. The unit may remove said goods under the cover of pre-authenticated temporary removal challans and obtaining prior approval of Specified Officer (SO) of the Zone.</li> </ol>



	2. Further, on conjoint reading of Section 16 of IGST Act 2017 and Rule 30 of SEZ Rules 2006, it is clarified that goods/services procured by SEZ units for its authorized operations are defined under definition of zero rated supplies. Accordingly, the benefit of zero rated supplies shall be allowed to SEZ units.
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<b>S.No. 106</b>	
<b>Details of EPCES Member</b>	<b>Krishna Murari Ishwar</b> Shreemahaveer Home Decor Pvt. Ltd.
<b>Query from Member</b>	I would like to check with you can we do the job work for other exporters.
<b>Response by Grant Thornton</b>	Special Economic Zone (SEZ) units are allowed to undertake sub-contracting for Domestic Tariff Area (DTA) units subject to certain conditions as laid down in Rule 43 of the SEZ Rules 2006.

<b>S.No. 107</b>	
<b>Details of EPCES Member</b>	Squadron Leader Vijay Kumar Jadhav, Program Manager – IT OPEX & Digital Enablement, Eaton India Innovation
<b>Query from Member</b>	<p>In furtherance of query dated 20 &amp; 24 July 23 and further with reference to the discussions with Ms. Shyamali Banerjee; Regional Director, SEEPZ on 24 Jul 2023 at 14:59 hrs (IST) I found following article which list out few barriers in exercising Rule 49 of SEZ Rules 2006.</p> <p>SEZ: Submission requesting for clarification on debonding of secondhand IT assets from SEZ to DTA   NASSCOM   The Official Community of Indian IT Industry</p> <p>Sharing the same for suggesting in the process for successful implementation of the change. We are likely to accumulate few assets which would required to be disposed off soon. In absence of clarity we would have no option but to again scrap it as e-waste. Request if you could help us for making a change and introduce a process for providing these laptops to our employees as the same would help in extending the usability of the asset. The initiative is not with any commercial interest but in order to have a sense of belongingness we would intend to charge a depreciated value (the value which is provided by the scrap vendor) of the asset to the employee.</p> <p>Request your assistance to understand if the same can be done within the existing provisions or help to drive the initiative for two reasons:</p> <p>Sustainability: This initiative would be an icebreaker and would be a great step towards sustainability as not only we as Eaton would be able to facilitate and reduce the amount of E-waste but also the other organizations operating in SEZ would be able to adopt the same and reduce the e-waste.</p> <p>Avoiding Foreign Imports: Further it has a fair opportunity towards reduction of imports of laptops for home as the domestic demand of employees working in SEZ would be satisfied by getting this provision in place.</p> <p>Towards protecting the IT security and other breaches we would always be removing the storage device (like Hard disk: Destroying the same), the licenses and the employee would be using the asset with new hard disk and the operating system at his own arrangement.</p> <p>Looking forward to make successful change for reducing some amount of E-waste landing in landfills despite of being fit for domestic/home use.</p>

<b>Response by Grant Thornton</b>	<p>Reply by GT team: As per Rule 49 of the SEZ Rules 2006, de-bonding of IT assets is permissible by the Company.</p> <p>As per the aforementioned rule, laptops used by company employees may be de-bonded from the SEZ premises. However, it is essential to note that this de-bonding process is subject to the condition that the identity of the goods is established to the satisfaction of the Specified Officer.</p> <p>Further, would request you to kindly let us know in case you are facing any specific issue/communication from SO in relation to above said clearance.</p> <p>Reply by DG Sir: There are problems with the sale of used laptops from SEZs to DTA even on payment of applicable duty. The matter has been taken up with D/o Commerce as attached.</p> <p>Let's await Government decision/clarification. DGFT/D/o Commerce have been reminded.</p>
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<b>S.No. 108</b>	
<b>Details of EPCES Member</b>	<b>Kalyani RD</b>
<b>Query from Member</b>	Our query is as we are having green card (No-2780/MEPZ) from 2014 till 2024 does we need to take bond for Indian customs. Kindly check and confirm
<b>Response by Grant Thornton</b>	General Bond (Surety/Security) is required to be executed by Export Oriented Units irrespective of holding a green card.

<b>S.No. 109</b>	
<b>Details of EPCES Member</b>	<b>Kishor Gawade</b> Deputy General Manager-Exim, Sigma Electric Manufacturing Corporation Pvt Ltd.
<b>Query from Member</b>	In furtherance with query dated 28th July 23, if you can also provide us public notice or circular issued by Development Commissioner Noida (being our SEZ unit is located at Mahindra World City – Jaipur, which is falling under their jurisdiction).
<b>Response by Grant Thornton</b>	<p>We would like to bring to your attention that the Jurisdictional DC office is the appropriate authority to inquire about policy and guidelines concerning cost recovery charges and merchant overtime policy. These matters fall under the purview of the Jurisdictional DC office, and they can provide you with the necessary information and clarification.</p> <p>Additionally, we would like to highlight that all relevant circulars and communications pertaining to these matters are available at the NSEZ. Therefore, for any updates or official documents related to cost recovery charges and merchant overtime policy, you may refer to the NSEZ.</p>

<b>S.No. 110</b>	
<b>Details of EPCES Member</b>	<b>Rajesh Sankaran</b> AVP- EXIM, Dorf Ketal Chemicals (I) Pvt. Ltd.
<b>Query from Member</b>	In response to below query, our query is if the import consignment related to SEZ unit is arriving. Before arrival of the vessel we realised that due to some technical issue at plant we could not consume the earlier material. Hence there is no space available inside our SEZ unit to keep this import item. Under that circumstances, since we are having DTA unit

	also under same IEC, can we do the high sea sale in the DTA unit address and keep the item in Bonded Warehouse since we will not be able to store the SEZ unit material outside SEZ unit.
<b>Response by Grant Thornton</b>	As per Circular No. 3/1/2018-IGST, said High sea sale may be executed between the both units. Further, an application for seeking said transaction is required to be submitted with Deputy/ Assistant Commissioner in-charge, along with a copy of supporting documents as highlighted in public notice 14/2014 dt 26/09/2014. On successful verification of documents and genuineness of the said transaction authorities may permit said high sea sales.

<b>S.No. 111</b>	
<b>Details of EPCES Member</b>	<b>Rajesh Sankaran</b> AVP- EXIM, Dorf Ketel Chemicals (I) Pvt. Ltd.
<b>Query from Member</b>	We are manufactures and exporters of speciality chemicals from India. We are having unit in DTA as well as Adani Mundra SEZ and Dahej SEZ. We are having only one IEC number for both the units. No separate IEC. We are importing lot of liquid and solid Raw material for our SEZ and DTA units. In our SEZ unit, there is space constrain, hence we could not keep entire imported material inside SEZ sometimes. AS per rule if the consignment is in the name of SEZ unit we can't keep the material outside the unit even in Custom bonded warehouse.  Due to space constrain at SEZ plant, we are force to keep the material in the bonded warehouse for some time. In that case, can we do High Sea Sale in the address of DTA unit. Is it possible since both the units are situated under one IEC.  Pls advise. Also share any other option is there to handle this kind of situation.
<b>Response by Grant Thornton</b>	As per Circular No. 3/1/2018-IGST, DTA unit may clear custom bonded warehoused goods for home consumption on payment of applicable duties and taxes.

<b>S.No. 112</b>	
<b>Details of EPCES Member</b>	Query received through WhatsApp
<b>Query from Member</b>	Can you please confirm if one can use SHIS (Status Holder Incentive Scrip) in case of Project Imports. The Buyer is obviously a Manufacturer and Status Holder and is importing Capital Goods as such. to take bond for Indian customs. Kindly check and confirm
<b>Response by Grant Thornton</b>	No, considering the SHIS were discontinued vide FTP 2015-20 utilizing them now may be questioned by custom authorities.

