

Query Log – Direct and Indirect Tax

(Exclusively for EPCES members)

April – October 2023

#GTBharat
SHAPING A VIBRANT INDIA



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01

▶ **Queries received in April 2023**

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Namdeo Shelke Schmalz India Pvt Ltd	Export of Goods/Services	<p>We are 100% EOU, exporting our goods to J Schmalz GmbH, Germany. Currently, the goods are moving from Pune-Mumbai (India)-Germany & from Germany - China/Japan. The transit time to reach the goods from India to China/Japan is more as the goods are rotated through Germany with German Invoice. Currently transit time is more than 20 days to reach the goods from Pune to China/Japan. We need to minimise the transit time by sending the goods directly to China/Japan. We need to make the invoice on the name of J Schmalz GmbH, Germany (who is going to pay us the invoice) with delivery address to China/Japan. Here we do not want to give our invoice to China/Japan. Need to make the paperwork from Mumbai Customs on the name of Germany, i.e. using German selling invoice to China/Japan as a regular practice.</p> <p>1. Is this transaction okay for Schmalz India to get a Proof of Export?</p> <p>2. Since Germany is not making import physically in Germany (and not paying the customs duty), how they will remit the funds against our export invoice?</p> <p>3. How the export documentation part will be done on the German Invoice?</p> <p>4. How Germany will get our export documents ?</p>	<p>1. Said transaction would qualify for export of goods for Schmalz India subject to fulfilment of procedure as prescribed below. Shipping bill to be filed by unit would include details of both i.e. buyer and consignee. Further, shipping bill should be accompanied with the following documents:</p> <ol style="list-style-type: none"> Invoice (having details of both parties) Packing list Export license Indent Acceptance of Contract Letter of Credit QC Certificate Port Trust Document Any other (as specified). <p>2. Please note that J Schmalz GmbH, Germany would be required to fulfil conditions prescribed under the respective regulations of the country.</p> <p>3. Shipping bill to be filed by unit would include details of both i.e. buyer and consignee. Further, the shipping bill should be accompanied with the documents as specified in point 1 above.</p> <p>4. All the final set of above-mentioned documents need to be shared by Schmalz India with J Schmalz GmbH, Germany.</p>
2.	Namdeo Shelke Schmalz India Pvt Ltd	Export of Goods/Services	<p>Furtherance to response 3 above, these documents (Schmalz India) will not be the part of shipment from Mumbai to China, right? Only the documents from Germany (i.e. Invoice, packing list, AWB copy etc. will be accompanied with shipment from Mumbai to China, right?</p>	<p>Please note that shipping bill containing all details of both parties along with invoice value and other particulars will accompany the export shipment. Further, the shipping bill should be accompanied with the supporting documents i.e. Invoice (having details of both parties), Packing list, Export license, Indent, Acceptance of Contract, Letter of Credit, QC Certificate, Port Trust Document, any other document (as specified).</p>

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3.	Vijay Gujarathi (EOS Power)	AEO	Please clarify is it mandatory to have AEO (Authorized Economic Operator) certificates for exporters.	Please note that AEO (Authorized Economic Operator) scheme is purely an optional/voluntary scheme in nature. Applying for AEO status is a business decision depending on various factors and its willingness to acquire the benefit flowing by acquiring AEO status.
4.	Prakash Thakur GIFT SEZ	Others	<p>The SEZ Unit (Junomoneta) has started functioning from GIFT SEZ as a Unit and taken GST Number accordingly. Afterwards the same Unit has taken land for construction of their own building and accordingly taken a Co-Developer Status from BoA. The following query requires your suggestions:</p> <ol style="list-style-type: none"> 1. Under same GST Number a Unit can procure materials for construction of their own building by amending existing GST Certificate with additional place of business; or 2. A Separate GST Number Required for construction of their own building. 	Basis prima-facie research, we understand that the Customs authorities are not allowing inward movement of construction material considering that authorised operations of SEZ unit and co-developer are not identical in nature and currently GST registration has been taken only for the SEZ unit. Hence, separate GST registration is required by the authorities. Further, basis information shared, we also understand that the unit has already applied for separate GST registration for co-developer. Accordingly, for the time being a request to authorities can be made to allow movement of material on account of existing GST registration since the co-developer's address has already been added as additional place of business in existing GSTIN and application for separate GSTIN for co-developer has already been submitted.
5.	Rajesh Jain	Others	Kindly let us know if SEZ unit requires an EPR (Extended Producer's Responsibility) to import batteries for agriculture sprayers.	The issue of EPR registration was discussed with the M/o Environment & Forest / CPCB. It was informed that they will be sending a formal reply to EPCES. However, it was clarified that SEZ units and EOUs are exempted from Rule 4 only. However, they are not exempted from other provisions and hence would be required to comply with EPR registration as per the Rules and Guidelines issued thereunder.

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6.	Kayomus S Irani Repro India Limited	Export of Goods/Services	We, Repro India Limited, had exported the goods with supporting manufacturer, QONTRAC PRINTS PRIVATE LIMITED, (this unit is also in the same SEZ, Sachin). As these goods were outsourced by Qontrac to be printed at Mumbai, we exported through our Mumbai GST Number with Qontrac as the supporting manufacturer. Now, payment has been received by Qontrac in Foreign currency. The shipping bill has been made in the name of Repro India Limited and Qontrac Prints has been shown as supporting manufacturer in the shipping Bill. Please guide us how to close this transaction with the Bank.	We understand that the sale transaction has been entered between supplier i.e. Repro India Limited and customer located outside India. Though the shipping bill has been filed jointly in the name of Repro and Qontrac, the payment would have been received by supplier i.e. Repro India Limited only. Accordingly, request to connect with the bank for adjustment of amount in name of Repro, along with receipt of undertaking from the supporting manufacturer.
7.	Suresh S Cisco Systems India	DTA Supplies	We are operating from three SEZs across Bangalore and Chennai since 2006. We have an arrangement with a leasing company (from DTA) to supply the devices on lease basis for use in SEZ unit for authorised operations. These devices are imported into SEZ unit u/r 27(4) and we are the Importer on Record. At the end of lease period i.e. 3 years from import date, we are returning these devices to the lessor which is a DTA location after debonding u/r 49 of SEZ Rule, 2006. While computing assessable Value, are we allowed to take depreciation benefit (1) in case of capital goods? (2) in case of laptops?	It is to be noted that a SEZ unit may remove computer and its peripherals to DTA after being used in SEZ on payment of duty in IGST. The depreciation shall be allowed in the straight-line method as per SEZ ,Rule 49(1). Depreciation benefit is allowed for both IT assets as well as other capital goods.
8.	Jaimin Prajapat CNK Khandwala	Import of Goods/Services	We are in GIFT SEZ. We had some queries regarding Service invoices for filling on SEZ Online Portal (NSDL Portal) as follows: 1. As we are SEZ unit, and we take services from SEZ unit then where we must file those invoices on SEZ Online Portal? 2. If we Import service from abroad then where we must file those Imported Service invoices on SEZ Online Portal?	It is to be noted that service procured from another SEZ unit is required to be reported in the DTA Service Procurement Form (DSPF). Further, details of services imported from outside India are required to be reported at the time of filing Annual Performance Report(APR).

S No.	Querist	Category	Query from Member	Response by Grant Thornton
9.	Malay Deliwala	Others	<p>We are in the process of setting up a new unit in GIFT SEZ. The unit being set-up is a branch office of a Foreign Company.</p> <p>In the application form on SEZ online portal, it is required to mention the PAN number of the applicant. Since the new unit is being registered as a branch of Foreign Company, we do not have a PAN number in India.</p> <p>Request you to kindly guide us on how to proceed with the new unit application.</p>	<p>It is to be noted that a Company establishing in India (including the branch office of foreign company) is required to obtain PAN in India for taking registration. Hence, the Company is required to take PAN and thereafter furnish all the relevant information on SEZ online portal for registration purpose.</p>
10.	Malay Deliwala	Others	<p>1. Do we need to register the IFSCA Branch office with the Registrar of Companies before filing the SEZ application?</p> <p>2. Can we apply for PAN and proceed with SEZ application?</p>	<p>Company would require to obtain a valid PAN first followed by getting registered as a SEZ unit and then IFSC unit respectively.</p>
11.	Girish Kumar Zycus Infotech Private Limited	Zero-rated supply	<p>Whether an existing unit is eligible for GST exemption (IGST zero rate) for service fee bill against renewal of lease of SEZ unit (Pvt SEZ Bengaluru) under the head of real estate service?</p> <p>We have applied for updating GST exemption list at Bengaluru SEZ and approval committee rejected it without giving any clarification of it. But many units got exemption in the past and now approval committee is rejecting exemption application. Is there any amendment happened recently for this or is it discretionary power of DC SEZ to allow or not allow exemption?</p>	<p>We understand that the SEZ unit has renewed its lease term with SEZ developer, wherein the SEZ developer has raised invoice for service fee claiming expense incurred on account of said lease renewal, which is a one-time expense for SEZ unit and is discrete from regular monthly lease invoice raised by developer.</p> <p>Further, it is pertinent to note that such one-time service would not form part of existing uniform list of services as issued by the Ministry of Commerce & Industry, Department of Commerce (SEZ Section). Hence, for availing zero rated benefit on additional services not forming part of uniform list of services, units are required to get approval from Office of the Development Commissioner through Unit Approval Committee (UAC). Accordingly, we are of the concise view that the unit may apply to the DC office for approval of procurement of said services under zero rated supplies considering the same shall be used for authorised operations of the unit.</p>

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12.	Srinivas Vannela	Zero-rated supply	Can we claim GST exemption on laptops.	<p>Please note that tax exemptions are provided to a SEZ unit for any procurements made for undertaking its authorised operations, as mentioned in the approval letter granted to the unit or as mentioned in the uniform list of services as provided for SEZ unit.</p> <p>We are of the concise view that exemption from tax can be availed by the units if:</p> <ul style="list-style-type: none"> - it is forming part of authorised operation and - seller has valid LUT under GST law.
13.	Srinivas Vannela	Zero-rated supply	We are SEZ developers, GMR Hyderabad Aviation SEZ Limited. With reference to the operations of the SEZ, we have 11 employees working for our SEZ for whom we want to procure laptops for which can we claim the GST exemptions.	<p>We understand that laptops procured would be solely used for the authorised operations of developer. Accordingly, same may be procured under zero rated supplies by a SEZ developer/ unit.</p> <p>Needless to mention, seller must hold a valid LUT (under GST law) for the said financial year.</p>
14.	Mahesh Kulkarni	Others	As per FAQ issued by Central Pollution Control Board (CPCB) EOU's are out of purview of EPR registration please confirm the facts.	<p>The issue of EPR registration was discussed with the M/o Environment & Forest / CPCB. It was informed that they will be sending a formal reply to EPCES. However, it was clarified that SEZ units and EOUs are exempted from Rule 4 only. However, they are not exempted from other provisions and hence would be required to comply with EPR registration as per the Rules and Guidelines issued thereunder.</p>

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15.	Prakash Thakur Gujarat International Finance Tec-city	Import of Goods/Services	Please provide procedure to bring returnable material in any SEZ Area.	<p>Please note that as per Rule 48(3) of SEZ Rules which states that <i>“Where goods procured from DTA by a Unit are supplied back to the DTA, as it is or without substantial processing, such goods shall be treated as re-imported goods and shall be subject to such procedure and conditions as applicable in the case of normal re-import of goods from outside India.</i></p> <p><i>Provided that in the case where such goods are supplied back to DTA, as it is, and where the import duty on such goods is “Nil” and while procurement of such goods no export benefits were allowed against such goods, the Unit may be allowed to supply back such goods to DTA on the basis of invoice only and filing of Bill of Entry in such cases shall not be required.”</i></p> <p>Accordingly, the unit may bring the returnable material by following the provisions.</p>
16.	Prakash Thakur Gujarat International Finance Tec-city	Others	<p>Request you to please provide the details as to whether the Specified officer has power to issue Circular.</p> <p>Requesting to please send similar circular issued for other SEZs which gives clarity on endorsement of Invoice even for the transaction done within the SEZ (i.e. transaction between Developer and Co developer, Unit within the same SEZ)</p>	<p>Please note that as per Rule 30 of SEZ Rules, 2006, authority in relation to endorsement of invoices lies with the Specified Officer (SO) of relevant jurisdiction. Accordingly, the SO may issue clarification/instruction within its jurisdiction for bringing uniformity in the procedures.</p> <p>Further, any clarification/instruction issued by the office of SO may be obtained from their corresponding jurisdictional office.</p>

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17.	Benny Verghese Sance Laboratories Private Limited	Import of Goods/Services	<p>We are an EOU involved in manufacturing of Antibiotics. As part of our operations, we import goods under Notification No. 52/2003-Customs</p> <p>We would appreciate if you could kindly clarify the applicability of Health Cess on goods imported by EOUs under the aforementioned notification.</p>	<p>Section 139 of Finance Bill 2020 notified by Notification No 08/2020 provides for levy of Health Cess on goods imported into India at the rates specified in the fourth schedule for the purpose of financing health infrastructure and services. Health cess is applicable on all goods falling under headings 9018, 9019, 9020, 9021 and 9022 of the First Schedule to the Customs Tariff Act, 1975 at the rate of 5%. Exemption from Health Cess is provided for certain categories of goods or for goods imported from specific countries or both i.e. exemption provided on import of certain goods from Singapore, Malaysia, etc.</p> <p>Hence, exemption from Health cess has not been provided to EOU on import consignment. Further, no amendment has been made in Notification 52/2003 to provide exemption to EOU units from applicability of Health cess.</p>
18.	Shakapally, Vamshi Genpact India		<p>We have deposited an advance duty amount at the time of the Genpact India Unit 2 @ DLF Gachibowli Hyderabad exit which was closed in 2021.</p> <p>We have a balance of INR 10,49,635/- which I requested officers and NSDL for duty transfer from Genpact India Pvt Ltd Unit 2 To Genpact India Pvt Ltd Unit 3, however, haven't got clarity on the process to get this transfer done.</p> <p>I need your approval for duty transfer from the closed unit (Unit 2) to the active unit Genpact India Pvt Ltd (unit 3 – Located at Pocharam) or refund. as this has been delayed for a long time and this need to be updated on the finance books for closure on priority.</p>	<p>We understand that the unit wishes to transfer/apply for refund of excess duty amount pending with the authorities.</p> <p>In this regard, request you to kindly connect with the relevant Customs jurisdictional authorities along with relevant supporting documents/information. The authorities may provide the relevant procedure to be followed for transfer/refund of said excess duty paid.</p>