<b>S.No. 113</b>	
<b>Details of EPCES Member</b>	<b>Kishor Gawade</b> Deputy General Manager-Exim, Sigma Electric Manufacturing Corporation Pvt Ltd.
<b>Query from Member</b>	We, Sigma Electric Manufacturing Corporation Pvt Ltd. Located at Mahindra World City – Special Economic Zone (SEZ) – Jaipur. We are in the manufacture and export of “Electric Wiring Accessories & Parts other of”, made of Iron & Steel, manufactured by “Die Casting” process. We would like to know the process of availing services of Customs officers on Govt. Holiday's i.e., Saturday/Sunday & other Govt Holidays on which our factory is working. We follow KANBAN way of procuring raw material and maintaining minimum stock at

	<p>factory at any given time. So, we need customs service 24/7 for inward &amp; outward of goods including goods send for job-work in DTA. Kindly provide us</p> <ol style="list-style-type: none"> <li>1. Latest provision in law for appointing officer on “Cost Recovery Basis” &amp; “on payment of MOT Charges” for SEZ units.</li> <li>2. Detailed process appointing officer on “Cost Recovery Basis” &amp; on payment of MOT Charges.</li> <li>3. What will be charges in both cases and Method of payment of charges</li> <li>4. To whom we have to approach for such appointment .</li> <li>5. Any other input / clarification regarding the subject.</li> </ol>
<b>Response by Grant Thornton</b>	<p>The Jurisdictional DC office is the appropriate authority to inquire about policy and guidelines concerning cost recovery charges and merchant overtime policy. These matters fall under the purview of the Jurisdictional DC office, and they can provide you with the necessary information and clarification.</p> <p>Additionally, we would like to highlight that all relevant circulars and communications pertaining to these matters are available at the NSEZ. Therefore, for any updates or official documents related to cost recovery charges and merchant overtime policy, you may refer to the NSEZ.</p>

<b>S.No. 114</b>	
<b>Details of EPCES Member</b>	<p><b>Ramachandran</b> Kwik Patch Private Limited</p>
<b>Query from Member</b>	Can we, being DTA supplier (Raw material) claim Deemed export drawback. What is the procedure and required documents and where to claim, Regional authority or DC , MEPZ.
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. Supplies made from DTA to EOU units as deemed exports may be eligible for drawback entitlements under chapter 7 of FTP.</li> <li>2. In relation to refund of drawback the supplier may file the application through ANF-7A with RA of DGFT along with supporting documents listed in the said form.</li> </ol>

<b>S.No. 115</b>	
<b>Details of EPCES Member</b>	<p><b>Namdeo Shelke</b> Schmalz India Pvt Ltd</p>
<b>Query from Member</b>	In relation to query dated 31 May 2023, we are currently in the process of documentation part for re-export of the moulds – on permanent basis. The moulds will not come back to India. Some of the moulds are 10 years old and some of them are 4 to 5 years. For the documentation purpose we have considered the import invoice value / BOE Value. But now our German counterpart is asking to put the depreciated value of the moulds for re-export purpose. Could you advise on this issue and how to solve this value issue ? Can we put the original value as per invoice / BOE and depreciated value in the same invoice ? If yes, then GR waiver will be required on import invoice value or depreciated value as on today.
<b>Response by Grant Thornton</b>	<p>From a documentation perspective the Company may incorporate both values on face of invoice. Further, please note that as per para 4 of Notification No. FEMA 23/2000- RB dated 3 May 2000, requirement of GR waiver are exempted for goods imported free of cost on re-export basis.</p> <p>Please note that a view contrary to above by the respective authorities cannot be ruled out.</p>

<b>S.No. 116</b>	
<b>Details of EPCES Member</b>	<b>Vaibhav Mehta</b> Manager-Accounts, Shilp House
<b>Query from Member</b>	<p>Currently we are developing two projects, one in the non-processing area of GIFT SEZ (Residential Project) and another in the processing area of GIFT SEZ (Incubation Structure). We had applied for a GST number as SEZ developer when we had started our project located at Non processing area, now we are going to start our incubation structure project which is located at processing area of Gift SEZ. We want clarification on below mentioned queries.</p> <ol style="list-style-type: none"> <li>1. Can we do both projects under one SEZ GST Number? One is located in the non-processing area of GIFT SEZ which has no GST benefits and second is located in the processing area of GIFT SEZ which has full exemption of GST.</li> <li>2. In case of Incubation Structure Project which is located in processing area of GIFT SEZ. After completion of construction, we will sublease the same to actual user, in that case for billing of lease invoice we need to register under GST as SEZ Unit Holder.</li> </ol>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. Considering the given requirement of SEZ developer, the SEZ developer may obtain two separate registrations for processing and non-processing area. The rationale behind this separation is to manage and monitor the specific incentives and benefits applicable to each area separately. This allows for better compliance and facilitation of the respective business needs within the SEZ.</li> <li>2. The SEZ developer may issue a lease/rent invoice to the SEZ unit for using premises provided by the developer. This invoice represents the rental or lease payment for the use of the premises within the SEZ. Further, obtaining registration as a unit holder is not warranted in this regard.</li> </ol>
<b>S.No. 117</b>	
<b>Details of EPCES Member</b>	<b>Sreemagal. R</b>
<b>Query from Member</b>	<p>The place of supply for location of a immovable property would be the place where such property is located. In such case,if a registered person who is located in Tamilnadu avails the accommodation service in Kerala,the place of supply would be Kerala and consequently CGST and SGST will be charged. In GSTR-2B,this credit is restricted since POS and supplier state are same but recipient state is different. However there is no specific restriction in the GST ACT. Kindly let me know can we avail the GST credit on such short term accommodation service for the cases where POS and supplier state are same but recipient state is different.If answer is "No",kindly let us know the respective provisions/rules which attracts such restriction.</p>
<b>Response by Grant Thornton</b>	<p>As per Section 2 of the SGST Act, 2017. (62) “input tax” in relation to a registered person, means the Central tax, State Tax, integrated tax or Union Territory tax charged on any supply of goods or services or both (63) “input tax credit” means the credit of input tax; (104) “State tax” means the tax levied under this Act;</p> <p>Accordingly, the term “State Tax” for the purpose of availing input tax credit, will not include State Tax in respect of other State (where the recipient of supply is not registered) and therefore a registered person cannot avail the credit of SGST of another State.</p>



<b>S.No. 118</b>	
<b>Details of EPCES Member</b>	<b>Sushma Gupta</b> Team Compliance, Yash Technologies Private Limited
<b>Query from Member</b>	Please clarify if IT SEZ Unit are having any exemption from Central Pollution Control Board provisions. Further we are planning to have Water Boring in our SEZ Premise (exclusive use for gardening and personal use purpose) , whether we need to apply for permission from Pollution Control Board before boring.
<b>Response by Grant Thornton</b>	EPCES have taken up the captioned issue of Extended Producer Responsibility (EPR) registration with the Central Pollution Control Board (CPCB).  In the said discussion, it was clarified that SEZ units and EOUs are exempted only from Rule 4. However, they are not exempted from other provisions related to EPR, and therefore, they are required to comply with EPR registration as per the rules and guidelines issued thereunder. A formal communication in this regard is yet to be received by EPCES. Hence, it's important for SEZ units and EOUs to adhere to the specific requirements related to EPR registration to ensure compliance with the environmental regulations and guidelines set forth by the authorities. Further, to seek permission from CPCB regarding water boring within the premises or any other subject-specific matter, we recommend visiting their official website or portal directly. Wherein you should be able to find relevant contact information, application procedures, and guidelines for obtaining such requests.

<b>S.No. 119</b>	
<b>Details of EPCES Member</b>	<b>Jayesh Mistry</b> Infy Jewels
<b>Query from Member</b>	I would like to draw your attention to the list of approved services issued by SEEPZ DC Office, the list of services which can be availed by units in SEEPZ without payment of GST. The list excludes Life Insurance Services, normally companies have a policy to insure key members of their company, so as to retain them, one such policy is Keyman Policy. Insurance Companies have denied providing exemption on such policies as Life Insurance Services are not listed in Approved Services. We request you to take up the matter with our DC Office for inclusion of Life Insurance Services in the list of approved services. As the same is a business expense and required to retain talented staff. Units in SEEPZ SEZ should also be able to avail exemption on goods and or services which can be claimed as a Business expense by Units in DTA.
<b>Response by Grant Thornton</b>	To accommodate such unique requirements, SEZ units may seek additional approval from the Development Commissioner's (DC) office. By obtaining this approval, the SEZ unit can procure the specific services necessary for its authorized operations, even if those services are not listed in the uniform list.

<b>S.No. 120</b>	
<b>Details of EPCES Member</b>	<b>Kalyani RD</b>
<b>Query from Member</b>	We are in SEZ and export material to Maldives through Merchandise Exporter. Is this will be consider as Export for NFE for SEZ. Merchandiser Export is explaining 0.1% tax on can be charged. kindly clarify”

<b>Response by Grant Thornton</b>	As per Rule 46 of SEZ Rules 2006, SEZ units may export goods through merchant exporters and the same shall be considered for NFE computation.
<b>S.No. 121</b>	
<b>Details of EPCES Member</b>	<b>Sreemagal. R</b>
<b>Query from Member</b>	<p>Whether SEZ unit/Developer are eligible to procure to Outdoor caterer services without GST? In the approved uniform List of 66 services, one of the services is being outdoor caterer services, which is classified as per Service Tax. The definition of outdoor caterer service as per Service Tax is given below “Outdoor caterer” means a caterer engaged in providing services in connection with catering at a place other than his own but including a place provided by way of tenancy or otherwise by the person receiving such services. However, as per the notification 20/2019-CGST Rate, “Outdoor catering” means supply, by way of or as part of any service, of goods, being food or any other article for human consumption or any drink, at Exhibition Halls, Events, Conferences, Marriage Halls and other outdoor or indoor functions that are event based and occasional in nature.</p> <p>Hence as per GST rate notification, outdoor catering is meant only for event or occasion based transactions and does not include the outdoor caterer service procured by companies on contractual basis. In Explanatory Notes to the Scheme of Classification of Services, the SAC code for “Other contract food services” is 996337. Kindly let me know whether the service covered under this SAC can be procured at 0% by SEZ companies.</p>
<b>Response by Grant Thornton</b>	As per notification 20/2019 CGST Rate the definition of outdoor catering specifically applies to event-based transactions, that are occasional in nature. This definition does not cover regular catering services provided to Company employees. Consequently, the contractual food catering services availed by SEZ units for their employees will not be eligible for IGST exemption, as they do not form part of the authorized operations. Therefore, these services will be subject to the respective applicable GST.
<b>S.No. 122</b>	
<b>Details of EPCES Member</b>	<b>Sreemagal. R</b>
<b>Query from Member</b>	<p>Whether SEZ unit/Developer are eligible to procure to Membership subscription services without GST? As per Service Tax, Membership subscription is covered under the service “Club’s or Association’s Membership Services” and such service is not covered under the approved uniform list of 66 services.</p> <p>Further, SAC in GST is based on Explanatory Notes to the Scheme of Classification of Services whereas the approved list of 66 services is based on service tax. Hence, kindly let us know the eligibility to procure club/membership services at GST-0% by SEZ units/developer.</p>
<b>Response by Grant Thornton</b>	Club or Association membership subscriptions are not forming part of the uniform list of services. Hence, SEZ units are not entitled to claim GST benefit on such procurements. Further, SEZ units may obtain an additional approval from the DC office for such procurements not forming part of the uniform list of services and are directly associated with the authorized operations of the unit.

<b>S.No. 123</b>	
<b>Details of EPCES Member</b>	<b>Roy Mathew</b> Metro Industries, Industrial Area Edayar
<b>Query from Member</b>	We are a scrap dealer of HLL Lifecare CSEZ Kochi. The purchase bills from HLL for last 3 months do not reflect in GSTR 2B, we have paid GST amount to HLL. But we couldn't adjust input tax of these bills. Can you please tell us a solution for this?
<b>Response by Grant Thornton</b>	We recommend that you get in touch with HLL Lifecare to inquire whether the said monthly invoices have been duly reported by them in the corresponding monthly GSTR-1 returns. This will ensure the accurate and timely reflection of data in your GSTR-2B statement.
<b>S.No. 124</b>	
<b>Details of EPCES Member</b>	<b>Naveen Kainth</b> AGM – Commercial & Logistics, IDEMIA Syscom India Pvt. Ltd,
<b>Query from Member</b>	In response to the below query, please clarify if there are any restrictions to import in DTA unit ( same name) if we have SEZ unit.
<b>Response by Grant Thornton</b>	When a DTA unit files a bill of entry for the clearance of goods, the GSTIN mentioned on the bill of entry will pertain to that specific DTA unit. Even if there are multiple units that share the same name or have the same PAN. Therefore, there should be no restriction or issue when a DTA unit uses its own unique GSTIN on filing a bill of entry for home consumption.
<b>S.No. 125</b>	
<b>Details of EPCES Member</b>	<b>Naveen Kainth</b> AGM – Commercial & Logistics, IDEMIA Syscom India Pvt. Ltd,
<b>Query from Member</b>	We have a supplier in Germany who is not having License to send the shipment in our SEZ unit.  1) Can we import the shipment in our another unit (in same name)/Head office ? 2) Is there any restriction to import in our DTA unit if we have a SEZ unit ?
<b>Response by Grant Thornton</b>	Goods imported by a DTA /other than SEZ unit are required to be cleared under cover of bill of entry for home consumption on payment of applicable duties and taxes.
<b>S.No. 126</b>	
<b>Details of EPCES Member</b>	<b>RaghavJhunhunwala</b> Director, Aarshi Overseas Private Limited
<b>Query from Member</b>	Please find below the facts of the case and advice if the same is allowed as per SEZ rules: -- Company A(DTA company) imported the goods and stored the same in an FTWZ unit. -- Company A wants to sell the goods to Company B(DTA company) but wants the goods to be stored by the same FTWZ unit. Thus there is no movement of goods but only transfer of stock from company A to company B within the same FTWZ unit.  1. Is the above transfer of goods allowed? 2. What is the applicability of customs and GST? 3. What are the documents to be prepared? 4. How is the entry to be recorded in SEZONLINE portal?

<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. Yes, said transfer of ownership of goods from one DTA unit to another DTA unit is allowed.</li> <li>2. Since the goods are not being removed out of the FTWZ, there would be no applicability of customs duties. However, GST would be applicable on the supply of goods from one DTA unit to another DTA unit. Since, transfer of ownership it is treated as a taxable supply under GST and appropriate GST rates would apply on such transaction.</li> <li>3. Tax invoice would be required for the said transfer of goods.</li> <li>4. There is no specific module on SEZ online portal for reporting a change of client. However, the FTWZ unit is required to intimate the customs authorities about the change in ownership of the goods.</li> </ol>
<b>S.No. 127</b>	
<b>Details of EPCES Member</b>	<b>Anjali Shirole</b> (Sr. Executive-Corporate Accounts), BST eltromat India Pvt. Ltd.
<b>Query from Member</b>	<p>We have registered office at Mumbai – Andheri, Factory at Anand Gujarat and we also have Unit at FTWZ – ArshiyaInternational , Sai Village, Raigad, FTWZ. We have taken GST numbers at all places. Recently we have received Audit Notice for our FTWZ Unit form Sanpada GST Dept. Located at KokanBhavan- CBD Belapur. The respected officer has now suggested us to amend GST registration of FTWZ and change the principal place of business of our FTWZ unit from Sai Village Raigad to Mumbai -Andheri and subsequently, register FTWZ Unit as additional place of business as books of accounts are not maintained at FTWZ Unit. We seek your advice &amp; guidance in this matter, whether we should go ahead with amendment as suggested by Officer. We wish to know if GST rules governing FTWZ permit the same.</p>
<b>Response by Grant Thornton</b>	<p>As per provision of Section 25(1) of the CGST Act, 2017, a separate registration is required for any unit located in a SEZ. Furthermore, the SEZ Act, 2005, specifically defines a SEZ to include Free Trade and Warehousing Zone (FTWZ). As a result, it is mandatory for an FTWZ to obtain a separate GST registration.</p> <p>Moreover, Section 35 of the CGST Act, 2017, states that every registered person must maintain proper books and records at their principal place of business, which in this case would be the location registered for GST purposes. Therefore, it is advisable to maintain the books and records within the FTWZ itself.</p> <p>Please note that a view contrary to above by the respective authorities cannot be ruled out.</p>
<b>S.No. 128</b>	
<b>Details of EPCES Member</b>	<b>Anshul A Srivastava</b> Sr Manager - Tax - Global Logic
<b>Query from Member</b>	<p>We have applied for permission for stock transfer of our laptops from SEZ to DTA units on payment of applicable duties on the depreciated value. The Custom field formation is not allowing the same on the basis of the interpretation that DTA sale of the goods is treated as import and attracts foreign trade policy and as per para 2.31 of FTP, Second hand goods are not allowed to be imported.</p> <p>We want to make a representation that sale/ donation to NGOs/ stock transfer of the used laptops does not attract Foreign trade policy and so it should be allowed on the payment of</p>