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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
20.	Namdeo Shelke Manager - Materials Schmalz India Pvt Ltd	Others	<p>We are 100% EOU since 12.12.2002. Our current LOP is expiring on 31 Mar 2023 and we are already in receipt of new LOP extended till 31.03.2028.</p> <p>We have executed B-17 bond for Rs 2.5 Cr + 6.5 Cr (totaling 9 Crores) during Aug & Sep 2021. We have debited 100% bond for raw material and 25% for CG. As on date we have running balance in B-17 Bond for Rs 3.05 Cr.</p> <p>1. Could you please confirm, whether this B-17 Bond is valid for new LOP ? In the covering letter of B-17 Bond acceptance, there is no such remarks.</p> <p>2. Further what is the procedure for taking credit of B-17 bond for used raw material, as we have not taken credit of B-17 bond form execution.</p> <p>Pre IGCRD, the debit entry was done on issuance of Procurement certificate and the credit was taken on the warehousing of raw material in the bonded premises.</p> <p>Upon acceptance of B-17 bond, we have also taken IGCRD for the qty approx. required for import of CG & RM i.e. during Aug & Sep 2021. Still quantity is not exhausted, and we are using the same IGCRD from Aug/Sep 21 onwards.</p> <p>Is there any validity for IGCRD taken from Customs or it is valid till exhaust of the quantity projected? If the projected quantity is finished, then what is the procedure for taking the IGCRD again for the same part. Can we use the existing B-17 bond balance for getting the new IGCRD? Whether the validity of IGCRD is linked with the LOP issued by the Development Commissioner?</p>	<p>It is to be noted that the B-17 bond is a running bond account and the existing B-17 bond will continue even on renewal of LOP. Please note that the Units may seek re-credit of the amount debited at the time of import of goods. The EOUs after consumption of imported raw materials and clearance/ export of resultant products, shall give an information regarding amount of re-credit subject to the condition that the Unit shall furnish consumption statement of raw materials along with the export/ clearance duly certified by the Chartered Accountant. The consumption statement must be in excel sheet and consist of prescribed details. The Units can also seek re-credit on account of disposal of capital goods, permanent re-export of capital goods, destruction of capital goods subject to condition that the Units must furnish copy of necessary permission obtained from the Development Commissioner or STPI authorities along with proof of disposal/ destruction/ re-export on permanent basis.</p> <p>Further, please note that, currently there is a requirement for EOUs to follow Rule 5 of Customs (IGCR) Rules, 2017 to be eligible for claiming exemption of duties/ taxes on the import of goods. The system architecture with respect to the above rule in respect of EOUs is under development. The same shall be implemented in due course. Till such date, procurement certificates can continue to be submitted by the EOUs for import of goods in lieu of generating IIN in the system.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
21.	Ch.S.S.Sekhar R.D-EPCES-VSEZ		<p>One of the units i.e. Unit No 2 @ DLF Gachibowli, Hyderabad was closed in the year 2021 and has an advance duty balance in that unit account INR 10,49,635/-</p> <p>The unit approached the NSDL and requested officers of NSDL for duty transfer from Genpact India Pvt Ltd Unit 2 To Genpact India Pvt Ltd Unit 3(located at Pocharam) which is the same jurisdiction of DC. They informed the unit to approach the Customs office.</p> <p>The Customs office confirmed that this unit existed in 2021. Now they do not have any access for checking these details. And they informed to take help from NSDL team to transfer the amount from unit 2 to unit 3.</p> <p>Now the NSDL informed the unit “ Duty is paid to Customs i.e. treasury a/c of Govt. of India. The unit will have to apply to Customs jurisdiction for a refund.”</p> <p>Please provide the procedures available for getting the refund of the advance duty amount or else transfer to the existing unit.</p>	<p>Section 27 of the Customs Act, 1962, allows any person who has paid duty in accordance with an assessment order or has borne the cost of such duty, to apply for a refund to the Assistance Commissioner (AC) or Deputy Commissioner of Customs (DC). The refund application can be filed within 6 months, as prescribed by law. According to Section 27A of the Customs Act, 1962, if an applicant’s refund of duty, which has been ordered under section 27, is not issued within 3 months from the date of receipt of application, then interest will be applicable as stated in this section. Following is the process to claim the refund:</p> <ul style="list-style-type: none"> • An application for refund of duty/interest shall be filed in accordance with the regulation outlined in the Customs Refund Application (Forms) Regulation Act of 1995 • The claim for duty/interest should be submitted to the Assistant Commissioner or Deputy commissioner of Customs who has jurisdiction over the area where such duty/interest was paid • Acknowledgement for the claim should be obtained from the proper officer after examining the application for completeness, within 10 working days from the date of application. The date on which the acknowledgement is given by the proper officer will serve as the basis for calculating the interest payable under Section 27A • The applicant should enclose documents that are considered necessary in support of the claim. <p>Hence, we are of the view that the unit should submit a request letter to the AC or DC of Customs under whose jurisdiction the duty was paid. This letter should clearly outline the issue in detail and indicate that the NSDL has already transferred the relevant amount to the treasury account of the Government of India.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
22.	Vipul Bubna Dy.General Manager Taxation	Income Tax	<p>In September 2018, Rule 19(2) of the SEZ Rules was amended to include the below para with no corresponding amendment in Income Tax Act.</p> <p><i>“Provided also that the Approval Committee may also approve proposals for merger of Letters of Approval of two or more Units of the same company or firm subject to the condition that these Units fall within the same Special Economic Zone and after merger, block period for calculation of Net Foreign Exchange shall be from the date of commencement of production of the Unit which commenced operation first and the Income tax exemption period shall be considered from the date of start of operation of the first Unit”</i></p> <p>We have 3 different Letter of Approvals (3 SEZ units) in Seepz Sez, and presently we are not claiming Tax exemption under section 10AA of the Income Tax Act.</p> <p>Whether Rule 19(2) would have retrospective effect for the past years tax exemption claimed under section 10A/10AA and the merger of the LOAs of our Units 2 and 3 with Unit 1 will have any impact on the tax exemption claimed in the previous years in light of Rule 19(2) of the SEZ Rules.</p> <p>Or it would impact only those units which are availing deduction under section 10AA of the IT Act as on date of the merger prospectively.</p> <p>Unit 1: commenced in 1995 - Exemption exhausted u/s 10A</p> <p>Unit 2: commenced in 2003 - Exemption u/s 10AA claimed till FY 17-18</p> <p>Unit 3: commenced in 2012 - Exemption u/s 10AA claimed till FY 18-19</p>	<p>In view of the given understanding read with rule 19(2) of SEZ Rules, please note that at the time of merger of SEZ units, Income tax exemption period shall be considered from the date of commencement of operation of the first unit.</p> <p>Relevant extract of Rule 19(2) of SEZ Rules, 2006 has been reinstated below for your quick reference:</p> <p><i>“Provided also that the Approval Committee may also approve proposals for merger of Letters of Approval of two or more Units of the same company or firm subject to the condition that these Units fall within the same Special Economic Zone and after merger, block period for calculation of Net Foreign Exchange shall be from the date of commencement of production of the Unit which commenced operation first and the Income tax exemption period shall be considered from the date of start of operation of the first Unit.”</i></p> <p>Basis above, it can be construed that after the merger of all three units, the period for income tax exemption will be calculated from the date when the first unit i.e. Unit-1, commenced its operations (i.e. Year 1995). However, since the time limit for availing tax exemption has already passed, per our understanding, exemption under income tax would not be applicable for said merger.</p>