	<p>applicable duties on the depreciated value. Please find below our submission in this regard:</p> <ol style="list-style-type: none"> <li>1. As per Section 2(o) the definition of import means bringing goods or receiving services in a SEZ by a unit of Developer from a place outside India or from another SEZ. The above definition is very clear and nowhere it defines that DTA sale is also an "import".</li> <li>2. Rule 47(1) (a) and (b) talks about the applicability of FTP on the goods manufactured by the unit and for the goods imported or procured from the DTA and sold as such without being subjected to any manufacturing process.</li> </ol> <p>From the above, it is important to note that the "goods used" in the manufacturing process when removed into the DTA are not falling under the above category and so the provisions of FTP should not apply on these used goods. Since laptops have been utilized in the development of IT services and are technically obsolete/ rejected / waste items for us but may be used by the NGOs or by our company in DTA for any other project which requires less efficient / low end laptops.</p> <ol style="list-style-type: none"> <li>3. The proviso clause of Rule 47(b) allows the rejects or scrap or waste arising during the manufacturing process shall not be subject to the provision of ITCES of classification of Export and Import that means that the FTP shall not be applicable on these products.</li> <li>4. The removal of such old laptops in DTA are having different practices in different places. In some of the places, the same is being allowed whereas in some places, the permission for removal is denied (verbally) based on incorrect interpretation of FTP.</li> </ol> <p>In view of above, we request you to provide clarity on this so that uniform practices may be adopted.</p>
<b>Response by Grant Thornton</b>	DG Sir has highlighted the concern in his last meeting with the Additional Secretary (SEZ Division). Hence, the Department of Commerce may release a clarification regarding the said issue shortly.
<b>S.No. 129</b>	
<b>Details of EPCES Member</b>	<b>Sudhakar Kandula</b>
<b>Query from Member</b>	We are unit holder in ftwz, we are getting some order from russia in india rupees. kindly advice can we export in rs from ftwz and what documents required.
<b>Response by Grant Thornton</b>	<p>From the IDT perspective both SEZ (FTWZ) and GST laws do not restrict an FTWZ unit from raising an invoice and receiving the remittance in INR for goods exported. Also, there is no specific condition under the definition of export of goods wherein remittance is mandatorily required to be received in convertible foreign exchange. Further, the unit may revisit any such restriction laid under FEMA and its guidelines.</p> <p>However, being an FTWZ unit it is also pertinent to note that the said remittance received in INR would not form part of NFE earned by the unit.</p> <p>Further, the documents required in this regard would be similar to normal export of goods.</p>
<b>S.No. 130</b>	
<b>Details of EPCES Member</b>	<b>Vikram JN</b> Assistant Manager   British Engines India
<b>Query from Member</b>	While making E way bill for job work outward, do we need choose tax rate and tax amount in the E way bill or choose zero rate and zero tax amount as it is not a supply. Do we need to



	mention tax rate and tax amount in the DC. Further, while making E way bill for job work return material, do job worker need choose tax rate and tax amount in the E way bill. Do job worker need to mention tax rate and tax amount in their DC.
<b>Response by Grant Thornton</b>	As per rule 55 of CGST Rules 2017, there is no requirement to include the GST rate and GST value on the copy of delivery challan or e-way bill generated for job work and job work return transactions
<b>S.No. 131</b>	
<b>Details of EPCES Member</b>	<b>Balasubramanyan T</b> Larsen & Toubro Limited
<b>Query from Member</b>	In furtherance to below response, please provide the duty Implications for the CTH 72044900 (for sale in Domestic market & export out of India)
<b>Response by Grant Thornton</b>	As per The Second Schedule - Export Tariff - Customs Tariff Act 1975, a 20% export duty is applicable to commodities falling under Chapter 7204.
<b>S.No. 132</b>	
<b>Details of EPCES Member</b>	<b>Balasubramanyan T</b> Larsen & Toubro Limited
<b>Query from Member</b>	HSN Code and duty implications for the Export of Steel Scrap.
<b>Response by Grant Thornton</b>	Classification of any goods is an important task and can be done by a person having complete details, use and understanding of the product. Hence, it is recommended that the company shall assess the nature of scrap and accordingly may categorize the same under relevant HSN of either chapter 26 or 72 respectively.
<b>S.No. 133</b>	
<b>Details of EPCES Member</b>	<b>Vikram JN</b> Assistant Manager   British Engines India
<b>Query from Member</b>	What is the GST rates for job work for engineering goods : HSN code 9988 / 998860. No material are added by job worker. – machining/ pre machining/ grinding/cutting. Further, What is the rate of GST if material are added by jobworker for example painting.
<b>Response by Grant Thornton</b>	The GST rate for HSN 9988 pertaining to job work services is 12% (no specific bifurcation provided if job worker is adding material or not).
<b>S.No. 134</b>	
<b>Details of EPCES Member</b>	<b>Sharad Bhat</b> Manager – Finance and Accounts, Empire Tower (Reliable Tech Park)
<b>Query from Member</b>	<ol style="list-style-type: none"> <li>1. For services provided to SEZ units, is there any system or mechanism of approved list of services in GST regime as it was there during the Service Tax regime?</li> <li>2. Also, officers of few SEZs are giving endorsement on the Tax Invoices for procurement of “ZERO”% GST, where as for similar procurements, officers from few different SEZs have different stand &amp; do not give endorsement for such Tax Invoices (Eg. Printing &amp; stationery or consumables etc). Is there any clarification or guideline on this</li> </ol>

	3. Getting Invoices endorsed is requirement whether of GST law or Customs- SEZ Law?
<b>Response by Grant Thornton</b>	<p>1. Please find enclosed herewith the default list of services as approved by Department of Commerce.</p> <p>2. There is no specific guideline/clarification highlighting nature of goods eligible/not-eligible for endorsement.</p> <p>3. Kindly refer Rule 30 of SEZ Rules, 2006.</p>
<b>S.No. 135</b>	
<b>Details of EPCES Member</b>	<b>Sharad Bhat</b> Manager – Finance and Accounts, Empire Tower (Reliable Tech Park)
<b>Query from Member</b>	<p>If any organisation is having SEZ as well as STPI units &amp; that organisation is taking/ hiring any input services which is common for SEZ as well as for STPI location. In that case, if that vendor is raising a common tax invoice for the services, on SEZ location which is with “0”% IGST (Input Service) for the common services, which subsequently will get endorsed from the SEZ/ customs authorities. Subsequently, Can the SEZ unit raise the invoice on the STPI location for its share in that common services. If Yes, whether with charging GST OR without charging GST.</p> <p>What should be the course of action of the entity while taking common invoices from the service provider/ vendor? What will be repercussions if any? Is there any better way to deal such type of transactions?</p>
<b>Response by Grant Thornton</b>	Under the GST and SEZ laws in India, SEZ units are treated as separate entities from other units. It is generally recommended to avoid procuring common services between SEZ and STPI units. However, if any such common services are procured by a SEZ unit, the SEZ unit is required to raise a tax invoice to the STPI unit with applicable IGST. Accordingly, STPI unit may avail the credit of said IGST charged by the SEZ unit.
<b>S.No. 136</b>	
<b>Details of EPCES Member</b>	<b>Chandru Ramachandran</b> Authorized Representative, Kanishka Granites
<b>Query from Member</b>	In reference to the below query, please clarify once again whether the IGST, paid under reversal of duties/taxes by EOU for clearance of goods in DTA, is not allowable for ITC. In the normal course, the IGST paid for import clearance is allowable for ITC and in such a case, I believe that the reversal of such duty also should be in line with the same.
<b>Response by Grant Thornton</b>	ITC is available for GST paid on inward supplies subject to certain conditions. In the instant case EOU is reversing or paying GST on outward supply. ITC can be availed by the recipient.
<b>S.No. 137</b>	
<b>Details of EPCES Member</b>	<b>Chandru Ramachandran</b> Authorized Representative, Kanishka Granites
<b>Query from Member</b>	<p>Clarification is required on the following points:</p> <p>1. What is the time line for reversal/payment of duties &amp; taxes for clearance of goods in DTA by EOU (whether it has to be remitted prior to the clearance of goods or the subsequent month)</p>