02

▶ **Queries received in May 2023**

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Mr. Ashokan INCA Hammock	Others	We have made EOU to EOU sale of fabric without duty in 2017-18 as per Chapter 6 procedure. But now GST Audit is raising query to make payment of GST as per Customs circular 8/8/2017 dated 4.10.17. Please check and confirm whether it is correct.	In the above backdrop, it is to be noted that as per Circular No. 8/8/2017-GST dated 4.10.2017 and Q.No 16. of FAQs on Export Oriented Unit, we are of the view that any supply of goods from one EOU to another EOU will be treated as any other supply as per GST Law. Hence, payment of GST is to be made accordingly.
2.	Mr. Bighnesh Toyotsu Rare Earths India Pvt Ltd	Others	We want to sell one of our equipment which is not in use as a scrap, can you please suggest the procedure. As this was a capital equipment and not is use from last 4 years, our management has decided to scrap it out. It need to be cut into pieces and taken out and sold as scrap. The primary material is Stainless steel.	As per Rule 39(1) of SEZ Rules, 2006, a SEZ unit may destroy goods including capital goods procured from DTA/ imported/ manufactured, without payment of applicable duties. Further, same is required to be done after advance intimation to Specified officer of the unit.
3.	Raghav Jhunjhunwala Director Aarshi Overseas	SEZ/ICEGATE portal related	Please update on the status of integration of ICEGATE and SEZONLINE. The project has suddenly gone into limbo with no update from any of the parties.	Please note that currently the registration process for SEZ units on ICEGATE portal has been enabled for units in GIFT city only. There is no communication in this regard for units in other zones as of now.
4.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	SEZ/ICEGATE portal related	We are an ancillary service provider where we have only Export of services, Please confirm whether we need to migrate to ICEGATE or we can continue with our SEZ online portal itself. Request your expert guidance on the same.	We wish to apprise you that integration of Customs operation to ICEGATE portal is for SEZ units undertaking customs operations/ filings in relation to movement of goods i.e. filing of Bill of Entry and other supporting documents. Furthermore, transactions related to services are excluded from such integration. Reporting of service transactions to be continued on SEZ portal. Hence, we understand that since the unit is engaged in export of services only, said registration on ICEGATE portal would not be required.
5.	Sameer Gokhale	Import of Goods/Services	How to report import of service on SEZ portal.	Details of import of service are not required to be reported on monthly basis on SEZ portal. Same is reported at the time of filing APR. Further, such import of services are required to be reported on GST portal.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
6.	Aruna Rajesh Nissi Engineering Solution Pvt Ltd	LOA/BLUT	<p>We are having the following service activities as authorized operation in our LOA:</p> <ol style="list-style-type: none"> 1. Scientific and technical consultancy services 2. Erection, commissioning and installation Service 3. Maintenance or repair service 4. Technical testing and analysis service/Technical inspection and certification agency service 5. Design service other than interior decoration and fashion designing 6. Supply of Tangible Goods Service 7. Information technology software service 8. Other Taxable Services- Other than the ones mentioned above. <p>Please clarify whether we can do the following activities with existing approved LOA:</p> <ol style="list-style-type: none"> 1. Can we procure [From DTA] and supply [To abroad] some consumable to complete the Erection and Installation services & Maintenance or repair services? 2. Can we do the lumpsum projects with design, engineering, supply of goods, erection, installation, testing, commissioning services under the Erection, commissioning and installation Service & Maintenance or repair service? <p>If yes, kindly advise us on the process. If not, kindly advise me to do the said activities.</p>	<p>It is to be noted that as per Section 7 of SEZ Act, 2005, any goods procured from DTA by a unit in SEZ shall be exempt from the payment of taxes, duties or cess under all enactments specified in the First Schedule if the same is as per the letter of approval of the unit.</p> <p>Therefore, the Company is permitted to perform all the activities permitted in the LOA issued to the company. In case, any additional activity is to be performed, necessary approval from the Board of Approval can be obtained through the UAC meetings.</p>
7.	Received through WhatsApp	Export of Goods/Services	Request to confirm Para (k) Chapter-6 of FTP 2023 is referred to what?	EOU with or without payment of duty and/ or taxes may procure goods from DTA used for consolidation of manufactured articles and export thereof along with manufactured article upto the extent of 5% FOB value of exported by the unit in preceding financial year.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
8.	Ganapathi. R Deputy Manager Commercial Intimate Fashions (India) Pvt Ltd	DTA Supplies	<p>We, Intimate Fashions (India) Pvt Ltd., a 100% EOU manufacturing ready-made garments.</p> <p>We have a proposal of setting up a new premises in SEZ to manufacture textile accessories to supply in the local market, for which we are planning to source raw materials indigenously.</p> <p>1. Can we sell our product in the local market with out any customs duty as we are sourcing RM indigenously and is that allowed being situated in SEZ?</p> <p>2. If it is allowed with out payment of customs duty, is there any limitations set?</p>	As per Section 30(a) of SEZ Act 2005, we are of the view that any goods removed from a SEZ to DTA shall be chargeable to duties of customs which includes basic customs duty, IGST, antidumping, countervailing and safeguard duties (under the Customs Tariff Act, 1975), where applicable, as leviable on such goods when imported.
9.	Bala V Senior Manager (Exports & Commercial)	Export of Goods/Services	<p>We are from SEZ unit located in CCCL Pearl city SEZ -Tuticorin, Kindly clarify the following w.r.t to GST rules.</p> <p>1. Can we Ship the Export FCL Shipments from our SEZ unit to Tuticorin port without E-way bill , distance will be 35km?</p> <p>2. Is it mandatory to mention our unit's GSTIN in commercial invoice for export shipment?</p> <p>3. We normally ship 7-9 containers per shipment under one Shipping Bill, Invoice & Packing list. In this case, Customs assessed Shipping Bill, AO signed gate pass, commercial invoice & packing list will be given to one trailer. Other trailer will not have any shipping documents. Is it a statutory compliance to send photocopies of same shipping documents to other trailers.</p>	<p>1. E-Waybill is required for movement of goods from business premises to port for export, if the value of consignment exceeds INR 50,000.</p> <p>2. GSTN is mandatory to be updated in all tax invoices issued by the company. For Export it is mandatory to issue a tax invoice.</p> <p>3. It is recommended to send duly certified copies of shipping documents along with all the consignments and the original copy shall be sent with the last consignment.</p>
10.	AKR Avalakondaraya ppa	Import of Goods/Services	Request you to guide whether import of Television is permitted for testing or are there any restrictions. Please share related notification/circular.	There is no restriction on import of television or any goods for the purpose of testing or otherwise, provided it is covered under unit's authorised operations.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
11.	K.Janardhana Rao	Input Tax Credit	In the case of partial de-bonding of an EOU Unit, upon obtaining permission from the concern SEZ Authorities and EPD Authorities (Customs Dept.), EOU is required to pay the applicable customs duties with IGST etc., on manual TR-6 Challan. Under GST Act, manual GST credit against TR-6 Challan is not permitted. All the GST credits should be in line with online GSTR-2A. In this regard, we request you to kindly advise us whether the IGST amount paid along with customs duty in TR-6 Challan is available as IGST input credit or not. If yes, how avail the IGST credit?	Input tax credit of IGST on the strength of a TR-6 challan may be available as it can be regarded as " <i>such other tax paying documents as may be prescribed</i> ".
12.	Bharat Bhushan Associate Director-Supply Chain	GST Refund	We are an 100% EOU engaged in manufacturing of pharmaceuticals products. While importing the shipments we make the payment to shipping company. The shipping line issue the online invoice and receipt neither digitally signed nor manually signed. The shipping lines do not agree for the signatures on their invoices. Now while claiming the GST refund, the officers are insisting for the sign and stamp. Request to advise whether it is mandatory to have the invoices signed and stamped despite paying the shipping lines online.	Please note that Rule 46 of CGST Rules, 2017 outlines necessary details which are required to be included on a tax invoice issued by a registered person. 'Signature or digital signature of the supplier or authorised representative' is one of the mandatory particulars mentioned in said rule. It is also provided that the signature or digital signature of the supplier or his authorised representative shall not be required in the case of issuance of an electronic invoice in accordance with the provisions of the Information Technology Act, 2000 (21 of 2000). Accordingly, in case of invoices without any signature/ digital signature of the supplier or his authorised representative, the authorities may raise an issue with reference to the authenticity of invoices.
13.	Query received through WhatsApp	Others	Whether RoDTEP incentives are available for export to Nepal where payment terms are in INR ONLY.	As per guidelines issued by ICEGATE portal, duty credit scrips are permissible but under freely convertible currency.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
14.	Santhosh.S PCA Motors Private Limited	Export of Goods/Services	Request you to provide us the clarity on filing credit notes against software export invoices in the below scenarios: 1. After filing the SOFTEX against export invoices, how to consider the credit note raised against same export invoice in system, since we will receive the short payment by considering credit note, how to knockoff the same in EDPMS. 2. After filing the SOFTEX against export invoices and subsequently payment received. However, credit note raised for the same. How to regularize the above transaction.	1. As per RBI Master Circular No.14/2013-14, we are of the view that credit notes raised for invoices whose softex forms have already been certified shall be furnished to the AD Banker and respective softex forms shall be settled by AD banker accordingly. 2. Since the payment has been received, we are of the view that there is no requirement of cancelling the respective softex forms. In case the same is for different financial years, kindly also check with the AD banker.
15.	Sharad Bhat Manager – Finance and Accounts	Export of Goods/Services	If anyone wants to export services in individual capacity, get sale proceeds in forex, does he have to register with STPI? Can he get credit of his inwards/sale proceeds in foreign currency? Is there any other FEMA/RBI compliance he has to fulfil in his business of export of service/consultancy?	Please note that registration under STPI is required for entities engaged in export of IT enabled services or computer software via data communication link or via physical media. Further, sale proceeds in foreign currency can be received by the Company through its AD bank.
16.	Vimal Kumar Sharma Sainik Lifestyle	Reverse Charge Mechanism	1. Transport bill have received in SEZ without LUT than RCM is applicable? 2. If we deposit the amount then we will book it in expenses because in SEZ we cannot adjust the amount from sale.	We understand that the SEZ unit has received transport services and wishes to determine if GST under reverse charge mechanism (RCM) is applicable to the transport services it has received. In the above backdrop, it is to be noted that SEZ unit can procure services, where they are liable to pay GST under RCM, without payment of GST provided the actual recipient i.e. SEZ unit furnishes a letter of undertaking (LUT). Accordingly, requirement of payment/booking of GST under RCM is not warranted in the given scenario.
17.	Hariharan S	Export of Goods/Services	We would like to send calendars to a foreign customer from SEZ unit. The courier companies have asked us to file a shipping bill for sending the calendar in sample mode. They are treating this as a commodity and requesting us to move it in cargo mode with a GR waiver. Please advise on the procedure for exporting the calendar and gift (bag/pen) items from the SEZ unit to our foreign customers.	Considering the units authorised operations, we understand that the same will not fall under scope of SEZ. If the same is under authorised operations, the same will be allowed.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
18.	J Balasubramanian Dy. Director – Global Supply Chain	Import of Goods/Services	<p>We are an EOU in the manufacture of Automatic Transmissions under Chapter heading - 8708:4000 (Gearbox & parts thereof). One of our domestic supplier, wants to import Tools (for High-pressure Die casting) from Europe, for the manufacture and supply of aluminum casting parts. Please let us know if they can avail 100% Duty Exemption on such imports (of Tools) as it is meant to be used in the manufacture and supply of parts to Export Oriented Unit, to be used in the manufacture of Export products.</p> <p>Please advise us what procedure to be followed by our supplier for availing the Customs Duty exemption.</p>	<p>Kindly note that the domestic supplier cannot avail duty exemption on the import of high-pressure die casting that is used for the manufacturing and supply of aluminum casting parts to EOU, which is used for the manufacturing of products for supply to EOU.</p> <p>Please note that a view may change if the domestic supplier is a sub-contractor of the unit.</p> <p>However, the domestic supplier can consider an option of imports of tools under Export Promotion Capital Goods Scheme (EPCG) and supply to EOU considering them as deemed exports. Please note, certain conditions and obligations as prescribed under Chapter 5 of the FTP would be required to be adhered to by the EPCG license holder.</p>
19.	J Balasubramanian Dy. Director – Global Supply Chain	Import of Goods/Services	<p>Can you please clarify w.r.t previous response:</p> <p>1. Please note that a view may change if the domestic supplier is a sub-contractor of the unit. Can you please help us understand on why a sub-contractor may be eligible and not a supplier ?</p> <p>2. However, the domestic supplier can consider an option of imports of tools under Export Promotion Capital Goods Scheme (EPCG) and supply to EOU considering them as deemed exports. Please note, certain conditions and obligations as prescribed under Chapter 5 of the FTP would be required to be adhered to by the EPCG license holder.</p> <p>What is the procedure to be followed if the supplier has to obtain EPCG license and import the tools in his name ? Does he have to show Allison Transmission India as the Buyer(Customer)? Also, alternatively, please let us know if the EOU can import the Tools on duty exemption and lease/lend it to the supplier for use in the manufacture of parts for the EOU.</p>	<p>The view that we were referring to if the domestic supplier is a sub-contractor is that the EOU unit may import such capital goods without duty and send them to the subcontractor place where the sub-contractor is carrying out certain manufacturing activity on behalf of the company. Hence, to answer your query A1 and B, the company can consider the mechanism of sub-contracting as per Para 6.21 of the Handbook of Procedures to FTP .</p> <p>In response to query 2, with respect to the domestic supplier getting EPCG License, such supplier may obtain the EPCG license independently analyzing his domestic and export performances obligations and following the procedure as prescribed under Chapter 5 of Handbook of procedures (FTP). Further, there is no requirement to mention the details of Allison on the license obtained by the supplier.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
20.	J Balasubramanian Dy. Director – Global Supply Chain	Import of Goods/Services	Glad to hear that EOU can import the Capital goods Duty Free and provide it to the supplier who is supplying a finished part used in our Export product. Only clarification here is that there is NO sub-contracting activity. The supplier will solely make the part fully finished condition and the part will be directly assembled in the Export product at the EOU. Only support here is providing the Tool by EOU, as they are eligible to import it Duty-Free. Hence, there cannot be any Sub-contracting process. Hope we can still provide the Capital good(Tools) to the supplier. Under what document should this be given, should we take the Customs Or Development Commissioner's permission? How long can the Tool(capital good) remain with the supplier?	As per FTP and Handbook of procedure, we are of the concise view that there is no provision for lease or transfer of capital goods(tools) from EOU to DTA and the Possible way for transfer of capital goods (tools) from EOU to DTA can be either by subcontracting or through sale with the payment of applicable duty and GST.
21.	Balasubramanyan T Modular Fabrication Facility- Kattupalli Larsen & Toubro Limited	DTA Supplies	We are going to sale the used scaffolding materials (Carbon Steel) from L&T Kattupalli, SEZ to DTA. These scaffolding materials were imported 3 years back. Please clarify the below: 1. How we can compute the value of these material? 2. Value of the material should be depreciated as per SEZ Rules? 3. Procedure/rule we need to adhere for this sale according to FTP.	It is to be noted that, as per Rule 49 of the SEZ Rules, Capital goods to be removed from SEZ to DTA after use is to be valued at the depreciated value. Depreciation is to be computed in a straight-line method at the rate as provided from the date such asset was put to use till the date the bill of entry is presented for home consumption. There is no specific provision under FTP that covers the said transaction.
22.	Hariharan S	Import of Goods/Services	We want to import a bar code scanner and adaptor for our SEZ unit. Is a BIS certificate required for importing the items to the SEZ? If not, is there any Customs or SEZ notification that BIS is not required for SEZ import?	Generally, certification scheme of BIS is voluntary in nature. However, certain products as notified by Government of India under Quality Control Orders, can be imported to India only with Standard Mark under a valid license from BIS. It is suggested that the Company validates the product to understand the mandate for BIS.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
23.	Rahul Kalburgi Aequs SEZ, Belgaum	Others	<p>1. Can we (EOU unit) claim refund of GST paid on local procurement of goods (inputs/raw materials/ capital goods) under Deemed export procedure. If yes, let us know the procedure for claiming refund. Alternatively, can we ask the supplier to claim refund under Deemed export procedure and what is the procedure to be followed for the same.</p> <p>2. Need clarification on amount of Bond and Bank Guarantee to be executed by a EOU unit. As per our understanding, Bond must be executed for 25% of the duty foregone on imported capex and 3 months requirement of imported RM. Further, Bank Guarantee will have to be executed for a value of 5% of the Bond amount. Kindly advise if our understanding is correct and provide relevant reference in this regard.</p>	<p>1. We are of the view that Supply of goods by DTA unit to an EOU unit would qualify as a deemed export as per Section 147 of the CGST Act 2017. (Notification 48/2017 dated 18.10.2017 lists down the supplies that would qualify as deemed export and as per point 3 of the said notification 'Supply of goods by a registered person to Export Oriented Unit' would qualify a deemed export. Refund under GST is allowed under GST as per Section 54 of the CGST Act and 2nd proviso to rule 89(1) of CGST rules 2017 provides that, in case of deemed exports, refund can be claimed by the recipient or by the supplier of deemed supplies (provided the recipient does not avail ITC and furnishes an undertaking to such effect).</p> <p>2. Yes, your understanding is correct with regard to the bond to be submitted by the EOU unit. However, as per Circular No. 27/2018 Customs dated 14.10.2018, there is no requirement of executing a bank guarantee/ surety by an EOU unit.</p>
24.	Rahul Kalburgi Aequs SEZ, Belgaum	Others	<p>We have a EOU unit and are planning to procure few assets (machines) from a unit operating under MOOWR scheme. In this regard, we wish to know the following:</p> <ul style="list-style-type: none"> - Whether taxes/duties are exempted on sale of goods from MOOWR unit to EOU unit. If yes, kindly provide reference of section/notification. - If not, Applicable taxes/duties on supply of goods from a unit in MOOWR to a unit in EOU. - Documentation and procedure for procurement of goods by EOU unit from MOOWR unit. 	<p>It has to be noted that as per Para 6.01 of FTP a unit can procure from a bonded warehouse in DTA without the payment of customs duty and any additional duty leviable under the first schedule of Customs Tariff Act, 1975.</p> <p>Further, such procurement shall be made without the payment of IGST and compensation cess leviable under section 3(7) and 3(9) of Customs Tariff Act, 1975.</p> <p>In light of the above we are of the view that the Company can procure assets (machine) without payment of duties and taxes. However, it is suggested that a prior intimation is provided to the jurisdictional customs authorities and appropriate records for the transaction is maintained.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
25.	Ch.S.S.Sekhar R.D-EPCES-VSEZ	LOA/BLUT	The Company have three units in Hyderabad one of its lease rent due will be June 2023. But their LOA was valid till 05.09. 2025. Now the unit is intended to renew its lease agreement for four years i.e. beyond the LOA validity period. But the developer insisting as per SEZ Act the lease agreement has to be obtained for 5 years. Please advise can the unit get renewed the lease agreement below five years.	<p>As per the amended Rule 11(5) of SEZ Rules 2006, <i>“a land or build up space in the processing area or Free Trade shall be given to entrepreneurs holding a valid letter of LOA , the lease period shall be not less than five years but notwithstanding any other condition in lease deed, the lease rights would cease to exist in case of the expiry or cancellation of the Letter Of Approval”</i>.</p> <p>As per the above-mentioned Rule, the lease period for land or built-up space in the processing area or Free Trade shall be at least five years. Further, in case LOA is not renewed or is cancelled, the lease rights of the entrepreneur will also cease to exist, regardless of any other condition mentioned in the lease agreement.</p> <p>Therefore, as per the provisions of Rule 11(5) of SEZ Rules, renewal of lease agreements for entrepreneurs holding a valid LOA may not be allowed for a duration less than five years.</p>
26	Hariharan S	Export of Goods/Services	<p>We want to send a robot from our SEZ to Germany for a trade show. The robot will return to our SEZ unit within one month of the demo. We want to take benefit of the duty exemption at the destination, so our freight forwarder suggests shipping the robot via ATA carnet.</p> <ul style="list-style-type: none"> • Please advise whether we can ship the robot from the SEZ using an ATA carnet. If so, please let us know the procedure and documents required. • Is it necessary to file the shipping bill online at SEZ for ATA carnet shipment? Please provide assistance with Customs documentation. 	<p>As per rule 46(9), a unit may export goods for display or participation in exhibition abroad by giving an advance intimation to the DC and submit the shipping along with the relevant document to the AO. The goods unsold shall be brought back to the unit within 45 days of the exhibition by filing BOE subject to the same procedures as applicable to import of goods. The goods shall be allowed into the unit free of duty.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
27.	Hariharan S	Sub-contracting	<p>We want to send electronic components to our subcontractor (a DTA unit) for job work. Our subcontractor's job is to mount the components in PCB boards and send us the finished product (populated PCB assembly for digital camera). Since the components are very small in size and sensitive to handling in SMT machines, which may result in a defective/dropout while assembling the PCB, we like to send some extra components as a replacement and for safety. SEZ Customs is raising a query to declare the wastage for this job work in accordance with the SION. When we check with DGFT, our item is not listed in the SION. When we approached the DGFT consultant about fixing the wastage in our product, we were told that only DTA units with an Advance Authorization Scheme could file an application for fixing the wastage for the finished goods.</p> <ul style="list-style-type: none"> • Please advise, whether SEZ unit can file an application with the DGFT to fix waste from job work? • If we receive the wastage components along with the finished goods from our subcontractor, can we avail the duty exemption on the wastage components value? 	<p>As per SEZ Rules, 2006 wastage can be cleared as per SION norms. Where SION norms are not fixed, the unit can approach DGFT.</p> <p>As per FTP, DGFT may in public interest pass such orders or grant such exemption, relaxation or relief, as he may deem fit and proper, on grounds of genuine hardship and adverse impact on trade to any person or class or category of persons from any provision of FTP or any Procedures. We do not observe any specific restriction for fixation of norms for SEZ. Hence, it is suggested that Company puts forth a strong case for requirement of Norms.</p>
28.	Hariharan S	DTA Supplies	<p>We would like to send the finished goods as a free sample to our DTA customer from our SEZ unit. The item will be of value around Rs.3000-7000/-. Our customer will not have any payment remittance with us as this is a free sample. Please advise is this mandatory to pay duty/tax to Customs for taking out the free sample from the SEZ unit. Is it possible to obtain duty exemption for sample shipments? Please provide guidance.</p>	<p>As per Rule 50(1) of SEZ Rules 2006, we are of the view that a SEZ unit may temporarily remove finished goods as free samples to a DTA unit without payment of duty or integrated goods and service tax.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
29.	Hariharan S	Sub-contracting	We E-con is a SEZ manufacturing unit, and our subcontractor holds an EOU license. Our subcontractor (EOU Unit) lacks a trading license and wishes to sell their surplus raw materials (electronic components) to our SEZ unit. Is it required to pay duty if we sell that raw materials from the EOU unit to the SEZ? Or can we obtain duty exemption for this transaction by filing the home consumption bill of entry at SEZ unit? Please advise.	As per Rule 27(1) of the SEZ Rules 2006, we are of the view that an SEZ may procure all type of goods, including capital goods, raw materials, semi-finished goods, (including semi-finished Jewellery) component, consumables, spares goods and materials for making capital goods required for authorized operations without payment of duty, taxes and cess from an EOU for its authorised operations.
30.	Hariharan S	Sub-contracting	We are a manufacturing unit located in MEPZ-SEZ. We supplied electronic components to our subcontractor (EOU) under trading account. We supplied to them duty free in accordance with SEZ Rule 30(14). The components are rejected by the EOU unit due to quality issues. Please let us know how to return the components from EOU to SEZ. Can we take the rejected components from the EOU via the rejection invoice and avail the duty exemption by filing the SEZ bill of entry?	Yes, movement of goods into SEZ for authorised operations can be allowed.
31.	Hariharan S	Sub-contracting	We E-con (MEPZ SEZ) is a manufacturing unit having trading permission to sell raw materials from the SEZ. We subcontracted an EOU unit to produce the semi-finished product (PCBA for digital camera) for us. For manufacturing support, we would need to supply a few components to our subcontractor (EOU unit) in order for them to mount the PCBA. This would be a FOC transaction, and we would not receive any payment remittance on this component transaction as their finished product would be supplied to our SEZ unit under sale invoice. Please advise if we can supply the components (raw materials) to EOU for free under FOC invoice.	It is to be noted that as per Rule 41 & 42 of SEZ Rules 2006, the SEZ units are allowed to subcontract a part of their production or any production process to units such as DTA, EOU, STP, or EHTP units on prior permission from Specified officer (SO) on an annual basis without payment of duty on a condition that the goods are brought back within prescribed time limit. From the above provisions we are of the concise view that the company can supply the components (raw materials) to EOU for subcontracting without payment of duty.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
32.	Hariharan S	Sub-contracting	We are not sending the complete raw materials to the EOU unit, they will procure the major components by their own and one or two components we need to support them for manufacturing. And so, the Customs officials are suggesting us to move the raw materials under rule 46 (12) of SEZ rules through the EOU procurement certificate. Will EOU unit be able to provide the procurement certificate for FOC transaction.	Considering the same is a practical scenario, we recommend validating the scenario with the specified officer or regional authority of the EOU unit.
33.	Benny Varghese	Others	Are EOUs required to submit both monthly Form A and IGCR quarterly returns simultaneously? Following the implementation of GST, we were only submitting the IGCR quarterly return based on the view that it superseded the erstwhile Form A requirement.	It is important to note that due to the implementation of GST, Circular 35/2016 and Notification No. 52/2003- Customs has not been rescinded and therefore the procedure and compliances as prescribed in circular 35/2016 needs to be followed. Thus, a digital copy of Form A, containing transactions for the month, shall be provided to the proper officer, each month (by the 10th of month) in digital manner (in CD or Pendrive, as convenient to the unit). Additionally, the unit shall maintain its current practice of filing reports on a quarterly basis until the system infrastructure of ICEGATE is fully developed and officially announced by CBIC.
34.	G V B Reddy	High seas sale	We are the Co developer Divyasree Tech Park Contractors Pvt. Ltd. SEZ (ITIES). We are planning to purchase lighting fixtures as per below scenario: 1. Rajkamal Traders Pvt, Ltd had imported the material and sold it to Bombay Electrical Pvt. Ltd through High Sea Sale material is under (FT Warehouse Zone Mumbai). 2. Bombay Electrical Pvt. Ltd proposed to sell the same material from (FT Warehouse Zone Mumbai) to DivyaSree Tech park Pvt. Ltd Hyderabad on Zero rated Customs duty and IGST. Can Divyasree Techpark Contractors Pvt. Ltd eligible for tax benefit.	We understand that the co-developer is clearing goods from FTWZ Mumbai for its own consumption. In this regard, please note that as per Rule 27 of SEZ Rules, 2006, a unit or developer may import goods from warehouse without payment of duties and taxes.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
35.	Melwin Mathew Associate Manager, Finance, Pune TATA ELXSI	Sub-contracting	We have two SEZ units. One SEZ unit in Kozhikode & another SEZ unit in Trivandrum. Can our Trivandrum SEZ unit subcontract part of the project work they received to our Kozhikode SEZ. The client PO will be issued in the name of SEZ Trivandrum & final billing to client will also happen from SEZ Trivandrum.	It is to be noted that as per Rule 42 of SEZ Rules, 2006, a Unit, may subcontract a part of its production or any production process, to a unit(s) in a SEZ with prior permission of the Specified Officer to be given on an annual basis and subject to compliance with the time limit and other conditions mentioned under said rule. Hence, we are of the concise view that Trivandrum SEZ unit may sub-contract part of its work to another SEZ unit i.e. Kozhikode SEZ unit.
36.	Melwin Mathew Associate Manager, Finance, Pune TATA ELXSI	Sub-contracting	Furtherance to above, Rule 42 talks about goods only, in our case our unit is IT/ITES. There will be no movement of goods. Can we still do subcontracting?	Please note that Rule 42 of SEZ Rules, 2006 specifically provides for subcontracting in case of goods only. There is no explicit provision for subcontracting of services under SEZ Rules. Further, as per Rule 27 any SEZ unit may import or procure goods or services from another SEZ unit. and as per Rule 53 (A) (h), such services may be treated as export and counted for calculation of NFE. Since there is no explicit provision for subcontracting of services under SEZ Rules, we are of concise view that subcontracting provisions may not apply in case of IT/ITES services and the unit can enter into transaction with another SEZ unit as per the provisions of Rule 27 of SEZ Rules, 2006 as described above.
37.	Murali Mohan MG Siemens Healthcare Private Limited	DTA Supplies	We are exporting tax services to our customers from SEZ unit in which currency will be either in USD/ EUR & services to be provided in India & to overseas as well (i.e. Indonesia/ Bangladesh) In tax service invoice which been supplied to India, service/ sales tax will be mentioned but still currency will be USD. In above scenario do we need to file Softex or DTSF.	We understand that the company is engaged in providing tax services to its customers within India and overseas. The Company intends to understand whether any specific requirements should be satisfied for sale to DTA. As per Rule 47(1) of SEZ Act 2006, a unit can sell goods and services including rejects or wastes or scraps or remnants to DTA on payment of Customs duties under Section 30. From a procedural front, a manual issued by NSDL prescribes filing of DTA sale form for such sales to DTA.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
38.	Karuppasamy M, Finance Team, Zen Linen International Private Limited	Import of Goods/Services	<p>We are a manufacturer and exporter. Our procurement has been from China and other east Asian countries. Due to higher freight cost and transportation delays, we are planning to get our fabrics from India. Since integrated suppliers in India are very few and the cost is high for our operations, we need to procure fabric which needs further processing at a different supplier/job worker. We place our order with our DTA fabric supplier (Location A) and subsequently send this fabric for processing in a printing mill (Location B). We inform the supplier A to shift the fabric to Supplier B and after printing, the fabric is moved to SEZ unit (Location C).</p> <p>We will be issuing two separate PO's - first on Supplier A giving instructions to deliver the fabric to Supplier B with zero rates GST and second on supplier B giving the delivery location at SEZ unit (location C) with zero rates GST. This will enable us to save cost. The finished fabric is consumed at our SEZ units. We need to procure the same without duties/taxes as we are a SEZ unit where duties/taxes are exempted. If we procure from a DTA unit and send to another DTA unit for further processing, then we need to pay taxes which are non-refundable. Further we will also get the following benefits.</p> <ul style="list-style-type: none"> - Our domestic supplier sends the raw materials to our SEZ Unit which we send to Job workers. Once the process is completed, Job workers send the processed materials to our SEZ unit. Due to this we are incurring huge transportation costs. - The above activity is time consuming, and we are facing lead time & waiting time and delay in process. - If we pay GST, we cannot claim since we don't have the input credit and claiming refund options. <p>We need approval from the SEZ Development Commissioner and SEZ Customs for the above. Hence, we request you to clarify and advise on the above.</p>	<p>We understand that the Company seeks inputs on the procurement from DTA supplier and delivery to subcontractor premises.</p> <p>In the above backdrop, it is pertinent to note that as per SEZ law, a unit is not allowed to directly get the goods delivered at the subcontractor premises considering the procedural and administrative requirements to validate the quantum of goods delivered to the sub contractor premises. Hence, the Company would be required to bring in the goods at SEZ and then send for subcontracting purposes.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
39.	G.Kothandaram an Durferrit Asea Private Limited	Others	<p>We are a 100% EOU manufacturing and exporting surface treatment chemicals in Renigunta A.P.</p> <p>As per the new policy, Bank Guarantee is not required for taking B17 bond if the unit is in operation for more than 5 years with unblemished track record and more than Rs 5 crores turnover.</p> <p>We have been in EOU status for more than 15 years and we want to take additional B17 bond as some imported Raw material prices have gone up .</p> <p>We also have one Star status certificate which was issued for 2015-20 FTP.</p> <p>Hence if we want to take additional B17 bond for our unit, can we get waiver of Bank Guarantee in lieu of star status certificate which is valid till September 2023 (as per the notification in the latest FTP, if the old one is valid till March 2023) and also in view of the new 2023 policy. Earlier B17 bond we got waiver of Bank Guarantee in view of star status.</p>	<p>B-17 Bond is a surety bond taken to cover all activities of the unit which include transshipment of import/export goods, duty free import/procurement from indigenous sources and warehousing/storage in unit, movement of duty-free goods for job work and return, temporary clearance for repair and display in exhibition, testing/approvals, movement of goods against AR-4, AR-3A, and CT-3 etc. and transfer from one warehouse to another. The Bond amount is equal to 25% of duty foregone of capital goods required in next 5 years plus duty foregone on value of raw material required for a period of 3 months. Surety or security equivalent to 5% of bond amount in the form of bank guarantee is required to be given by EOUs. The eligibility criteria to recognize an exporter as a “status holder exporter” are as below:</p> <ul style="list-style-type: none"> • The applicant for the grant of Star Export House must have IEC. • The certificate is given depending upon certain level of export performance achieved by exporters. In case of one start status holder, export performance in 2 out of 3 year is USD 3 million. <p>However, as per para 6.11 of FTP 2023, the unit will not be required to furnish bank guarantee at the time of import or for job work in DTA, where:</p> <p>(i) the unit has turnover of Rs. 5 crore or above; and</p> <p>(ii) the unit is in existence for at least three years; and</p> <p>(iii) the unit has achieved positive NFE/export obligation; and has not been issued a SCN or a confirmed demand, during preceding 3 years, under the penal provision of the Customs Act, GST Acts, the Central Excise Act, the Foreign Trade (Development & Regulation) Act, 1992, FEMA Act, the Finance Act, 1994 on account of fraud/collusion/willful misstatement/suppression of facts etc.</p> <p>The Company may not be required to furnish Bank guarantee at the time of import or for job work in DTA in case all above conditions mentioned in FTP 2023 are fulfilled and exemption would not be granted only based on holding one status holder certificate.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
40.	Mr Rajesh (DDC)	Others	Please check on whether domestic sourcing for reconditioning is allowed for EOUs.	<p>As per Para 6.15 of FTP-2023, EOU units may be allowed to carry out reconditioning, repair, remaking, testing, calibration, quality improvement, upgradation of technology, and re-engineering activities for export in foreign currency. However, no DTA sale or sale against EPCG/AA or any other scheme under FTP is allowed. Such units may import the goods for the above-referred activities. However, DTA clearance of such goods is restricted by FTP.</p> <p>Further, there are no provisions for setup such units or carrying out such activities for DTA or on products procured from DTA.</p> <p>As per Para 6.16, finished goods sold in DTA may be brought back into the unit for the above-referred activities.</p> <p>Further proviso of Para 3 of Notification No. 52/2003-Customs, also restricts clearance of such goods into DTA.</p> <p>In the above background, we are on the concise view that units working under a 100% EOU scheme cannot procure or source goods from DTA to carry out reconditioning, repair, or remaking activity except for the goods sold by the unit.</p>
41.	Vikram Assistant Manager, British Engines India	Re-import/re-export	Is there any specific permission required for RE import /Re Export for modification/Rework/ from CSEZ/EPC or only intimation is necessary.	<p>Please note that as per para 6.16 of the FTP, General provisions of FTP relating to export /import of replacement/repair of goods would also apply equally to EOU/EHTP/STP/BTP units. Further, as per para 2.28 of the FTP, Capital goods, equipment, components, parts and accessories, whether imported or indigenous, except those restricted under ITC (HS) may be sent abroad for repairs, testing, quality improvement or upgradation or standardization of technology and re-imported without an Authorization.</p> <p>However, referring to PN 25/2021 issued by Customs Commissionerate Bangalore, in all cases of re-export, the units are required to seek prior approval from the jurisdictional EPCs.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
42.	Chandru Ramachandran	DTA Supplies	<p>As per FTP, EOU is eligible to clear wastage/scrap/remnants, arised out of production process from the duty-free imported inputs, in DTA as per SION or within norms fixed by the Norms Committee. It appears from Customs Notification No. 59/2017 that clearance of such items as per SION norms are exempted from payment of duties/taxes. However, clearance of such items over and above SION norms is bound for payment of duties & taxes. Kindly clarify and confirm whether this exemption is allowed for clearance of such items in DTA.</p> <p>It is understood that FTWZ is governed under SEZ Rules. Please clarify whether movement of goods from DTA, EOU or MOOWR units into FTWZ would be treated as Export under zero rated supply.</p>	<p>As per Chapter 6 of Para 6.08 of FTP, Sale of Finished Products / Rejects / Waste/ Scrap / Remnants and By-products to DTA would be subject to payment of excise duty, GST and compensation cess (as applicable) along with reversal of duties of Customs availed as exemption. As per Notification No. 52/2003 as amended and PN 25/2021, the waste/ scrap sold to DTA shall be as per SION norms and liable to duties over and above SION norms.</p> <p>Further, supplies to SEZ has been considered as zero rated, the term SEZ includes FTWZ as per the SEZ Act, 2005. Therefore, supplies would be considered as zero-rated supplies.</p>
43.	Suresh Kumar DGM - Commercial Quadrigen VetHealth Pvt. Ltd.,	Others	<p>1. We have some old used and junked machines which we wish to sell for a nominal scrap value received from a bidder. We have purchased this machinery locally probably with VAT exemption before GST was introduced. The SEZ officer informed that as per the SEZ rules, we are supposed to clear it after payment of applicable customs duties though we informed we would pay the applicable GST as there are no import components.</p> <p>2. We have obtained approval from the SO for Job work to a GST registered DTA unit in Andhra Pradesh who have the required facilities and drug manufacturing license. However, when we sought for GST exemption for Direct supply of few raw materials, consumables locally procured by units for direct supplies to this DTA job worker location to save on time & transportation cost, it was denied by CSEZ stating that there are no provisions in SEZ rules for this arrangement.</p>	<p>We understand that the Company being a SEZ unit is seeking clarification on applicability of duties on sale of old machinery to DTA and direct delivery of goods to sub contractor premises:</p> <p>In the above back drop, it is pertinent to note that as per Rule 49 of the SEZ Rules 2006, a unit is allowed to remove capital goods to DTA on payment of applicable duty which includes BCD and IGST. Hence, we are of the concise view, duty is required to be remitted when capital goods are removed from the unit.</p> <p>Further, as per Rule 41 of SEZ Rules, 2006, a unit is not allowed to directly get the goods delivered at the subcontractor premises considering the procedural and administrative requirements to validate the quantum of goods delivered to the sub contractor premises.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
44.	S. Damodharan Asst. Manager – EXIM	High seas sale	We are planning to import goods from China and same will be exported to Germany under “High Sea Sales” without reaching Indian ports / Customs. Please let us know the procedure and documentation required for the same.	<p>Please note that trading of goods from one foreign country to another foreign country without touching the Indian ports is permitted in FTP 2023 specified under para 2.39 as “Merchant Trading”.</p> <p>We are of the concise view that, the compliance for Merchant trade except for goods/items in the CITES & SCOMET list is subject to RBI guidelines as per the RBI circular No-20 dated 23.01.2020. As per the guidelines issued, the AD bank shall verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade. The AD bank may, if satisfied, rely on online verification of Bill of Lading/ Airway Bill on the website of International Maritime Bureau or Airline web check facilities. However, the AD bank shall ensure that the requisite details are made available /retrievable at the time of Inspection/Audit/investigation of the transactions.</p>
45.	Ajit Shinde	Zero-rated supply	<ol style="list-style-type: none"> 1. Can SEZ Unit purchase vehicle without GST for its Directors/Partners. There are dealers who are willing to sell vehicle without GST, but we are also encountering dealers who are not. 2. As per our understanding vehicle used by Director/partner will fall under Authorized Operations, please confirm. 3. Can IT Services Unit raise invoice in INR to another SEZ unit (within same SEZ). 	<ol style="list-style-type: none"> 1. Exemption from the levy of GST shall only be available if the goods (vehicle) is used for the authorized operations of the SEZ unit. Additionally, to claim the benefit of zero rating, the supplier of the vehicle must possess a valid LUT which is in force as on date of the supply. 2. As highlighted above, the exemption can only be available if the vehicle is used for the authorized operations of the unit. However, we understand that said purchases would be personal in nature to the extent of its usage for directors/partners of the unit. Same may be questioned by SEZ authorities at a later stage. 3. Yes, the SEZ unit can raise invoice in INR to another SEZ unit for supply of services.

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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
47.	Rahul Kalburgi Aequs SEZ, Belgaum	Import of Goods/Services	<p>We are planning to import Titanium and articles of titanium for use in manufacturing operations as inputs/raw materials/components.</p> <p>In this connection, we would like to know if there are any restrictions/compliances for importing titanium articles from China under the Customs Law or under the FTP. Similarly, is there any restriction/compliance in case of export of titanium products from India.</p>	<p>Please note that according to Chapter 81 of First schedule of Customs Tariff Act, 1975, the importation of titanium is subject to a BCD of 5%, as specified in tariff rate item “81082000”. Additionally, BCD of 10% applies to the importation of titanium articles, as per tariff rate item “81089090”. Therefore, upon importation of such goods, the company would be liable to discharge import duties along with IGST at the rate of 18% according to serial no. 291 of Schedule III of Notification no. 1/2017 – IT(Rate). There is currently no specific tariff rate assigned to the export of titanium products. Therefore, the company is not required to discharge any export duty on such products. Also, we do not observe any specific restrictions/requirements on importing and exporting titanium products from India as per above mentioned HS codes as per FTP.</p>
48.	Arun Jain Partner Kinai Infotech LLP	Export of Goods/Services	<p>We are a unit based in SEZ. We export services relating to software. Can we raise an invoice in INR and can the payment against the same can be realized in INR.</p>	<p>Please note that as per section 2(z) of SEZ Act, 2005, “services” means <i>such tradable services which,-</i></p> <ul style="list-style-type: none"> - are covered under the General Agreement on Trade in Services annexed as IB to the Agreement establishing the World Trade Organisation concluded at Marrakes on the 15th day of April 1994; - may be prescribed by the Central Government for the purposes of this Act; and earn foreign exchange. <p>As per above, we are of the concise view that the proposed transaction is not in alignment with the definition of service as provided in SEZ law. Also, it is to be noted that RBI has allowed invoicing and payments for international trade in INR vide A.P (DIR Series) Circular No. 10 RBI/2022-2023/90 dated 11.07.2022. Further, the framework put in place by RBI is applicable for any partner country seeking to undertake trade with India in INR in terms of said circular. Accordingly, the unit needs to see if the partnering country falls under the list of such countries.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
49.	S. KALYANI RD MEPZ SEZ	DTA Supplies	<p>1. Please clarify how much percentage of DTA Sales can be done by EOU Units.</p> <p>2. If we do Third part Exports whether it will fall under DTA Sales or not. Do we need to take any prior approval from any department for the same.</p>	<p>1. Kindly refer chapter 6.07 of FTP 23, which lays down the permissible quantity of DTA sale of goods, services (upto 50%), gems and jewellery (upto 10%) etc. of FoB value of exports on payment of applicable GST and Customs duties. It is also suggested that EOU units shall confirm that their products shall not be restricted for DTA sales as same is also highlighted in above captioned chapter.</p> <p>2. We understand that the DTA unit would be exporting goods on behalf of the EOU unit. In such cases, export documents such as shipping bill shall indicate the name of both manufacturing exporter/manufacturer and third-party exporter(s). e-Bank Realization Certificate (e-BRC) or export Realizations from RBI's EDPMS wherever available in DGFT IT Systems, Export Order and Invoice should be in the name of a third-party exporter. Accordingly, the DTA unit has to raise a separate service invoice to EOU for undertaking the work on behalf of EOU.</p>
50.	T.SOUNDARAPA NDIAN Global Polybags Industries P Ltd.	Others	<p>Kindly request to confirm whether the following product are eligible for Production Linked Incentive Scheme.</p> <p>1). Polythene Bags (Chapter No. 39232100)</p> <p>2). Plastic Moulded Product (Chapter No. 39231090)</p> <p>3). Paper Bags (Chapter No. 48194000)</p>	<p>It is to be noted that presently Product linked incentive schemes have been issued for certain specific sectors such as pharmaceuticals, electronics etc. based on their potential for revenue and employment generation.</p> <p>We are of the concise view that the products Polythene bags, Plastic moulded products and Paper bags, do not fall under the present available sectors for Product Linked Incentive Scheme.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
51.	Sharad Bhat Manager – Finance and Accounts	DTA Supplies	<p>What will be the consequence for:</p> <ol style="list-style-type: none"> 1. Not giving the invoices endorsed from SEZ authority to the vendor for supply to us (SEZ unit) by those vendors. Since in the past as well as in the present, few vendors do supply to us with LUT, few vendors without having LUT. They check with us about invoice to get endorsed, only when their GST assessment comes & their GST officer asks for copy of endorsement for supply to our SEZ unit. 2. In past, in few of the cases, while supplying to us without IGST, few vendors have taken declarations/ undertaking from us, that if any GST liability comes in their GST assessment because of supply to us with ZERO% in future, our unit will owe it. At that time, there was no great clarity about endorsement (DSPF) for their invoices, since during those periods there was no great such clarification & requirements & now if we are taking those old invoices for (DSPF) endorsement with SEZ authorities, we are facing challenges, being an old invoices. 3. What if, few of the vendors have made supply to us in past without IGST, but they did not have LUT for that period. 	<ol style="list-style-type: none"> 1. Per Rule 30 of SEZ Rules, 2006 goods procured from DTA units are required to be endorsed by the authorized officer, as evidence that goods have been admitted in full into SEZ and said goods are eligible for zero-rated exemption. Endorsement of invoices for services procured from DTA is also required to be completed by the SEZ unit and shared with the vendor within 45 days of procurement. Further, per Rule 89 of CGST Rules, 2017, endorsed copies of invoices are required to be submitted by the DTA unit while filing GST refund application with GST authorities. 2. Unit may approach and request the Authorised Officer for endorsement of said invoices, on providing him sufficient reasons for such delay in non-endorsement of pending invoices. Please note that endorsement of all pending invoices are at discretion of the authorities. 3. Please note that as per section 16 of IGST Act, DTA suppliers need to possess a valid LUT for undertaking zero rated supply (for authorised operations) without payment of IGST. If the vendor has undertaken zero-rated supplies without charging IGST in absence of valid LUT, GST authorities may question and demand tax liability from the DTA unit. Further, there is no obligation on SEZ unit from the GST perspective.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
52.	K Naveen Kumar	Import of Goods/Services	<p>We are manufacturing wheelchairs and per container we are loading nearly 200 qty to 400 qty and exporting to Europe and middle east.</p> <p>We are group company Vermeiren Group under this have factories in Poland, China and India.</p> <p>We get the technology so that no deviation in our brand wheelchairs should be identified. For this we must bring wheelchairs at least 2 qty of each model, so that we can prepare same kind of drawings, moulds, frames without any deviation.</p> <p>Now our import got hold by officer in Sricity saying this comes under trading. This import container also contains raw materials for producing at least 5 export containers, that got hold now. Please suggest SEZ rules/notifications to bring in this container.</p>	<p>As per Notification No. 154/94-Customs, issued on 13.07.1994, an exemption from BCD and additional duty is granted if the import qualifies either as Samples, Commercial samples, Price list, Prototypes of engineering goods imported as samples for executing or for use in connection with securing export orders or Bona fide commercial samples and prototypes.</p> <p>According to the above-mentioned notification, each type of import mentioned above has specific conditions attached to it which must be mandatorily fulfilled.</p> <p>In essence, prototypes refer to initial or representative models of products used specifically for product development, testing, evaluation, or quality control purposes. As such, wheelchairs that have been imported for drawing or moulding purposes may be regarded as prototypes and are therefore eligible for exemption from import duty as provided in the Notification No. 154/94-Customs, subject to specified conditions.</p> <p>Moreover, the company is required to furnish the customs officer with sufficient proof that the raw materials contained in the imported container are intended for manufacturing purposes, rather than for trading.</p> <p>In consideration of the aforementioned points, we are of the view that, Vermeiren Group may likely be obligated to pay the duty on the import of wheelchairs utilized for the creation of moulds and drawings if conditions in abovementioned notification remain unfulfilled (Conditions mentioned in column No.3, Entry number 4-Prototypes of engineering goods imported as samples for executing or for use in connection with securing export orders). In order to obtain clearance from customs for sample wheelchairs and other raw materials, the Company must adhere to the aforementioned procedure.</p>