	<ol style="list-style-type: none"> <li>Whether duties &amp; taxes, denotes both BCD &amp; IGST waived at the time of import</li> <li>Whether the percentage of duties &amp; taxes for reversal has to be taken at the time of original import of the input or while clearing the goods in DTA.</li> <li>Whether the reversal of duties &amp; taxes indicates both BCD as well IGST.</li> <li>If IGST also is to be reversed, can the assessee is eligible for ITC.</li> </ol>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>Prior to clearance of goods.</li> <li>Yes BCD and IGST waived at the time of import are required to be paid.</li> <li>Original import duty rate to be considered.</li> <li>Yes, BCD and IGST waived at the time of import are required to be paid.</li> <li>IGST is required to be paid as IGST liability by the unit at the time of removal of goods, no ITC available to the EOU unit. Further, IGST paid may be availed by DTA unit as ITC.</li> </ol>
<b>S.No. 138</b>	
<b>Details of EPCES Member</b>	<b>Jatin Kothari</b> Morgan Stanley   Finance
<b>Query from Member</b>	Relevant rule/regulation/section which covers MPR filing. Would you mind providing some details of that
<b>Response by Grant Thornton</b>	There is no specific set of rules/guidelines available pertaining to MPR. Online filing of said monthly report is only available on SEZ online portal.
<b>S.No. 139</b>	
<b>Details of EPCES Member</b>	<b>Karthika R</b>
<b>Query from Member</b>	SEZ developer constructed a hospital building in their non-processing area and had obtained an approval from MEPZ for the dual use of infrastructure in non-processing area. The hospital building will be let out to a third party who will run the hospital business. Clarification required on - (1) The type of tax ie IGST or C/SGST to be charged on procurement of goods and services by the hospital service provider (2) Also on the supply of goods and services to the public by the hospital.
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>Since the proposed hospital is located in a Special Economic Zone (SEZ) area, even though it is a non-processing area. As per Section 7(5) of the Integrated Goods and Services Tax (IGST) Act 2017, supplies made to or by an SEZ unit are treated as inter-state supplies. Therefore, IGST would be applicable in this case.</li> <li>Further, it is important to note that healthcare services provided by clinical establishments are exempt from GST.</li> </ol>
<b>S.No. 140</b>	
<b>Details of EPCES Member</b>	<b>Venkat Pitani</b> General Manager Commodities Trading
<b>Query from Member</b>	M/s Commodities Trading is a Service provider of Warehousing Services based in Kandla SEZ. We warehouse goods on behalf of our DTA / Overseas Clients. One of our DTA

	<p>M/s Commodities Trading is a Service provider of Warehousing Services based in Kandla SEZ. We warehouse goods on behalf of our DTA / Overseas Clients. One of our DTA Client had warehoused its R G Triplex Plunger Pump worth Rs 8,51,025/- used for Oil Exploration but as it had some technical fault, and hence it was removed on temporary returnable basis within 120 days under Rule 50 (1) (C) for repair and maintenance. Now, the said Pump was not repairable as per manufacturer. Since transportation cost back to Kandla SEZ was high and it was not logical to re warehouse the damaged goods back in sez, customer preferred not to bring back damaged pump physically into sez and instead paid applicable duty + gst on it through TR6 Challan and reference of temporary removal challan was mentioned in TR6 Challan. In this case, DTA Bill of Entry was not filed as physical goods was not available in SEZ as customs could not physically inspect &amp; verify and give out of charge and hence duty was paid vide TR6 Challan giving reference of Temporary Removal Challan as per Rule 50 (1) (C). Now our customer is not getting credit of GST of Rs 1,65,822/- as no bill of entry was filed and duty + gst was paid on temporary challan. There is no specific set of rules/guidelines available pertaining to MPR. Online filing of said monthly report is only available on SEZ online portal.</p>
<b>Response by Grant Thornton</b>	Suggested to discuss the issue with concerned DC/SO and it will surely be settled.
<b>S.No. 141</b>	
<b>Details of EPCES Member</b>	<b>Venkat Pitani</b> General Manager Commodities Trading
<b>Query from Member</b>	<p>In continuation to below query-</p> <ol style="list-style-type: none"> <li>1. How can we file DTA Bill of Entry without physical goods as ksez customs needs to check goods before doing out of charge ? Is there any provision by which it is allowed to file DTA Bill of Entry without physical goods</li> <li>2. Also how can TR6 Challan date be before the bill of entry filing date?</li> </ol> <p>Kindly arrange to suggest DoC to make a proper system in their NSDL software so that such transactions can be given GST input</p>
<b>Response by Grant Thornton</b>	<p>Your query is practical and therefore an appropriate solution was shared. Point is how SEZ Customs has allowed outward movement of goods under the TR-6 challan. If there was incompleteness of documentation then and now this is the way to rectify it.</p> <p>It is suggested that you discuss the entire issue with concerned SO/DC and it will surely be settled.</p>
<b>S.No. 142</b>	
<b>Details of EPCES Member</b>	<b>Venkat Pitani</b> General Manager Commodities Trading
<b>Query from Member</b>	<p>In relation to below query, we temporarily removed bulky goods on behalf of warehousing service client for repairing purpose. After 90 days service center of pump informed customer that bulky goods are not repairable. As transportation cost was a major issue, client chose not to bring back goods in sez and instead pay applicable duty as 30 days were still available. Applicable duty + gst along with interest from date of removal was paid by client without bringing physical bulky goods to sez. Now as goods were not available, we were unable to</p>

	file dta bill of entry and hence only duty + gst was paid referring temporary removal challan Now, please guide us how to claim back GST as GST amount is Rs 165822/-
<b>Response by Grant Thornton</b>	<p>We wish to reiterate that said DTA clearance of goods are required to be undertaken under cover of bill of entry, however instant case goods were already removed under TR6 challan vide payment of applicable duty and taxes, hence unit may use the same payment details while filing bill of entry.</p> <p>Further, the DTA client may claim the ITC of IGST paid under cover of said bill of entry and tax invoice issued in this regard.</p>
<b>S.No. 143</b>	
<b>Details of EPCES Member</b>	<b>Venkat Pitani</b> General Manager Commodities Trading
<b>Query from Member</b>	<p>We are an FTWZ providing Warehousing Services to DTA/Overseas clients. One of our DTA Client (GTC Oilfield Services Ltd) had warehoused its R G Triplex Plunger Pump used for Oil Exploration but due to some technical fault the same was removed on temporary returnable basis SEZ Online challan as per Rule 50 &amp; 51 of SEZ Rules 2006.</p> <p>Subsequently, the manufacturer confirmed that the pump could not be repaired and in order to save transportation cost back to Kandla, the customer preferred not to bring back damaged pump and instead choose to pay the duty on it. We have paid the relevant duty but now our customer is not getting credit of GST paid as no bill of entry was filed and duty + gst was paid on temporary challan. Kindly guide us, how to overcome from this issue ?</p>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>1. If a unit fails to bring back temporarily removed goods (within 120 days or as extended by customs authorities), they are required to pay applicable duty.</li> <li>2. To pay an applicable duty unit needs to file a Bill of Entry and get it assessed. On successful assessment, the unit may proceed to pay the applicable duty through a TR6 challan.</li> <li>3. The DTA unit may avail the ITC basis assessed Bill of Entry.</li> </ol> <p>Further, we understand that the unit has already paid applicable duty and taxes through TR 6 challan and the same may be referred for the payment of duty under Bill of Entry.</p>
<b>S.No. 144</b>	
<b>Details of EPCES Member</b>	<b>Vijay Gujarathi</b> (EOS Power)
<b>Query from Member</b>	<p>We have a project where in the subassembly would be imported from China and we will do the assembling of final product including the placement of the imported subassembly in the locally procured sheet metal shield, assemble it in the plastic housing made in India, do the product marking, final electrical testing, packaging, Can we call it "Made in India" and issue the certificate of origin as India.</p> <p>Product in discussion is "The interconnect modules connect components installed in the device bays to various data center fabrics, enabling the facility to receive, process, and forward data to the destination component. All interconnect modules have the same form factor and are installed in the rear of the frame. Can you Pls. provide any guidance or laid down criteria's for the country-of-Origin India?"</p>



	<p>Further, We are looking at moving some production to India from China as end customer in USA requires the products to be marked as COO India.</p> <p>For doing the production/assembly in India , This product involves importing some sub-assemblies from China and some components developments/procured in India so to certify the product as Made In India or COO India how much maximum % of value materials needs to be Out of India origin and how much % minimum procured from India and % of value addition , I can get it on google but need latest authentic document with example calculations.</p>
<b>Response by Grant Thornton</b>	As long as activity performed by you is qualifying as manufacturing activity then the same should qualify as Made in India.
<b>S.No. 145</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	In reference to the below query, we were trying to input the investment figures in crores where it takes only two decimal points , but since the amount of investment will be low, it would take more than four decimal places. We were coordinating with NSDL officials where they were unable to address this query. Can you confirm whom to contact further.
<b>Response by Grant Thornton</b>	Units are required to report monthly investment details cumulatively in INR crores up to two decimal places. However, in case of small investments, the unit may maintain accurate and detailed record-keeping of the investment information at their end until the cumulative value crosses INR 1 lakh. Once the cumulative value surpasses said value, the unit may begin reporting the investment details from that particular month.
<b>S.No. 146</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	In reference to the below query, we wish to state that we are unable to report the earlier monthly expenses in SEZ online system as there's no provision for the same, We have provided the complete details from inception to till date to Gift Customs. Hope this would suffice or please guide us how to report in SEZ online system.
<b>Response by Grant Thornton</b>	Online filing of MPRs is only allowed for the last 3 months. Further, for MPRs related to periods prior to the last 3 months, SEZ units are required to submit the monthly report in hard copy directly to the AO of the jurisdiction.
<b>S.No. 147</b>	
<b>Details of EPCES Member</b>	<b>Kavitha Kanthan</b> WeRoute Global Fund Solutions Pvt Ltd
<b>Query from Member</b>	<p>We have received the commencement of our business operations authorisation from SEZ authorities from the month of April 23 and we will be submitting our Monthly Progress Reports from Apr 23 till June 23 to Customs.</p> <p>1. Do we need to file this in SEZ online system , if yes could you please provide any guidelines on the same.</p>

	2. Please also confirm whether we need to report our earlier expenses before commencement of authorised operations separately to any regulators'
<b>Response by Grant Thornton</b>	<p>1. In addition to submission of MPR with Customs authorities SEZ units are required to report monthly details online as well on SEZ portal, under the tab "Prepare Monthly Reports". However, there is no specific guideline for the same available on SEZ online portal.</p> <p>2. Expenses undertaken by the unit are required to be reported on SEZ online portal against the corresponding months in which those expenses were incurred, irrespective of the date of commencement of operations.</p>
<b>S.No. 148</b>	
<b>Details of EPCES Member</b>	<b>Jayesh Motwani</b> India LEC Finance   JP Morgan Chase Bank
<b>Query from Member</b>	<p>We have set-up a branch in GIFT City location and commenced our Banking operations dated 29th July 2022 (BLUT Issued on 28-02-2022). Hence as per provisions of the SEZ, we are required to submit APR report with SEZ.</p> <p>We understand from Ministry of Commerce &amp; Industry notification dated 21st November, 2016 (refer attached) that APR due date has been extended to 180 days from close of Financial Year (30th September 2023 for FY 2022-23). Can you please help us with your re-validation on applicable due date for APR submission ?</p>
<b>Response by Grant Thornton</b>	The Annual Performance Report (APR) filing deadline for Special Economic Zone (SEZ) units in India is 30th September of the following year. SEZ units are required to submit their APR to the concerned jurisdictional authorities by said date.
<b>S.No. 149</b>	
<b>Details of EPCES Member</b>	<b>Anshul A Srivastava</b> Sr Manager - Tax (SEZ / STPI compliance), GlobalLogic India Private Limited
<b>Query from Member</b>	<p>We, are an engineering based IT company specialized in design, development and delivery of Computer Software including maintenance, repair, testing, quality assurance. On Pan India basis we have 5 SEZ units, 2 STPI units and 2 non-STPI units with EXPORT turnover in excess of INR 2000 crores.</p> <p>As a part of our business model and execution of projects, we many times receive product samples from our overseas clients on a loan basis (FOC) for software testing and development purposes and these are re-exported back after completion of project.</p> <p>We are seeking an IGCRD certificate from Dy. Commissioner, (EPC cell) Customs Division Pune, GST bhawan, 4th Floor E-Wing, Pune. The ICRD certificate is required as per Customs notification no. 68/2017 dt.30.06.2017 for availing the custom duty exemption benefit available to STPI &amp; EOU units. But we have been refused the above Annexure-III by Pune customs Division on the grounds that the said items are restricted for import in India and require permission from DGFT though no written communication or letter has been provided to us by the concerned officer.</p> <p>The import policy for Televisions are into the restricted category as per DGFT notification no.22/2015-20 dt. 30/07/2020 and requires permission from DGFT.</p>

	<p>However 6.1 (d) of Chapter 6 of foreign trade policy allows import of all goods into STPI/EOU except prohibited items and therefore we feel that no permission is required from DGFT.</p> <p>The Annual Performance Report (APR) filing deadline for Special Economic Zone (SEZ) units in India is 30th September of the following year. SEZ units are required to submit their APR to the concerned jurisdictional authorities by said date.</p>
<b>Response by Grant Thornton</b>	<p>Televisions have been categorized as restricted items as per Notification No. 22/2015-2020 dated 30th July 2020. Consequently, the authorities are seeking permission from the Directorate General of Foreign Trade (DGFT) regarding this matter.</p> <p>Further, as confirmed by DG Sir this issue has been taken up with the concerned authorities for a suitable clarification.</p>
<b>S.No. 148</b>	
<b>Details of EPCES Member</b>	<p><b>Jayesh Motwani</b> India LEC Finance   JP Morgan Chase Bank</p>
<b>Query from Member</b>	<p>We have set-up a branch in GIFT City location and commenced our Banking operations dated 29th July 2022 (BLUT Issued on 28-02-2022). Hence as per provisions of the SEZ, we are required to submit APR report with SEZ.</p> <p>We understand from Ministry of Commerce &amp; Industry notification dated 21st November, 2016 (refer attached) that APR due date has been extended to 180 days from close of Financial Year (30th September 2023 for FY 2022-23). Can you please help us with your re-validation on applicable due date for APR submission ?</p>
<b>Response by Grant Thornton</b>	<p>The Annual Performance Report (APR) filing deadline for Special Economic Zone (SEZ) units in India is 30th September of the following year. SEZ units are required to submit their APR to the concerned jurisdictional authorities by said date.</p>
<b>S.No. 149</b>	
<b>Details of EPCES Member</b>	<p><b>Anshul A Srivastava</b> Sr Manager - Tax (SEZ / STPI compliance), GlobalLogic India Private Limited</p>
<b>Query from Member</b>	<p>We, are an engineering based IT company specialized in design, development and delivery of Computer Software including maintenance, repair, testing, quality assurance. On Pan India basis we have 5 SEZ units, 2 STPI units and 2 non-STPI units with EXPORT turnover in excess of INR 2000 crores.</p> <p>As a part of our business model and execution of projects, we many times receive product samples from our overseas clients on a loan basis (FOC) for software testing and development purposes and these are re-exported back after completion of project.</p> <p>We are seeking an IGCRD certificate from Dy. Commissioner, (EPC cell) Customs Division Pune , GST bhawan, 4th Floor E-Wing, Pune. The ICRD certificate is required as per Customs notification no. 68/2017 dt.30.06.2017 for availing the custom duty exemption benefit available to STPI &amp; EOU units. But we have been refused the above Annexure-III by Pune customs Division on the grounds that the said items are restricted for import in India and require permission from DGFT though no written communication or letter has been provided to us by the concerned officer.</p>