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

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

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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
56.	Namdeo Shelke Schmalz India Pvt Ltd	Re-import/re-export	<p>We are 100% EOU located in Pune. We have imported FOC moulds from Germany for the production in India and now we need to send back the moulds to Germany being changes in the design/dis-continuation of the production etc. These moulds will not be imported back to India and will remain with Germany only (since they are the owner of the moulds). What documents / permission we need to obtain for re-export of the moulds?</p> <ol style="list-style-type: none"> 1. GR Waiver from the bank – being NOT receiving the remittance of these moulds (since they are FOC imported earlier). 2. Undertaking to the Customs that the moulds are the property of Germany and we are sending back. 3. Letter or mail from German counterpart for sending the moulds back permanently. <p>In this case, do we need to take the permission from DC, SEEPZ or Pune Customs for re-exporting the moulds ?</p>	<p>It is to be noted that as per Notification No. 52/03-Customs dated 31.3.2003, the unit may re-export the goods imported without payment of duty. The jurisdictional officer may, subject to such conditions and limitations as may be imposed by him and subject to the provisions of FTP permit re-export of such goods.</p>
57.	Namdeo Shelke Schmalz India Pvt Ltd	Re-import/re-export	<p>In relation to above query, please confirm what documents and approvals/ permission are required for re-export of moulds imported on FOC basis.</p>	<p>Please note that below mentioned documents/ approvals as prescribed or as per practice adopted by Customs are required:</p> <ol style="list-style-type: none"> 1. GR waiver from your AD bank as prescribed under RBI / FEMA provisions; 2. An undertaking along with documents of previous import viz Bill of Entry, Invoice etc.; 3. A communication from your German counterpart regarding ownership of the goods and intention to receive back the goods; 4. Permission from SEZ/ Customs authorities is not required in this instant case, however you may send an intimation to both authorities.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
58.	Prakash Thakur GIFT SEZ	FEMA	<p>Request you to pls. give clarity on , Deposit to be accepted from Personal Resident in India. As per FEMA regulations, Foreign Exchange Management (Deposit) Regulations, 2000</p> <p>3. Restrictions on deposits between a person resident in India and a person resident outside India :- Save as otherwise provided in the Act or Regulations or in rules, directions and orders made or issued under the Act, no person resident in India shall accept any deposit from, or make any deposit with, a person resident outside India: Provided that the Reserve Bank may, on an application made to it and on being satisfied that it is necessary so to do, allow a person resident in India to accept or make deposit from or with a person resident outside India.</p> <p>With reference to the same, can a unit accept deposit from persons resident in India?</p>	<p>As per the provisions of section 2(v) of the Foreign Exchange Management Act, 1999 (FEMA), "person resident in India" means— <i>(i)[relevant for individuals only].....,</i> <i>(ii) any person or body corporate registered or incorporated in India,</i> <i>(iii) an office, branch or agency in India owned or controlled by a person resident outside India,</i> <i>(iv) an office, branch or agency outside India owned or controlled by a person resident in India;</i></p> <p>Further, for the purpose of FEMA, "person resident outside India" means a person who is not resident in India (section 2(vi)). As far as FEMA is concerned, a SEZ unit fulfilling the conditions specified u/s 2(v) (as highlighted above) will be construed as 'person resident in India'. The restriction specified under the regulation 3 of the Foreign Exchange Management (Deposit) Regulations, 2016 concerns only 'deposits between a person resident in India and a person resident outside India'. Accordingly, a SEZ unit can receive deposits from a person resident in India from a FEMA perspective.</p> <p>However, acceptance of deposits from persons resident in India by a SEZ unit (which is a person resident in India) shall be subject to restrictions/conditions/rules/regulations specified under other laws applicable to the SEZ unit such as the provisions of section 73 to 76A of the Companies Act, 2013 in case of companies, terms undertaken while obtaining letter of approval by the SEZ unit, etc. Kindly note that the above may need detailed review and analysis based on facts of specific case in hand.</p>



03

▶ **Queries received in June 2023**

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Raghav Jhunjhunwala Aarshi Overseas Pvt Ltd.	Zero-rated supply	We have had certain goods/services procured from local vendors who did not have LUT or were not willing to apply for LUT to supply to us. Hence IGST were charged by them. Is there any provision for claiming this IGST by the SEZ unit? If yes, please specify the process. If not, can this amount be treated as an expense in the books?	Please note that where the SEZ unit is procuring goods and services from DTA suppliers along with payment of GST and affecting export supplies, the unit may proceed to file a refund application of said unutilized input tax credit with the GST authorities.
2.	Pavithra	LOA/BLUT	If SEZ units are incurring continuous losses will there be any penalty for renewal of SEZ Units?	Please note that there are no penalties levied on SEZ units on renewal of LOA in case the unit is incurring losses. However, in case the unit is not achieving positive NFE, penalties may be levied.
3.	Hariharan S	Export of Goods/Services	<p>We have received an order from a US customer to supply products to their vendor in India. We will receive payment in USD from our foreign customer (including customs duty), and we will need to supply goods from our SEZ to their Indian vendor.</p> <p>Type of transaction: Permanent sale Mode of payment: Payment in advance in USD</p> <p>1. Please advise if we can supply goods to an Indian vendor using USD currency against payment which received from our foreign customer. 2. Will Bank accept the BE in the name of Indian company to complete the remittance against the USD payment received from our foreign customer?</p>	<p>It is to be noted that as per Section 2(m) of the SEZ Act 2005, export means taking goods out of India from the Special Economic Zone. In the present scenario as the goods are not moving outside India, the same cannot be considered as exports. Further, as per Section 30(a), any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties under Custom Tariff Act. Hence, duty as applicable needs to be paid by filing Bill of Entry for home consumption.</p> <p>With respect to the above provision, goods can be supplied to Indian Vendor but the same will not be qualified as export of goods. Further, the bill of export should have the names of both the foreign company and Indian vendor to complete the remittance against the USD payment received.</p> <p>Also, it should be noted that the receipt of payment in foreign currency is subject to FEMA regulations.</p>
4.	Hariharan S	Export of Goods/Services	In relation to above response, we will file the BE and move the cargo with duty. Do we also have to file a Bill of Export at the SEZ? Kindly confirm.	Since the goods are cleared to DTA, the domestic unit clearing the goods needs to file the Bill of entry for home consumption to clear the goods and hence no Bill of Export is required to be filed by the SEZ unit.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
5.	Rajesh Aggarwal Associated Lighting Co.	DTA Supplies	<p>We as a SEZ unit manufacturer of Lamp Shades and authorized and nominated by overseas buyer to supply the lamp shade to all its DTA Exporters, who are further exporting the lamps with our shades. The HSN also changed while the goods exported with lamp.</p> <p>Now the case is:-</p> <p>The duty paid by SEZ unit is not claimable by the DTA exporter hence he asked the Duty Credit Note it is direct loss to the SEZ unit.</p> <ol style="list-style-type: none"> 1. How duty can be saved? 2. Is any possibility that DTA exporter obtained the advance license and procure the goods from SEZ unit on advance license? 3. Is that any possibilities that DTA Exporter take the duty refund? 	<p>We would like to inform you that your DTA buyer can procure the goods from your SEZ unit under Advance Authorisation. A brief analysis of the provisions are as below:</p> <p>DGFT Provisions for DTA units : Domestic tariff area (DTA) units can procure goods from SEZ units under "Advance Authorisation". DTA units holding Advance authorization need to apply for a "Certificate of Supplies" under Para 4.20 of FTP-23 and follow procedures under Para 4.30 (e) & Para 4.35 (d) of HBP-23.</p> <p>DTA unit can apply for the certificate of sale by login into DGFT portal by following the below path:</p> <ul style="list-style-type: none"> • Services >>> Advance authorisation/DFIA >>> invalidation/certificate of supplies <p>Provisions for SEZ units: Such supplies from SEZ unit will be considered for calculation of NFE under Rule 53 A (a). As per SEZ online process, such DTA sales can be recorded as per below -</p> <ul style="list-style-type: none"> • DTA sale / Deemed Exports >> Deemed Export >>>other NFE supplies [53(A)]
6.	Konan	Others	Can you please confirm the penal provisions in case of non-compliance with section 46 of SEZ Act, 2005, and rule 70 of SEZ Rules, 2006 with respect to identity card?	Currently no penalties are prescribed by the authorities under SEZ law for non-compliance with provisions of identity cards. Further, as per section 55 of SEZ Act, 2005, the central government may make a relevant set of rules in this regard.
7.	Raghav Jhunjhunwala Aarshi Overseas Pvt Ltd.	MEIS/SEIS	If an FTWZ is catering to a Foreign client and is earning foreign exchange, then are they eligible to claim SEIS?	SEIS and MEIS schemes were not applicable to FTWZ. In any case, the SEIS scheme was discontinued by the Government after 2019-20 for all.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
8.	Dheeraj Bhalla Popular Card Technology Pvt Ltd.	DTA Supplies	We had purchased the UPS batteries during the year 2018 from a DTA unit at Pune. Now these batteries are not working properly so we need to change them. A DTA unit from Delhi who has a hazardous certificate is ready to purchase our old batteries and supply us new batteries. Kindly confirm about the duty & IGST liability on the removal of old batteries from our SEZ unit.	It is to noted that as per Rule 49 of Special Economic Zones Rules, 2006 read with para 2.31 (Import Policy for Second-Hand Goods) of FTP 2023, a unit may remove capital goods to DTA after use in SEZ on payment of applicable duty/ IGST on the depreciated value thereof and at the rate in force on the date of removal of the goods.
9.	Dheeraj Bhalla Popular Card Technology Pvt Ltd.	DTA Supplies	In relation to above query, please confirm whether custom duty on the removal will be exempted as UPS batteries were procured from DTA.	Please note that the proposed transaction of sale to DTA would attract applicable duties of customs. The rate of duties will be based on tariff classification of goods. You may check the same from the purchase invoice and use the same classification.
10.	Dheeraj Bhalla Popular Card Technology Pvt Ltd.	DTA Supplies	I have some doubt in your advice as we have just received a bill of entry of a SEZ unit, who have sold their used batteries with IGST payment only (Without Custom Duty). Tariff Heading of battery is 85481010.	SEZ Rules 48, 49 deal with DTA sale by SEZ unit. Sub rule (3) of Rule 48 and 49 provides that goods can be supplied back to DTA supplier with IGST (no BOE) subject to no export benefit availed by DTA supplier. Given the facts we understand that used batteries shall be subject to applicable customs duty and IGST. Further CTH 85481010 was deleted by DGFT vide notification No. 54/2015-20 dated 09 February 2022 and new CTH for such waste and scrap of batteries is 85492100. Basic customs duty on goods falling under chapter heading 85492100 is 10%. Further, there is a High court ruling which states that no customs duty is payable if goods are procured from DTA and being sold in DTA. You may refer to this ruling to convince the authority.
11.	Sharad Bhat	Others	We need to know that, was there any waiver or deferment during the Pandemic/ Covid period for DSPF?	During pandemic zonal DC have issued several clarifications as regard to relaxation from physical filings of documents. However, we have not come across any specific relaxation from online filing of DSPF.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
12.	Query received through WhatsApp	APR/MPR	Please let is know if there is any update on due date for filing APR for FY 22-23?	<p>In Form H of SEZ Rules 2006, condition no 7 for the words “ninety days”, was substituted by the words “one hundred eighty days” vide Special Economic Zones (Amendment) Rules, 2016 - G.S.R. 1094(E) - Special Economic Zone dated 21st November, 2016.</p> <p>Accordingly, due date for filing APR is 30th Sep of subsequent year.</p>
13.	Vikram, British Engines India	Input Tax Credit	<p>We are an EOU unit and has re-imported certain goods for the purpose of repair. The unit now intends to re-export these goods outside India after the necessary repairs. Further, we are taking exemption only for BCD in annexure III and paying IGST for all our Imports.</p> <p>In this regard, the Company wants to know whether they can avail Input Tax Credit (ITC) on IGST paid at the time of re-import of goods and utilize such credit for exports with payment of tax, and claim a refund of the tax paid under Rule 96 of the CGST Rules, 2017</p>	<p>On the first part of the query regarding the availability of ITC on the IGST paid during the re-import of goods, since no explicit details were provided, it is assumed that the Company provides such repair services under warranty, without charging any consideration to the customer. In these cases, the cost of warranty services are already included in the determination of the supply value of the goods sold. In view of this, the IGST paid by the Company will be eligible for credit based on the Bill of Entry, subject to fulfilment of the conditions prescribed under Section 16 of the CGST Act, 2017. If the repair services are not covered under warranty and the Company is charging the customer separately for these services, the above view remains true. Given that the re-imported goods are subsequently sent back to the customer located outside India after undergoing necessary repairs and without being put to any use in India (other than for the purpose of repair), as required under the proviso to Section 13(3) of the IGST Act.</p> <p>Regarding the second part of the query, it should be noted that Rule 96 of the CGST Rules, 2017 does not impose any restrictions on the category of ITC that can be claimed and refunded. Therefore, as long as the ITC meets the eligibility criteria, it can be utilized for the payment of IGST for the Company's regular export invoices. This enables the Company to claim a refund under Rule 96 of the CGST Rules.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
14.	Vikram British Engines India	Others	<p>We have generated invoice dated 04.05.2023 ; E invoice and e-way bill was also made dated 04.05.2023</p> <p>But while entering data in customs DHL have wrongly entered invoice date as 05.05.2023</p> <p>Given above situation :</p> <p>GSTR1 data shows invoice date 04.05.2023 based on our E invoice and E-way bill.</p> <p>ICEGATE data shows invoice date 05.05.2023.</p> <p>Query: While filing GSTR1 which Invoice date we should consider?</p>	Ideally the invoice date mentioned on the tax invoice and e-waybill data, should be referred while filing GSTR-1.
15.	Vikram British Engines India	Others	<p>In furtherance to above query, please note that GSTN portal does not allow us to alter invoice number and date while filing GSTR-1. And if we alter by deleting the GSTR-1 data and enter fresh data with below suggested mail process then it will not link in ICEGATE/will not transmit as invoice date as per E-way bill AND E-invoice and shipping bill differs.</p>	Given the situation, you can file an amendment in GSTR-1 with respect to invoice date for transmission of data to ICEGATE.
16.	Vikram British Engines India	Re-import/re-export	<p>Please confirm the applicability of notification number 45/2017- Customs on EOUs or notification number 52/2003 - Customs would be applicable on EOUs.</p>	<p>Please note that Notification No. 45/2017 - Customs does not apply on goods re-imported which were exported by EOUs. Relevant extract i.e., 2nd Proviso of said notification has been reproduced below for your quick reference:</p> <p><i>“Provided further that nothing contained in this notification shall apply to re-imported goods -</i></p> <p><i>(a) which had been exported by a hundred percent, export-oriented undertaking or a unit in a Free Trade Zone as defined under section 3 of the Central Excise Act, 1944 (1 of 1944);”</i></p> <p>Hence, we are of the concise view that an EOU can re-import goods exported earlier for repairs by following the terms and conditions mentioned under Notification No. 52/03-Customs dated 31.3.2003.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
17.	CR Subramaniam, Salcomp Technologies Pvt Ltd.	Others	<p>We have a MOOWR licensed Unit, wherein we are manufacturing a similar product as in the SEZ unit.</p> <p>Hence the company seeks clarification on implication of transfer of finished goods for testing purposes by Private Bonded Warehouse to our SEZ unit. Further, there would be no value addition on the goods and only testing would be conducted in the SEZ unit.</p>	It is to be noted that Rule 28(4) allows inward movement of goods into SEZ from a bonded warehouse. We are of the concise view that the SEZ unit may file Ex-Bond Bill of Entry for import of finished goods into SEZ and undertake the testing process. On completion of the required services, the company shall file a bill of export for removal of goods to Bonded Warehouse without payment of duty. Also, it is to be noted that the exemption from payment of duty and GST is only for the authorised operations as per LOA filed by the SEZ unit.
18.	Manimaran K Qualcomm India Pvt Ltd.	Export of Goods/Services	We are planning to transfer materials from one SEZ to another SEZ zone through zone-to-zone transfer. Could you please confirm if we are eligible to claim depreciation for such material transfers between SEZ zones? Or is depreciation only allowable for Domestic Tariff Area (DTA) sales?	Please note that as per Rule 30(15) read with Rule 38 of SEZ Rules 2006, a SEZ unit may transfer goods/ services to another SEZ unit. However, there is no specific provision for valuation in relation to depreciation of said goods. Further, we understand that valuation of said goods may be considered as per its value in books of accounts on the day of transaction. Hence, depreciated value of such goods may be considered.
19.	Achyuthanand R I	Others	Please let us know the remedies available to a SEZ unit in the event of non-payment of invoices by a client located outside India. Additionally, is there any assistance provided by the government in such cases. Moreover, I would like to inquire about the compliance requirements for softex reversals if we declare the respective invoice as bad debt. Lastly, I would be grateful if you could provide guidance on the availability of options to insure invoices when clients fail to make payments.	<p>In the event of non-receipt of remittance or being bad debts, you have an option to get your softex cancelled on SEZ portal.</p> <p>Further for insurance of invoice to protect you in such scenario, you may check with your banker and general insurance providers, and they may be able to provide you some clarification.</p>
20.	R.Basu DRK Metallurgical Pvt Ltd.	Reverse Charge Mechanism	Whether SEZ unit is liable to pay GST under RCM.	Please note that no RCM is applicable on services procured by SEZ unit provided that these services are covered under uniform list of services and are used for authorised operations.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
21.	Sai Priya COLORS OF RAINBOW	GST Refund	<p>We are a Manufacturer, Exporter and Traders of Quartz slabs. We are paying GST on export goods and are getting IGST refunds once we submit our GSTR-3B. But since March 2023 we have not received our IGST refund which was paid against export of goods.</p> <p>After rejection of GST refund, we have downloaded the invoice details from the GST portal. In that excel sheet we found that, DGARM has placed the risk alert "IGST /liability more than 90% and % value of export on IGST payment over the value of total exports>75%"</p> <p>We went to the GST department at Hosur for clarification for rejection, we got a reply from them stating they thought it was a regular claim applied without any attachments, so they rejected and issued the order. After our person went and explained everything, they now don't know how to issue the refund and asking us to go for an appeal.</p>	Please note that if the proper officer is unable to take any action or reinstate said refund application, then it is suggested that the unit may file an appeal with the Commissioner (Appeals) under Section 107 of CGST Act, 2017 read with Rule 108 of CGST Rules 2017 in FORM GST APL-01, mentioning the grounds of appeal along with all relevant documents within the prescribed time limit.
22.	S. KALYANI RD MEPZ SEZ	Import of Goods/Services	Is Paper Import Monitoring System (PIMS) registration compulsory for SEZ units importing items covered under PIMS?	Please note that registration under PIMS shall be required at the time of import by a Unit in SEZ/FTWZ of the items covered under Paper Import Monitoring System (PIMS).
23.	S. KALYANI RD MEPZ SEZ	Import of Goods/Services	Please share procedure for PIMS registration.	The importer can apply for PIMS registration on the official website of Department for Promotion of Industry and Internal Trade (DPIIT) (https://imports.gov.in/imsdpiit/) by selecting the import category as 'Paper'. The link will redirect to a new page and the importer can log in to the portal using IEC to get PIMS registration number. The importer may submit an application for registration up to 75 days before the anticipated arrival date of import consignment and no later than 5 days post said date. The automatically assigned Registration Number issued in this manner would be valid for 75 days.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
24.	Vikram British Engines India	Re-import/re-export	For re-export of goods, do we need to generate e-invoices?	Ideally you should issue a credit note against the original invoice and issue a fresh e-invoice at the time of re-export.
25.	Vikram British Engines India	Re-import/re-export	We have realised full invoice value for original export invoice and now we cannot issue credit note for this. Do we required to generate e-invoice for re-export or not.	Please note that in the given scenario, ideally the Company is required to issue a credit note against the original invoice and a new invoice is required to be generated for such re-export after repair/rework. Further, it is to be noted that payment received earlier against the original export invoice is required to be mapped with the new invoice through AD banker.
26.	Vikram British Engines India	Re-import/re-export	So, we have to make e-invoice for re-export invoice, even though there is no supply involved and no payment receivable for re-export invoice.	Alternatively, a delivery challan under GST law can also be prepared for re-exported goods.
27.	Rama Shankar Sharma PK Identification	Reverse Charge Mechanism	Is RCM applicable on the SEZ unit.?	GST is exempted on services exigible to RCM provided these services are listed in uniform list and are used for 'authorised' operations.
28.	Pavithra	APR/MPR	Please confirm the due date for submission of APR for SEZ units.	Please note that the due date for filing of APR for FY 22-23 is 30th September 2023.
29.	ASLAM BASHA Customs & Trade – INDIA	Others	We have been rendering export services from SEZ-to-SEZ unit. Do we need to file SOFTEX or any other specific filing as per SEZ rules.	Please note that filing of SOFTEX is not required for supply of services from one SEZ unit to another SEZ unit. Further, it is to be noted that said supply of services is required to be reported while filing Annual Performance Report (APR) by the SEZ unit.
30.	ASLAM BASHA Customs & Trade – INDIA	Others	Could you please clarify the applicability of DSPF filing for SEZ service procurement from SEZ unit invoiced in Foreign currency.	No, such transactions to be reported in APR.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
31.	Swapnil Suresh Khade	Export of Goods/Services	<p>We need quick guidance on below queries :</p> <ol style="list-style-type: none"> 1. As per project requirement if SEZ Unit procures material on respective SEZ PO (Import/DTA), then, will the unit be able to ship material to customer (outside India) on project completion. <ul style="list-style-type: none"> - Material procured by taking SEZ benefits. -Material procured without taking SEZ benefits. 2. Suggest a possible solution wherein, SEZ Unit procures material and wants to ship material back to customer (outside India) on project completion. 3. Kindly suggest applicable SEZ Rule for de-bonding the assets from SEZ unit. After De-bonding can this hardware/assets/equipment be exported to client at overseas location. Please suggest process and documentation involved for this. 	<p>1- You can export goods so procured (in the course of Project) to overseas customers without payment of taxes irrespective whether SEZ benefits are availed or not.</p> <p>2- Point two is already answered in point one above.</p> <p>3- De-bonding of assets can be under rule 49. Recipients of de-bonded goods can dispose of them for export as well.</p>
32.	Pitchumani Ganesan	DTA Supplies	Need clarification w.r.t. mentioning of AD Code in Bill of Entry. If we don't enter AD Code, then in BOE is printed with no outward remittance.	Please note that AD code is required to be mentioned in BOE if payment is received in foreign currency. Further, the same is not mandatory in case payments are received in INR.
33.	Vinod Parekh	FTWZ	What will be the time limit for settlement of Import Payments, when the goods are received in FTWZ. Will Provision B.5. of FED Master Direction No. 17/2016-17 apply to entities operating from FTWZ.	As per Master Direction issued by RBI, there is no specific bifurcation among units depending upon their status. Hence, as permitted in said Circular import realization shall be made within 6 months.
34.	Rohith ER Cloudium	Zero-rated supply	Where can we find the latest approved list of services in SEZ. Also, can you advise whether brokerage comes under the authorized operations in SEZ.	Please find enclosed uniform list of services for your reference. Further, please note that brokerage services are not forming part of said list. Hence, if the unit wishes to avail tax exemption on the brokerage services, the unit is required to take approval from the Unit Approval Committee (UAC).

S No.	Querist	Category	Query from Member	Response by Grant Thornton
35.	JP Lawania Megma Group	DTA Supplies	<p>Our US customer asking us to deliver materials with its installation in India. Payment will be made in USD.</p> <p>1. How a SEZ unit can deliver materials based on his order in India?</p> <p>2 What documentation needs to be done for “Bill to Ship to” model?</p> <p>3. Will the Bank treat it as DTA as payment is received in USD (treating under export in fact it is supplied in DTA)</p>	<p>Please note that as per Section 2(m) of the SEZ Act 2005, export means taking goods out of India from the Special Economic Zone. In the present scenario as the goods are not moving outside India, the same cannot be considered as exports. Further, as per Section 30 (a) any goods removed from a Special Economic Zone to the Domestic Tariff Area shall be chargeable to duties under Custom Tariff Act. Hence, duty as applicable needs to be paid by filing Bill of Entry for home consumption.</p> <p>Further, in case of supply from the SEZ unit to a DTA unit, DTA buyer shall file a Bill of Entry for home consumption giving complete description of goods and/or services, such as make, model number, etc. along with invoice and packing list. In order to get inward remittance from foreign buyer, the invoice with “bill to” party as foreign customer and contract copy with all the relevant details should be submitted.</p>
36.	JP Lawania Megma Group	DTA Supplies	In furtherance to above response, please clarify - Bank will treat it DTA but payment in USD (treating under export in fact it is supplied in DTA).	Please note that said movement of goods to the DTA unit on instructions of foreign customer would not qualify as export. Remittance received in foreign currency from overseas buyer may not be objected by the bank. Further, do let us know if you foresee any specific issue in this regard.
37.	Operations Team Cloud Spaces	Zero-rated supply	Kindly advise where to find the latest and update list for authorized operations in SEZ.	We understand that the unit is seeking the updated default list of services. Hence, we have enclosed the same for your kind reference.
38.	R. Geetha Oliver Valves India Private Limited	Others	Can you please advise on exit procedure for EOU.	Guidelines for exiting an EOU (Export Oriented Unit) is outlined in Appendix-06K of the Handbook of Procedures 2023. Additionally, the specific conditions and procedures for exiting the scheme can be found in Para 6.17 (d) of the Foreign Trade Policy (FTP) 2023.

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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
40.	Rajul Mehta SONIC BIOCHEM EXTRACTIONS PVT LTD.	DTA Supplies	We had purchased a vehicle (Mahendra Scorpio) in October 2018 availing tax exemption on the same and now we are selling the vehicle. Can you confirm that there is no tax (Custom Duty & IGST) applicable on said sale of vehicle.	<p>Please note that removal of a car from a Special Economic Zone (SEZ) to the Domestic Tariff Area (DTA) may not attract customs duty, but the applicable Integrated Goods and Services Tax (IGST) would need to be paid on the transaction. The concessional rate of GST on old and used vehicles may be applicable, as specified in Notification No. 9/2018 – Integrated Tax (Rate). Please note that it is important to verify the specific details and conditions mentioned in the notification.</p> <p>Further, you may refer to the judgement of Hon'ble Allahabad High Court in the case of B.I.F.R. Vs M/S LUNAR DIAMONDS LTD, wherein it was held that no customs duty is payable if goods are procured from DTA and being sold in DTA. SEZ unit may refer to this judgement to justify its argument.</p>
41.	Sanjay Kapoor Information Technologies (I) Pvt. Ltd.	Others	<p>I was going through the Instruction No. 109 having File No. K-43013(13)/7/2021-SEZ (https://seepz.in/pdf/instructions-from/Instruction%20109.pdf).</p> <p>Can you please confirm whether the company is required to take prior approval from Development Commissioner of respective SEZ in case of change in the shareholding pattern of the US Holding company (No change in shareholding of Indian subsidiaries operating in SEZ).</p>	Please note that as per the said instruction issued by Department of Commerce (SEZ Section), the unit is required to take approval for change of shareholding pattern of the holding company through Unit Approval Committee (UAC).
42.	Query received through WhatsApp	Others	Will you please guide us where to appeal in case extra deposited under protest for DTA bill of entry under SEZ?	Refund of any duty amount paid under protest may be applied to the Assistant Commissioner of Customs or Deputy Commissioner of Customs. Kindly refer Section 27 of Customs Act 1962.
43.	Query received through WhatsApp	Others	How to apply CEPA Certification.	A SEZ unit may apply for CEPA certification and COO to its respective SEZ jurisdictional office i.e. NSEZ.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
44.	Rahul Kalburgi Aequs SEZ, Belgaum	Others	<p>One of our SEZ units has made sale of goods to a EOU customer from last 6 months. The goods have been moved under the cover of Bill of entry assessed by customs and invoice. There was no duty implication on subject sales since it is transaction of supply of goods from SEZ unit to EOU unit. Recently there was an upward price revision notified by the customer applicable for shipments made from last 6 months. Because of price revision, we need to now raise an invoice/debit note for the differential pricing to the EOU customer without any material movement.</p> <p>In this connection, we require below clarifications:</p> <ol style="list-style-type: none"> 1. Duty implication on the invoice/debit note to be raised now for charging the differential pricing. Will this transaction be exempted from duties on similar lines as was exempted during the original shipment. 2. Should we raise an invoice, or a debit note for claiming the differential pricing 3. The original invoices were raised in USD. Can the invoice/debit note for differential pricing be raised in INR 4. As mentioned above, the original sale transaction was made by filing SEZ Bill of entry without any duties. On filing bill of entry by SEZ unit, the subject transaction reflected in IDPMS of the EOU customer. The EOU customer used to submit copy of Bill of entry and instruct its AD banker to make payment and knock-off the transaction from IDPMS. We will now be raising an invoice/debit note to claim the differential price from EOU customer. As there will be no material movement, we won't be filing any bill of entry now. Hence, we would like to know the correct way of doing this transaction from FEMA perspective also. 	<ol style="list-style-type: none"> 1. Yes, same shall be exempted. 2. If you have raised any GST invoice then you are required to raise a debit note for differential amount. However, from customs prospective you also need to re-assess the Bill of Entry basis original invoice and debit note. 3. There should be same currency for invoice and debit note. 4. Refer our comment in response no. 2



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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
46.	G R Naidu Deepsea Technologies (India) Pvt Ltd.	DTA Supplies	What is the procedure to sell unused imported raw material from EOU to DTA and under what head duty has to be paid in ICEGATE module? Do we have to pay interest also on this unused raw material, if yes, what is the rate of interest?	<p>Please note that as per para 6.14 of FTP 2023, an EOU unit may sell the imported unutilized raw material to DTA. Procedure for sale of goods is mentioned hereunder –</p> <ul style="list-style-type: none"> - Intimation to Custom Authorities: The EOU (Export Oriented Unit) unit is required to inform the customs authorities about the sale of imported unutilized raw materials to the DTA through a letter. - Tax Invoice: A tax invoice needs to be prepared for the sale of goods to the DTA unit. This invoice should include all the relevant details of the transaction. - Duties and Taxes: The applicable duties and taxes on the import of goods would be payable for the sale to the DTA. The EOU unit is responsible for ensuring that the necessary duties and taxes are paid. <p>Please note that since the transaction is sale of goods to the DTA unit, it would not be undertaken on ICEGATE Module and would be paid on mere tax invoice. An amount equal to the duty leviable on the goods at the time of import will be reversed through a TR-6 challan.</p> <p>Further, if the goods have been cleared for home consumption, interest would be payable at a rate of 15% as notified under section 28AA of the Customs Act. The interest is calculated on the duty-free import of the goods and is applicable until the date of payment of such duty.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
47.	Jatin Kothari Morgan Stanley	APR/MPR	Could you please help us to understand what falls under FDI investment & Non-FDI investment while filing MPR?	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.
48.	Pulkit AADIDAIVAM INTERNATIONAL PVT LTD.	APR/MPR	<p>Please help us with the following queries related to filing of APR Form for entity setup in GIFT City SEZ:</p> <p>1. Where to record services which are provided to units in GIFT SEZ itself ? Under SEZ Online portal the system is auto fetching data under point 3(a) FOB value of exports for the Year (indicate items of exports) but as per our understanding it should be under point 3(b).</p> <p>2. Where do we have to record amount of services availed from GIFT SEZ unit by an entity set up in GIFT City ?</p>	<p>1. Services provided to another SEZ unit, whether in the same SEZ or in a different SEZ, need to be reported as per Rule 53A(j). Specifically, these services should be reported in column 3(b) of the Annual Performance Report (APR).</p> <p>2. If the services procured from SEZ units do not involve foreign currency transactions, they may not be considered for reporting in the APR.</p>
49.	Pulkit AADIDAIVAM INTERNATIONAL PVT LTD.	APR/MPR	In furtherance to above response to question 2, what if the services procured from SEZ units involve foreign currency transactions, where do we have to record them ?	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.



04

▶ **Queries received in July 2023**

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Anshul A Srivastava GlobalLogic India Private Limited	Import of Goods/Services	<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 & 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>Please note that 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>
2.	Jatin Kothari Morgan Stanley	APR/MPR	Relevant rule/regulation/section which covers MPR filing. Would you mind providing some details of that.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
3.	Jayesh Motwani India LEC Finance JP Morgan Chase Bank	APR/MPR	<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 & 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>	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.
4.	Chandru Ramachandran -Kanishka Granites	Import of Goods/Services	<p>Clarification is required on the following points:</p> <ol style="list-style-type: none"> 1. What is the timeline for reversal/payment of duties & 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) 2. Whether duties & taxes, denotes both BCD & IGST waived at the time of import 3. Whether the percentage of duties & taxes for reversal has to be taken at the time of original import of the input or while clearing the goods in DTA. 4. Whether the reversal of duties & taxes indicates both BCD as well IGST. 5. If IGST also is to be reversed, can the assessee is eligible for ITC. 	<ol style="list-style-type: none"> 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. 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.
5.	Chandru Ramachandran -Kanishka Granites	Import of Goods/Services	In reference to above 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.	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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
6.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	APR/MPR	<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> <p>2. Please also confirm whether we need to report our earlier expenses before commencement of authorised operations separately to any regulators'.</p>	<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>
7.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	APR/MPR	In furtherance to above 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.	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.
8.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	APR/MPR	In furtherance to above 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.	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.
9.	Vikram j n British Engines India	GST Law	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 job worker for example painting.	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).