	<p>The import policy for Televisions are into the restricted category as per DGFT notification no.22/2015-20 dt. 30/07/2020 and requires permission from DGFT.</p> <p>However 6.1 (d) of Chapter 6 of foreign trade policy allows import of all goods into STPI/EOU except prohibited items and therefore we feel that no permission is required from DGFT.</p> <p>The Annual Performance Report (APR) filing deadline for Special Economic Zone (SEZ) units in India is 30th September of the following year. SEZ units are required to submit their APR to the concerned jurisdictional authorities by said date.</p>
<b>Response by Grant Thornton</b>	<p>Televisions have been categorized as restricted items as per Notification No. 22/2015-2020 dated 30th July 2020. Consequently, the authorities are seeking permission from the Directorate General of Foreign Trade (DGFT) regarding this matter.</p> <p>Further, as confirmed by DG Sir this issue has been taken up with the concerned authorities for a suitable clarification.</p>
<b>S.No. 150</b>	
<b>Details of EPCES Member</b>	<p><b>Pulkit Kinkhabwala</b> Aadidaivam International Private Limited</p>
<b>Query from Member</b>	With reference to response 2 in below mail, what if the services procured from SEZ units involve foreign currency transactions, where do we have to record them ?
<b>Response by Grant Thornton</b>	The services procured involving outflow of foreign currency are required to be reported in column 5 of Form-I (APR) i.e Other outflow of foreign exchange during the year.

## DT & FEMA QUERY LOG BOOK

<b>S.No. 1</b>	
<b>Details of EPCES Member</b>	<b>CA K Swarna</b>
<b>Query from Member</b>	SEZ is claiming 4th year deduction u/s 10AA for AY 2023-2024, but Form 56F is omitted for AY 2023-2024. Which form do I need to file to get deduction u/s 10AA or deduction u/s 10AA itself not to be claimed for AY 2023-2024. Please advise.
<b>Response by Grant Thornton</b>	<p>Following clarification has been provided in the FAQ hosted at IT portal.</p> <p>Both the forms are available to users in the portal. You may file the form based on the notification/guidance issue by the Income Tax Department and as per applicable provision of the Act/ Rules. Further, as per the ITR-6 notified for AY 2023-24 and ITR-6 Validation Rules for AY 2023-24 released by CBDT, it is observed that reference to Form 56F and requirement to e-file said form are kept alive. Hence, we understand that option to file Form 56F would be still enabled in ITD e-filing portal accounts of CAs. Until any clarification is released in this regard, assessee could continue filing Form 56F as per facility enabled in ITD portal.</p>
<b>S.No. 2</b>	
<b>Details of EPCES Member</b>	<p><b>Arun Kumar</b> Chief Manager, IBU Gift City</p>

<b>Query from Member</b>	<p>Referring to Sec 80LA of IT Act on “Deduction in respect of certain incomes of Offshore Banking Unit &amp; IFSC”, please clarify</p> <ol style="list-style-type: none"> <li>whether the tax benefits mentioned in aforementioned Section be claimed by an IBU that was established before the issuance of flexibility of tax benefits.</li> <li>If an IBU was founded in 2019 and did not avail the benefit under the aforementioned clause until the prior FY. Can IBU now take advantage of their ten consecutive years tax exemption out of fifteen years.</li> <li>Please let us know if there are any additional documents needed to receive tax exemption going forward.</li> </ol>
<b>Response by Grant Thornton</b>	<ol style="list-style-type: none"> <li>Yes.</li> <li>Yes, subject to fulfilment of IFSC criteria and conditions listed in Section 80LA of Income Tax Act.</li> <li>As per Section 80LA(3) of Income Tax Act: <ul style="list-style-type: none"> <li>a report of a chartered accountant in Form No. 10CCF, certifying that the deduction has been correctly claimed in accordance with the provisions of this section; and</li> <li>a copy of the permission obtained u/s 23(1)(a) of the Banking Regulation Act, 1949 in case of a Offshore Banking Unit.</li> </ul> </li> </ol>
<b>S.No. 3</b>	
<b>Details of EPCES Member</b>	<p><b>Rahul Kalburgi</b> Aequs Private Limited</p>
<b>Query from Member</b>	<p>Need your inputs on impact of Section 115BAB on purchase of used assets by SEZ unit (which is not eligible for 10AA since it is recently approved. However, it has opted for section 115BAB). Would like to know, how is the calculation made to arrive percentage of used assets. For eg. Company A (SEZ unit) has opted 115BAB tax rate of 15%. Company A has gross block of Plant &amp; Machinery of say 100 and net block of say 80 as per books. Also, net block as per IT act is say 50. Company A is buying second hand capex of INR 15 (i.e. used capex). Will this impact 115BAB rate in the hands of Company A. How to calculate ratio of 80:20 prescribed in 115BAB. Also, whether entire block of assets to be considered (including Tools, Furniture, Computers, etc.) or only Plant and Machinery to be taken to calculate the percentage of used assets to new assets.</p>
<b>Response by Grant Thornton</b>	<p>This aspect is not clarified in law, however, you may go ahead with WDV as per income tax for the purpose of computing the overall value of plant &amp; Machinery. Further, only Plant and Machinery is required to be considered for said computation.</p>
<b>S.No. 4</b>	
<b>Details of EPCES Member</b>	<p><b>Ravi Pillai</b> RD KASEZ</p>
<b>Query from Member</b>	<p>One of our member units viz. B.R OVERSEAS, SURAT SEZ informed that, their banker (HDFC Sachin, Surat) deducted approx. USD 1000 as interest against their PRE-PAYMENT usance bills (60 days) and settled the payment to their overseas supplier in US and due to this party got less amount than the invoice raised to BR Overseas. Since the good quality of the material (Diamonds) is getting from them is best for them and to keep sustainability they PRE-PAID the bill which is due in Sept.23. When we checked with their Banker they did this as per RBI circular clause as below:</p>