S No.	Querist	Category	Query from Member	Response by Grant Thornton
10.	Vijay Gujarathi (EOS Power)	Export of Goods/Services	<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>	As long as activity performed by you is qualifying as manufacturing activity then the same should qualify as Made in India.
11.	Roy Mathew Metro Industries Industrial Area Edayar	Input Tax Credit	We are a scrap dealer of HLL Lifecare CSEZ Kochi. The purchase bills from HLL for last 3 months do not reflects 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?	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
12.	Venkat Pitani - Commodities Trading	Input Tax Credit	<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 & 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>	<p>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.</p> <p>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.</p> <p>3. The DTA unit may avail the ITC basis assessed Bill of Entry.</p> <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>
13.	Venkat Pitani - Commodities Trading	Input Tax Credit	<p>In relation to above 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 alongwith 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 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/-</p>	<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>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
14.	Venkat Pitani - Commodities Trading	Input Tax Credit	<p>In continuation to last query-</p> <p>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</p> <p>2. Also how can TR6 Challan date be before the bill of entry filing date? Kindly arrange to suggest DoC to make a proper system in their NSDL software so that such transactions can be given GST input</p>	<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>
15.	Venkat Pitani - Commodities Trading	Input Tax Credit	<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 & 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</p>	<p>Suggested to discuss the issue with concerned DC/SO and it will surely be settled.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
16.	Sharad Bhat Empire Tower (Reliable Tech Park)	Import of Goods/Services	<p>If any organisation is having SEZ as well as STPI units & 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>	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.
17.	Sharad Bhat Empire Tower (Reliable Tech Park)	Import of Goods/Services	<p>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?</p> <p>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 & do not give endorsement for such Tax Invoices (E.g. Printing & stationery or consumables etc.). Is there any clarification or guideline on this?</p> <p>3. Getting Invoices endorsed is requirement whether of GST law or Customs- SEZ Law?</p>	<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>
18.	Kalyani RD	Export of Goods/Services	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"	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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
19.	Balasubramanya n T Larsen & Toubro Limited	GST Law	HSN Code and duty implications for the Export of Steel Scrap.	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.
20.	Balasubramanya n T Larsen & Toubro Limited	GST Law	In furtherance to above response, please provide the duty Implications for the CTH 72044900 (for sale in Domestic market & export out of India)	As per The Second Schedule - Export Tariff - Customs Tariff Act 1975, a 20% export duty is applicable to commodities falling under Chapter 7204.
21.	Naveen Kainth IDEMIA Syscom India Pvt. Ltd,	Import of Goods/Services	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 another unit (in same name)/Head office ? 2) Is there any restriction to import in our DTA unit if we have a SEZ unit ?	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.
22.	Naveen Kainth IDEMIA Syscom India Pvt. Ltd,	Import of Goods/Services	In furtherance to above query, please clarify if there is any restrictions to import in DTA unit (same name) if we have SEZ unit.	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 filling a bill of entry for home consumption.
23.	Vikram j n British Engines India	GST Law	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.	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

S No.	Querist	Category	Query from Member	Response by Grant Thornton
24.	Anshul Srivastava-Global Logic	DTA Supplies	<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 basis 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 applicable duties on the depreciated value. Please find below our submission in this regard:</p> <ol style="list-style-type: none"> 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". 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. <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"> 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 ITCHS of classification of Export and Import that means that the FTP shall not be applicable on these products. 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. <p>In view of above, we request you to provide clarity on this so that uniform practices may be adopted.</p>	<p>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.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
25.	Karthika R	DTA Supplies	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.	<p>1. 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.</p> <p>2. Further, it is important to note that healthcare services provided by clinical establishments are exempt from GST.</p>
26.	Sudhakar kandula	Export of Goods/Services	We are unit holder in FTWZ, we are getting some order from Russia in India rupees. kindly advise can we export in Rs. from FTWZ and what documents required.	<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>
27.	Ramachandran Kwik Patch Private limited	Export of Goods/Services	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.	<p>1. Supplies made from DTA to EOU units as deemed exports may be eligible for drawback entitlements under chapter 7 of FTP.</p> <p>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.</p>
28.	Query received through WhatsApp	Import of Goods/Services	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.	No, considering the SHIS were discontinued vide FTP 2015-20 utilizing them now may be questioned by custom authorities.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
29.	Anjali Shirole BST eltromat India Pvt. Ltd.	GST Law	<p>We have registered office at Mumbai – Andheri, Factory at Anand Gujarat and we also have Unit at FTWZ – Arshiya International , 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 Kokan Bhavan- 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 & 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>	<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>
30.	Raghav Jhunjhunwala Aarshi Overseas Private Limited	DTA Supplies	<p>Please find below the facts of the case and advice if the same is allowed as per SEZ rules:</p> <ul style="list-style-type: none"> -- 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. <ol style="list-style-type: none"> 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 SEZ ONLINE portal? 	<ol style="list-style-type: none"> 1. Yes, said transfer of ownership of goods from one DTA unit to another DTA unit is allowed. 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. 3. Tax invoice would be required for the said transfer of goods. 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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
31.	Sreemagal.R	Zero-rated supply	<p>Whether SEZ unit/Developer are eligible to procure to Membership subscription services without GST?</p> <p>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>	<p>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.</p>
32.	Sreemagal.R	GST Law	<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 Tamil Nadu 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>	<p>As per Section 2 of the SGST Act, 2017.</p> <p>(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</p> <p>(63) "input tax credit" means the credit of input tax;</p> <p>(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>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
33.	Sreemagal.R	Zero-rated supply	<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</p> <p>"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</p> <p>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>	<p>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.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
34.	Jayesh Mistry Infy Jewels	DTA Procurement	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.	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.
35.	Sushma Gupta Yash Technologies Private Limited	Others	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.	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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
36.	Vaibhav Mehta SHILP HOUSE	GST Law	<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> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
37.	Namdeo Shelke Schmalz India Pvt Ltd	Re-import/re-export	<p>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.</p>	<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>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
38.	Rajesh Sankaran Dorf Ketel Chemicals (I) Pvt. Ltd.	Export of Goods/Services	<p>We are manufactures and exporters of specialty 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.</p>	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.
39.	Rajesh Sankaran Dorf Ketel Chemicals (I) Pvt. Ltd.	Export of Goods/Services	<p>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.</p>	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
40.	Kishor Gawade Deputy General Sigma Electric Manufacturing Corporation Pvt Ltd.	Export of Goods/Services	<p>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 factory at any given time. So, we need customs service 24/7 for inward & outward of goods including goods send for job-work in DTA. Kindly provide us</p> <ol style="list-style-type: none"> 1.Latest provision in law for appointing officer on “Cost Recovery Basis” & “on payment of MOT Charges” for SEZ units. 2. Detailed process appointing officer on “Cost Recovery Basis” & on payment of MOT Charges. 3. What will be charges in both cases and Method of payment of charges 4. To whom we have to approach for such appointment . 5. Any other input / clarification regarding the subject. 	<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>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
41.	Sanjeev Kumar Gautam, Gemsicon Pvt Ltd.	DT/FEMA	<p>We have a query about the amendment in section 10AA:-</p> <p>(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</p> <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>	<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. ..Continued...</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
				<p>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 & 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.), 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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▶ **Queries received in August 2023**