	<p>C.2 Interest on Import Bills Clause (ii)</p> <p>“(i) AD – Category – I bank may allow payment of interest on usance bills or overdue interest for a period of less than three years from the date of shipment at the rate prescribed for trade credit from time to time.</p> <p>(ii) In case of pre-payment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or LIBOR of the currency in which the goods have been invoiced, whichever is applicable. Where interest is not separately claimed or expressly indicated, remittances may be allowed after deducting the proportionate interest for the unexpired portion of usance at the prevailing LIBOR of the currency of invoice.”</p> <p>This is the first time such deduction has taken place. Could you please take up and get this waived off to all or else there will be a lot of issues faced by our Exporters.</p>
<b>Response by Grant Thornton</b>	<p>We understand that B.R. Overseas, Surat SEZ’s banker (“ the Company”) deducted approximately USD 1,000 as interest against their prepayment of usance bills and settled the balance payment to their overseas supplier in the US. As per FEMA Import master direction, “In case of prepayment of usance import bills, remittances may be made only after reducing the proportionate interest for the unexpired portion of usance at the rate at which interest has been claimed or LIBOR/any other widely accepted/alternative reference rate of the currency in which the goods have been invoiced, whichever is applicable.” Accordingly, based on the current agreement with the overseas supplier, it would be advisable to not make any pre-payments to the overseas supplier whereby the above interest deduction can be avoided.</p> <p>Alternatively, the following options may be considered in order to avoid the interest charged on pre-payment:</p> <ol style="list-style-type: none"> <li>1. The Company can consider reducing the credit period instead of prepayment of the bills to avoid this kind of interest deduction by suitably amending the agreement between the Company and the overseas supplier.</li> <li>2. Also, the Company may alternatively consider paying the overseas supplier in advance. The Advance import payment is a pre-payment method in which an importer makes the payment for the items to be imported in advance prior to the shipment of goods. In this regard, the Company can consider amending the agreement to include provisions with respect to advance payment to goods as well.</li> </ol> <p>Accordingly, the AD category – I banks are permitted to take decision on overseas mining companies to whom an importer can make advance payments, without any limit / bank guarantee/ stand-by letter of Credit. However the Banks will process such advance payment after such conditions as may be prescribed.</p>
<b>S.No. 5</b>	
<b>Details of EPCES Member</b>	<b>Sanjeev Kumar Gautam,</b> Gemsicon Pvt Ltd.
<b>Query from Member</b>	<p>We have a query about the amendment in section 10AA:-</p> <ol style="list-style-type: none"> <li>1 As per new proposed provision- “the proceeds from sale of goods or provision of services is received in, or brought into, India by the assessee in convertible foreign exchange, within a period of six months from the end of the previous year or, within such further period as the competent authority may allow in this behalf.” and</li> </ol>

	<p>2 RBI master direction on export of goods and services are allowed us to netting off the exports against import.</p> <p>Both are contradictory with each other as the 10AA are require to brought the money in India within 6 months in convertible foreign currency and in the RBI master direction already are allowed the netting off as deemed realisation of exports.</p> <p>Kindly discuss with authorities and suggest us that the netting off provisions are applicable on SEZ to avail the benefit under section 10AA new provision (money brought in convertible foreign currency within 6 months from end of FY).</p> <p>Can we avail the benefit of 10AA with netting off?</p>
<b>Response by Grant Thornton</b>	<p>In the newly inserted sub-section (4A) to section 10AA of the Income Tax Act, 1961 (ITA) what would constitute 'deemed receipt of export proceeds in India' also has been defined. The Explanation 2 to section 10AA(4A) states that: "The sale of goods or provision of services shall be deemed to have been received in India where such export turnover is credited to a separate account maintained for that purpose by the assessee with any bank outside India with the approval of the Reserve Bank of India". However, whether 'Netting-off of export receivables against import payments' following directions specified in Para C.27 of the Master Direction – Export of Goods and Services, whether would qualify to be construed as 'deemed receipt of export proceeds in India' is yet to be clarified by the Central Government. Hence, from a pure a literal interpretation exclusively based on provision of section 10AA(4A) of the Income Tax Act, 1961 would imply that the deduction will not be available if the assessee fails to repatriate the export proceeds to India before 6 months from the end of the financial year or as may be extended by Reserve Bank of India (RBI).</p> <p>However, the intention of the legislature behind the amendment is to curb any practice intended to avail tax benefits while a repatriation of export proceeds is unduly delayed. One of the conditions for netting-off as per the RBI Master Direction stipulates that: "The netting off of export receivables against import payments is in respect of the same Indian entity and the overseas buyer / supplier (bilateral netting) and the netting may be done as on the date of balance sheet of the unit in SEZ." The act of netting-off, in principle nullifies 'export proceeds receivable'. In other words, once the netting-off is done 'the proceeds from sale of goods or provision of services' itself, in substance, would become zero. Further, the netting-off of export receivables against import payments is a valid method of settlement of 'export receivables' and 'import payables' permitted by the RBI which is the competent authority in terms of FEMA regulations as well as for the purpose of section 10AA(4A) of the ITA. Construing the amendment to section 10AA as a mandate negating the possibility of bilateral netting would result in insistence of a two-way traffic of a same sum of amount among the same parties.</p> <p>In this regard, we refer to the decisions in J.B. Boda&amp; Co. (P.) Ltd. v. Central Board of Direct taxes [1996] 89 Taxman 311 (SC), Assistant Commissioner of Income-tax v. DQ Entertainment (International) Ltd [2015] 54 taxmann.com 12 (Hyderabad - Trib.), Core Jewellery (P.) Ltd. v. Income-tax Officer, Ward 8(1)(2) [2012] 18 taxmann.com 82 (Mum.),</p>

<b>Response by Grant Thornton</b>	<p>where the apex court and tribunal held that there is no requirement of two way traffic of same amount and netting off of export receivables against import is an allowable mechanism to be considered while determine the eligible deduction with respect to export turnover. The above judicial precedents do not outrightly states that bilateral netting is equivalent to 'deemed receipt of export proceeds', however the decisions endorses bilateral netting as a permissible mechanism to be considered while analysing the question of law concerning allowability of deduction under the ITA concerning assessee's earning export income.</p> <p>Hence, the assessee may highlight the bilateral netting, if done within the stipulated time as specified u/s 10AA(4A), as a valid mechanism for realization of the export proceeds as approved mechanism by the 'competent authority' itself which resulted in fair compliance to the Income Tax Act, 1961. The above view is derived based on principles of harmonious and beneficial construction of the law referring to the rationale outlined in available judicial precedents on similar matters, and may not be considered as a conclusive opinion. The above position may require detailed analysis based on the facts of the case.</p>
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GOODS IMPORTS IN SEZs								(in USD Mn)
ZONE	2022 2023	Sep 2022	Sep 2023	Growth (%)	April-September		Growth (%)	Share (2023)
					2022	2023		
Kandla Special Economic Zone	34,361	2,827	2,388	-16%	19,591	16,569	-15%	53%
Vishakhapatnam Special Economic Zone	15,163	1,435	259	-82%	8,470	6,291	-26%	20%
DC SEEPZ SEZ Mumbai	4,602	461	459	-0.36%	2,492	2,683	8%	9%
MEPZ Special Economic Zone	4,866	501	1,624	224%	2,385	3,740	57%	12%
Noida Special Economic Zone	1,876	151	199	32%	1,003	973	-3%	3%
Cochin Special Economic Zone	1,279	116	87	-25%	616	696	13%	2%
Falta Special Economic Zone	1,038	65	102	56%	609	427	-30%	1%
GRAND TOTAL	63,186	5,555	5,118	-8%	35,165	31,381	-11%	100%

ZONE-WISE DTA SALES								(in USD Mn)
Zone	2022 2023	Sep 2022	Sep 2023	Growth (%)	Apr- Sep		Growth (%)	% of total DTA Sales (2023)
					2022	2023		
Vishakhapatnam Special Economic Zone	12352.9	1699.7	145.9	-91%	7,379	5,430	-26%	35%
Kandla Special Economic Zone	12714.3	1179.9	780.8	-34%	6,641	5,036	-24%	32%
MEPZ Special Economic Zone	2942.9	267.8	2382.9	790%	1,393	3,527	153%	23%
DC SEEPZ SEZ Mumbai	2365.8	197.5	202.4	2%	1,269	1,153	-9%	7%
Noida Special Economic Zone	383.9	32.9	40.7	24%	193	218	13%	1%
Cochin Special Economic Zone	312.8	23.9	13.9	-42%	156	121	-22%	1%
Falta Special Economic Zone	45.2	5.9	2.6	-56%	28	29	3%	0.18%
Grand Total	31117.7	3407.6	3569.1	5%	17,058	15,513	-9%	100%

# 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](mailto: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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