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Kishor Gawade Sigma Electric Manufacturing Corporation Pvt Ltd.	Export of Goods/Services	Further to earlier query, please provide the public notice or circular issued by Development Commissioner Noida (considering our SEZ unit located in Mahindra World City – Jaipur, which is falling under their jurisdiction).	Please note that Jurisdictional DC office is the appropriate authority to inquire about policy and guidelines concerning cost recovery charges and merchant overtime policy. They can provide you with the necessary information and clarification. Additionally, please note that all relevant circulars and communications pertaining to these matters are available at the NSEZ office/website. Therefore, for any updates or official documents related to cost recovery charges and merchant overtime policy, you may refer to the NSEZ office/website.
2.	Kalyani (RD, EPCES)	Others	We are having green card (No-2780/MEPZ) from 2014 till 2024. Do we need to take bond for Indian Customs.	General Bond (Surety/Security) is required to be executed by Export Oriented Units irrespective of holding a green card.
3.	Sashi Varma XO Pack Private Limited	DTA Supplies	Ours is a manufacturing unit operating from Cochin SEZ. We intend to participate in an exhibition which will be conducted at Kaloor international stadium in September. 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	As per rule 50(1)(b) of SEZ Rules 2006, SEZ units may temporarily remove goods to DTA without payment of applicable duty and taxes for the purpose of display/exhibition. 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. 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 as zero rated supplies. Accordingly, the benefit of zero rated supplies shall be allowed to SEZ units.
4.	Krishna Murari Ishwar Shreemahaveer home decor pvt. Ltd	Export of Goods/Services	Can we do the job work for other exporters.	SEZ units are allowed to undertake sub-contracting for DTA units subject to certain conditions as laid down in Rule 43 of the SEZ Rules 2006.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
5.	Vijay Kumar Jadhav Eaton India Innovation	DTA Supplies	<p>In furtherance of query dated 20 & 24 July 2023 and discussions with RD, SEEPZ, I found following article which listS 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 be 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 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: As an icebreaker to facilitate and reduce the amount of E-waste</p> <p>Avoiding Foreign Imports: Fair opportunity towards reduction of imports of laptops 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 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>	<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.</p> <p>Awaiting Government decision/clarification.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
6.	Rajanikanth.KN DCX SYSTEMS LIMITED	DTA Supplies	Is job work allowed to EOU Unit from SEZ Unit, kindly advise.	SEZ units are allowed to undertake sub-contracting for DTA/EOUs, subject to certain conditions as laid down in Rule 43 of the SEZ Rules 2006.
7.	Diviam Aahar Private Limited	Export of Goods/Services	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).	Please find below list of documents required for export of goods: <ul style="list-style-type: none"> - Copy of Tax invoice; - Copy of bill of lading or airway bill; - Copy of Shipping bill; - Copy of Insurance documents, if shipments are sent CIF; - Copy of Packing list; - Copy of Certificate of Origin (COO); - Copy of Export license; - Any other (as specified)
8.	Amit Aggarwal Jagdamba Impex	DTA Supplies	We want to do trading activity - 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.	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.
9.	Kalyani (RD, EPCES)	Export of Goods/Services	Please clarify applicability of Indian currency for India to Russia physical exports.	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.
10.	Supriya P CSEZ - Cochin Region	DTA Procurement	Whether a unit can get exemption from GST, when they are taking medical insurance policies for their staff as it's a SEZ unit.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
11.	SAI VAMSI K	Import of Goods/Services	<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, needs 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>	<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>
12.	Verabhadra Rao Batta Maersk Global Service Centres (India) Pvt Ltd.	DTA Supplies	<p>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%).</p> <p>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.</p>	<p>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.</p>
13.	Balasubramanya n T Larsen & Toubro Limited – MFFK	Import of Goods/Services	<p>If a SEZ Unit got order from Merchant Exporter and then SEZ Unit sub-contracted to DTA. Please clarify, whether a DTA Unit can do the Merchant Export directly from their premises.</p>	<p>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 Exporter.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
14.	Muhammed Sabirin NP Nucore Software Solutions Pvt Ltd	DTA Procurement	<p>Seek clarification regarding the GST exemption of supplies to SEZ, specifically on 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 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 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>	<p>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.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
15.	Anand S. SEA Hydrosystems India Private Limited	GST Refund	We, 100% EOU, 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-IGST(Rate) dt. 23 October 2017) at concessional rate of 0.1%. The registered recipient exporter, shows our company (Registered supplier) as Manufacturer 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.	In the case of merchant exporters, the manufacturer may charge a concessional GST rate of 0.1% on supply of goods to the merchant exporter. The manufacturer, who charges concessional GST rate to the merchant exporter, may claim a refund of tax amount paid to the Government. This refund is claimed under the concept of Inverted Duty Structure, where the ITC is higher than the output tax liability.
16.	Balasubramanya n T Larsen & Toubro Limited – MFFK	Import of Goods/Services	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 DTA sale (as this machinery belongs to the customer).	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.
17.	Ankur Gupta Baba Global Ltd	GST	Please confirm if GST Notification 30/2023 dated 31 July 2023 is applicable to SEZ unit also.	Said notification specifies the special procedure for registered persons engaged in 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.
18.	Kalyani (RD, EPCES)	GST	Can we use the RBI conversion rate or the exchange rate specified in the Customs Exchange Notification for invoicing, for the products delivered to INDIA and purchase order was received in USD from abroad?	As per Rule 34 of CGST Rules 2017, the exchange rate to be used for calculating 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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
19.	Karuppasamy M Zen Linen International Private Limited	Export of Goods/Services	<p>We have certain units and warehouses in different states.</p> <p>1. AEO Certificate (issued by MEPZ-SEZ) – Do we need to apply for a separate certificate for all the units?</p> <p>2. Star Status House Certificate (issued by MEPZ-SEZ) - Do we need to apply for a separate certificate for all the units?</p> <p>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.</p>	<p>1. As per Para 3.1.4 of Circular no. 33/2016-Customs dated 22 July 2016, a common AEO certification shall be applicable to all the locations of the legal entity.</p> <p>2. As per Chapter 1 of FTP 2023, Status holder certificates are provided on the basis of IEC. A single online application in Form ANF-3C is required to be filed with jurisdictional RA vide registered address of the Company, furnishing details of all units/branches/warehouses.</p> <p>3. The address to be mentioned on the shipping bill would be the place from where the physical export has been executed.</p>
20.	Karuppasamy M Zen Linen International Private Limited	Export of Goods/Services	<p>In furtherance to above query, we have made an online application at DGFT portal for 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 Para 1.08B of HBP 2023. Also, while creating online application, the option RA OFFICE is showing only “RA CHENNAI”. We are not able to change this option. Also, we are not able to select the “Branch” since the same is not visible in application columns/menu. Request guidance.</p>	<p>The issue faced by the Company while filing 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.</p>
21.	Karuppasamy M Zen Linen International Private Limited	Export of Goods/Services	<p>In further continuation to above query, Kindly share your guideline to resolve this issue. If any documents are required relating to this application, we wish to arrange and submit at the earliest.</p>	<p>The Company is advised to communicate the specific problem they encountered while submitting 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.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
22.	Sashi Varma XO Pack Private Limited	DTA Procurement	Ours is a manufacturing unit operating from Cochin SEZ. 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.	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 IGST Act 2017, this supply would not qualify as zero-rated supplies. Applicable IGST is to be levied on said transaction.
23.	Sashi Varma XO Pack Private Limited	DTA Procurement	In furtherance to above 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.	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 zero-rating benefit for procurement of scooter and may ask to pay applicable GST on the same.
24.	Sashi Varma XO Pack Private Limited	DTA Procurement	In furtherance to above query, please advise if xo pack should pay IGST or not.	Applicable GST would be required to be paid by the Company.
25.	V.Suresh Greentech Industries (India) Pvt Ltd.	Import of Goods/Services	We are in SEZ. For our production purpose, we need to import solar panels from China, what kind of approval are required? Is any additional customs duty applicable at the time of import? Or cleared under duty forgone? So please help to provide some feedback. Our HSN Code for Import is 85414011.(solar panels)	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.
26.	V.Suresh Greentech Industries (India) Pvt Ltd.	Import of Goods/Services	In furtherance to above 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?	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, generation of renewable solar energy in the SEZ plant would also require approval from the DC office.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
27.	Samir Gokhale LTIMindtree Limited	DTA Supplies	<p>We have following queries:</p> <ol style="list-style-type: none"> 1. We have STPI unit where we have procured two types of laptops as detailed below: <ol style="list-style-type: none"> a. Laptops procured on payment of applicable taxes and b. Laptops procured on lease basis. Lease being a service we have been paying applicable taxes on lease laptops. <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> 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. 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. 	<p>Kindly refer our response as below:</p> <ol style="list-style-type: none"> 1. There is no 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, require physical verification by the Authorised Officer. 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. 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.
28.	Chappa Rambabu Vasant Chemicals	Import of Goods/Services	<p>RoDTEP scheme is applicable for SEZ Unit or EOU or DTA Units?</p> <p>Whether RoDTEP incentive are available for export to Nepal where payment terms in INR only.</p> <p>We have already applied for RoDTEP scheme since long back and RoDTEP committee also visited our plant, please kindly update the same.</p>	<p>Benefit of the RoDTEP incentive scheme has not been announced for SEZs and EOUs.</p> <p>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.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
29.	Naveen Kainth Commercial & Logistics	Export of Goods/Services	We have a capital good which is not usable. Can we export the item in Rule 34 of SEZ rules 2006.	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export unutilized goods out of India.
30.	Naveen Kainth Commercial & Logistics	Export of Goods/Services	<p>In furtherance to above query, in Rule 34, it is mentioned that if unit is unable to use, e.g. for any reason the capital goods have become obsolete or were bought for any specific export order which is completed.</p> <p>“Provided that in case a Unit is unable to utilise the goods or services imported or procured from DTA, it may,</p> <p>(1) Export the goods; or”</p> <p>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.</p>	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."
31.	Sreemagal.R	GST	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 to not pay GST under RCM by way of notification 18/2017-IGST Tax (Rate) considering the service as import of service.	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.
32.	Senthilkumaar V.K.A. POLYMERS PVT. LTD.	GST	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 GST invoicing?	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
33.	K.K. Kalra Mehrotra Impex (India)	Others	We want to amend HS Code in our REX registration. Please provide us the procedure for amendment.	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 : https://www.dgft.gov.in/CP/?opt=information-rex-system
34.	Sharath Kumarorganic	Others	We are keen on implementing MOOWR scheme in our Company. Can you please recommend an agent for MOOWR scheme.	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.
35.	Aravind Kumar B S R & Co. LLP	DTA Supplies	Clarity on whether any permission is required to be obtained when an EOU sells goods or services to a DTA unit.	EOU unit can undertake DTA sales subject to fulfilment of conditions prescribed under para 6.10 of FTP 2023.
36.	Kalyani (RD, EPCES)	DTA Supplies	As per FTP Para 6.14, Intimation to Customs for sale of unutilized material and capital goods is required. Now Customs requested to get permission from MEPZ. Please clarify, if we have Positive NFE.	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.
37.	Mariselman.G - Telesto Energy Pvt. Ltd.	DTA Procurement	We have tokened employee health insurance from "Care Health". They said health insurance is not applicable for GST exemption and they raised invoice with GST only. Please clarify.	Employee Health Insurance Policies are not included in the default list of services for authorized operations of SEZ units. Consequently, such insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
38.	ASLAM BASHA FCAIT Automotive India Pvt Ltd	DTA Procurement	If the goods and services are clubbed and supplied to SEZ unit, then can we use clubbed invoice for both DTAP & DSPF filing.	The same invoice has the flexibility to be uploaded under both DPF and DSPF modules respectively.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
39.	Raghupathy V Kanam Latex Industries Pvt Ltd	DTA Supplies	<p>We have placed an order with SEZ unit to manufacture and supply Non-Sterile Powder Free Surgical Latex Gloves. To manufacture our required product as per our specification, one additional chemical is required to be added in their production process, which our supplier does not have in its 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> <p>(i) Transferred to another EOU/EHTP/STP/BTP/ SEZ unit; or</p> <p>(ii) Disposed off 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</p> <p>(iii) Exported.</p> <p>(iv) Such transfer from EOU/EHTP/STP/BTP unit to another such unit would be treated as import for receiving unit.</p> <p>In our case, it is not an unutilized material, we use regularly in our production process. Please guide us with procedures for executing this supply.</p>	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.
40.	Raghupathy V Kanam Latex Industries Pvt Ltd	DTA Supplies	<p>In furtherance to above query, please clarify, is mere intimation or permission 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.</p>	Purchases highlighted in your query 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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
41.	Sanjay Kapoor Interra Information Technologies (I) Pvt. Ltd.	Others	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."	We understand that the exemption granted to SEZ units is specifically related to 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.
42.	ASLAM BASHA FCAIT Automotive India Pvt Ltd	DTA Procurement	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.	We wish to highlight that the DSPF module doesn't necessitate submission of separate request IDs for each service provider.
43.	SUJIT KUMAR JHA M/s. BALAJI EXPORT CO	Others	Is non-functioning unit required to renew EPCES license every year or is it okay if we renew it once we become operational.	RCMC requirement is not dependent on functioning. 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.
44.	Omkar Mohite DuFlon Industries	Export of Goods/Services	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.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
45.	Ajit Shinde Jewelex	DTA Procurement	Can a SEZ unit make payment of premium of Group mediclaim insurance of its employees without GST? Can we consider it as a Business Support Service (Sr. 64) in Uniform list of services to be followed by SEZ?	Premium of Group Medical Insurance Policies are not included in default list of services for authorized operations of SEZ units. Consequently, 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.
46.	Ajit Shinde Jewelex	DTA Procurement	In furtherance to above query, IRDAI states that non-life insurance is covered under the General Insurance Business Act only and in notification issued by IRDAI, they have mentioned the same in their heading as -“Review of Regulation- General Insurance (Including Health)”. As there is not any specific definition of “General Insurance business service” under the SEZ Act, can we consider that 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).	You may reach out to the jurisdictional Deputy Commissioner's office for approving benefit of zero-rated supplies on Group Mediclaim insurance services. Further, on merit of the case, DC may allow benefit to unit.
47.	DuFlon Industries Omkar Mohite	Export of Goods/Services	Please clarify, 1. Can an EOU company also do Export trading of Raw material or Semi finish goods or finish Machinery goods ? 2.Can an EOU company also do Domestic Trading of Raw material or Semi finish goods or finish Machinery goods ?	Trading activity is not permitted in the EOU scheme as mentioned in Chapter 6.00 (a) of FTP, 2023.
48.	DuFlon Industries Omkar Mohite	Export of Goods/Services	In furtherance to above query, referring to FTP Chapter 6.01.E - State Trading regime shall not apply to an 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.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
49.	Paramasivam Silver Crest Clothing	Export of Goods/Services	<p>We have a Unit operating under EOU Scheme and another 3 DTA units operating under DEEC Scheme. We have received orders at both EOU and DTA Units from our overseas buyer. Further, we have Self-Sealing Permission for all our units. Please advise:</p> <ol style="list-style-type: none"> 1. Whether DTA Unit exports can be brought to EOU Unit and vice versa for consolidation and stuffing in container for container capacity fulfilling. 2. We will prepare separate export invoice for DTA and EOU Unit Export Goods which are loaded in one single container. 3. A Single Shipping bill will be raised with two export invoices. 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. 5. Once the consolidation is completed. The container will be accompanied by two export invoices and the e-way bill. 	<p>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.</p> <p>However, you may approach the jurisdictional customs authorities for any practical solution in this regard.</p>
50.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	Others	Whether we are governed by SEZ or IFSCA regulations? Further, please provide the norms to be adopted being a SEZ unit and a Ancillary service provider.	We wish to apprise that both SEZ and IFSC regulations would be applicable to the unit.
51.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	Others	In furtherance to above query, can you brief on the regulations of work from home concept for our employees	Rule 43A of SEZ Rules 2006, outlines the applicability of Work From Home (WFH) provisions applicable to SEZ unit. This rule also highlights a set of guidelines that must be adhered while implementing WFH practices within the unit.
52.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	Others	In further continuation to above query, we have gone through the guidelines but please confirm whether we will come under these Rules as an IFSC Ancillary Service provider.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
53.	Rajesh Runwal Infosys	DTA Supplies	Please assist on below queries for partial de-bonding of SEZ developer, whether: 1. Depreciation is allowed on CG procured for payment of duty 2. Tax benefits taken on services procured need to be reversed?	1. As per Rule 49 of SEZ Rules, 2006, duty shall be levied on removal of capital goods on the depreciated value. 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.
54.	Bharat Bhushan Teva API	DTA Supplies	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.	For incorporation of a chemical product in LOP, it is recommended that the unit obtains a certificate from a qualified Chartered Chemical Engineer. This certificate serves as a validation of chemical's requirement in production, properties, safety, and compliance with relevant regulations.
55.	Dharam Yudhishter Accenture	DTA Procurement	Please clarify, in respect of uploading zero-rated service invoices in NSDL portal through DSPF module. If the services are supplied under Bond / LUT, should we mention the rate as duty foregone in column "S", or alternatively, we could mention 0% in column "S".	The rate of duty foregone needs to be mentioned in DSPF under column "S".
56.	Dharam Yudhishter Accenture	DTA Procurement	In furtherance to above query, different customs offices have been following different practices at their locations. It would be great if you could help us obtain a proper clarification or circular clarifying the said facts from MoC.	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.
57.	G V B Reddy	Others	We are a Co-developer. Please let us know the annual system usage charges and minimum top up transaction charges.	Annual system usage charges for co-developer amounts 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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
58.	MSS MURTHY, Cabelas India Exports Pvt Ltd	GST Law	Is there any exemption for EOU Exporters to generate e-invoices in real time. Also, can physical export can take place with regular invoices and e-waybill? Please clarify.	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.
59.	JP Lawania Megma Group	Others	Please give proper guidelines for applicability of TDS on NSEZ lease rent	You may refer the Supreme Court Judgment, in the case of M/s. New Okhla industrial development authority Vs Commissioner of income tax, which deals with TDS on Lease rentals. Few points need to be checked before evaluating the applicability of TDS on lease rental.
60.	JP Lawania Megma Group	Others	In furtherance to above query, I need clear NSEZ order please. Whether applicable	There is no specific order issued by NSEZ authorities.
61.	Vijay Balu Gopalan Concentrix	Others	We operate in SEZ Unit and have the following questions regarding services between SEZs: Unit A (SEZ) delivers service to Unit B (SEZ) 1. What is the process for Unit A on the SEZ Portal. Can invoices be issued in USD/INR. Further, can payments be accepted in INR/USD? 2. What is the procedure for Unit B in the SEZ portal. Can we accept invoices INR/USD. Can payments be made in INR/USD?	1. Supplying unit is required to report transactions at 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. 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.
62.	Nagarjuna CS. Nest Group	Export of Goods/Services	We have exported currency counting machines to our customers, and due to machines becoming faulty we have reimported them back for repair. Now these machines could not be repaired and the customer has confirmed not to export these machines to them 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.	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 mentioned para.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
63.	K's Jewellery & Co. Mr Apurva A. Jhaveri	GST Law	<p>Please clarify in respect of below query:</p> <p>1. We have imported under HSN Code 7113 from South Korea of Article of semi-finished jewelery for making jewelery and further export. As per amendment in import policy, Notification No. 25/2015-2020 dated 25 August 2017, import of items fall under HSN Code 7113, 7114 has been restricted. Since, we are 100% EOU, do we require any separate import license for import from South Korea?</p> <p>2. Notification No.19/2023 dated 12 July 2023 is restricting import of items under HSN Code No. 71131911(earlier HSN Code 71131910). The items falling under HSN Code 71131910 are our main semi-finished inputs, which we require for our finished products.</p> <p>3. Is Customs Notification No. 36/2015-2020 dt 18 December 2019, NN. 49/2015-2020 dt. 5 January 2022 and NN. 01/2015-2020 dt. 29 April 2022 will impact in this case?</p>	<p>1. The quoted notification categorizes 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 separate import license as highlighted in the notification. However, authorities may have a contrary view in this regard and may demand for a license. Accordingly, DGFT needs to issue a clarification to mitigate the anomaly.</p> <p>2. The items falling under HSN Code 71131910 and 71131911 are also categorized under restricted category through Notification No.19/2023 dated 12 July 2023.</p> <p>3. As per Notification No. 36/2015-2020 dated 18 December 2019 and 49/2015-2020 dated 05 January 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>
64.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	Others	What is the process to do Import Export Code updation (IEC) on yearly basis prior to 30 June, even if there is no change in IEC details?	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
65.	Srinivasa Rao Korada	DTA Supplies	<p>Request clarification on the following:</p> <ol style="list-style-type: none"> Whether an EOU is allowed to sell raw materials (purchased/procured from DTA) to SEZ/EOU/DTA? Does EOU require specific permission/approval in its LOA/LOP for carrying out such transactions? Will the answer be different, in case EOU sells raw materials to SEZ/EOU/DTA, which are imported from overseas with duty exemption ? Whether such sale of raw materials by EOU to SEZ Unit is eligible for the purpose of calculation of NFE by EOU, considering payment is received in convertible foreign currency out of SEZ-FC account? 	<ol style="list-style-type: none"> 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. Same para 6.14 of FTP 2023 to be followed for imported goods as well. 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.
66.	Hariharan ECON Systems	Export of Goods/Services	<p>We are a SEZ unit and we want to supply our products to our clients under subscription basis in which clients pay a recurring cost for access to a product rather than one-time purchase. This recurrent cost is paid monthly or yearly depending upon the selected frequency by buyer. 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 payment remittance in bank with shipping bill. Please advise on how to submit the subscription fee payment entry to SEZ and how to incorporate the subscription fee under NFE in APR. What documents would be required for bank remittance process against the subscription fee received from the customer.</p>	<p>Supply of software on subscription basis tantamount to regular export of service and no separate treatment is required for the same. Accordingly,</p> <ol style="list-style-type: none"> Subscription fees received during the year need to be reported under regular exports in APR. 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).
67.	Hariharan ECON Systems	Export of Goods/Services	<p>In furtherance to above query, please advise, whether we require Softex registration or Softex invoices filing in SEZ portal for the subscription fees transaction.</p>	<p>Software exported by SEZ units are required to be reported in respective month's SOFTEX filing.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
68.	ADESH RAMCHANDRA SOMWANSHI TATA CONSULTANCY SERVICES LTD.	Others	<p>We have 4-5 large SEZ units having seating capacity of 5000-10000 associates in different locations like Nagpur, Mumbai, Pune, Trivandrum, Kochi etc.. However, these units are not been fully utilized. Hence to use our facility to maximum capacity, we would like start training center for new joiners which might get absorbed either in same SEZ unit or may be transferred to any other SEZ/STP/DTA unit 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. Please let us know your response on following queries.</p> <ol style="list-style-type: none"> 1. Do we require DC's approval for using partial space for training center? 2. Can training service be considered as an activity under authorised operations as per SEZ law? 3. Is there any restriction on associates, who would be transferred to other STP/DTA after completion of training? 4. Do we require internal billing for transferring manpower to other SEZ/ STP/DTA units on our own branches? <p>In case of asset movement all asset movements would be done as per SEZ rules. Please advise.</p>	<ol style="list-style-type: none"> 1. Please note that there is no specific regulation under SEZ law highlighting permission for training services. However, unit may seek permission from jurisdictional DC office for providing such training. 2. Any additional activity performed by unit need to be included in its LOA as its authorized operations (if not already included). 3. While seeking permission as mentioned in point no. 1 above, unit may seek an additional permission for transfer of associates, post completion of their training. 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.
69.	Jayabharathi JMD FTWZ	Export of Goods/Services	<p>Indian Entities are exporting to Overseas through FTZ with strength of Shipping Bill. Our IEC on Shipping Bill is not matching with 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.</p>	<p>Revisiting our previous response, we recommend 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 solutions.</p>

S No.	Querist	Category	Query from Member	Response by Grant Thornton
70.	Ravi Pillai (RD, KASEZ)	FEMA	<p>The unit informed that their banker 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 them. Since good quality material (diamonds) procured is best for them and to keep sustainability they prepaid the bill which was due later. The Banker referred to the 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.</p>	<p>We understand that 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. Alternatively, the following options may be considered in order to avoid the interest charged on pre-payment:</p> <ol style="list-style-type: none"> 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. 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. 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.



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Queries received in September 2023

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Sushma Gupta Yash Technologies Private Limited	Others	We have exported Software through Data Link and accordingly submitted Softex to STPI in December 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.	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.
2.	S Karthikeyan Found ever	DTA Supplies	Can a SEZ unit do domestic business. If Yes, kindly provide procedures/any conditions to follow. Further, can we do the billing in INR.	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.
3.	Prasant Kumar Sahoo Peiner SMAG Machinery (India) Private Limited	DTA Procurement	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.	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.
4.	Vivek Milak Milak Enterprises	DTA Supplies	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.	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.
5.	Terram Geosynthetics	Others	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.	In addition to raising tickets on ICEGATE portal it is recommended that the unit shall reach out to jurisdictional customs authorities for proposed resolution.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
6.	Gokul Overseas	Refund of duties	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.	Refer to Section 26 and 27 of the Customs Act, 1962 for seeking refund of duty paid.
7.	Kausik Majumder Banco Products	DTA Procurement	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.	You may specify your GSTIN and nature as SEZ unit while procuring goods through online mode to avail the GST exemption on such procurement.
8.	M/s Ameri Consulting Private Limited	Compliance	If there is any penalty or other adverse consequence of non filing of Softex forms.	Filing Softex is mandatory & for non-filing liable for penalties
9.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	APR/MPR	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.	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 30 September 2023.
10.	Ian Gonsalves	Compliances	Kindly find the below queries to understand better the compliance process or workflow 1. SERF deadline? 2. Softex deadline? 3. e-BRC issue date? 4. Is it possible to edit wrongfully entered SERF data due clerical mistake by the employer 5. Is there a new upgrade to SEZ website which we may use in case system goes down.	Please find below the response to your queries - 1. Due date for filling SERF is 10th of the following month. 2. Due Date submission of Softex is 30 days from the end of month in which invoice is raised. 3. e-BRC issue date - Same may be confirmed by your AD bank. 4. Yes, you may undertake an amendment in values submitted through SERF of subsequent month. 5. The website for SEZ online functionalities is - sezonline-ndml.co.in
11.	Srinivas BV Jubilant Pharmova Limited	DTA Supplies	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.	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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
12.	Supriya P (RD, EPCES- CSEZ)	DTA Procurement	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.	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.
13.	Bharath B.S Syngeneintl	Import of Goods/Services	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.	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.
14.	Rajul Mehta Sonic Biochem Extractions P Ltd.	DTA Supplies	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.	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.
15.	Supriya P (RD, EPCES- CSEZ)	Others	The procedure for shifting a SEZ unit from one phase to another.	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.
16.	Thangamani. R. Orchid Pharma Limited,	Others	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.	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.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
17.	Mohammed Ayan Hilltop Stones Private Limited	Others	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.	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.
18.	Arvind Khandelwal M D Equipments Pvt Ltd	Sub-contracting	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.	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.
19.	Chandra Sekhar Centific	GST Refund	Whether SEZ unit can claim refund of RCM paid on foreign software subscriptions.	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.
20.	Dinesh Kannan R Biocon Limited	Export of Goods/Services	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.	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export un-utilized goods out of India.
21.	Dinesh Kannan R Biocon Limited	Export of Goods/Services	In furtherance to above query, kindly confirm whether any restrictions are applicable for exporting un-utilized steel pipes and fittings as such from SEZ unit	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.
22.	M/s Zensar Technology Limited	DTA Supplies	Under which rule turnkey project material can be removed at the time of exit.	You may refer to Rule 49 read with Rule 2(e) of SEZ Rules, 2006 for removal of capital goods after use in construction project.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
23.	Santhosh Wellsfargo	Others	Recently there was a change in the Board of directors. Whether we need to amend the EPCES membership certificate.	Yes, process the amendment of e-RCMC.
24.	Anshul Anand Srivastav GlobalLogic	Others	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.	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.
25.	Shravan C Biocon Limited	DTA Procurement	We have procured raw materials (DKTIII) from DTA unit in year 2020-21 for unit price of INR 4250 per Kg. Due to various business reason, we are unable 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.	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.
26.	Aspire Unit	Others	While transferring of Capital Goods (Inter Unit Transfer within the Company) from SEZ-to-SEZ unit, why do we need to mention the original vale 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.	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.
27.	Dinesh Poojary Simosis International	GST Refund	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.	SEZ units may claim refund of IGST paid provided the supplier has not filed an application of refund for the same.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
28.	M.Gopi Mentor Printing and Logistics Pvt. Ltd.	Others	<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"> Suppliers who are importing their raw materials under Advance License and supplying to us after manufacturing their final products in foreign currency Suppliers manufacturing with indigenous raw materials and supplying their final products in foreign currency Rare suppliers manufacturing Indigenous raw materials and supplying their final products in INR. <p>Please clarify which type of bills to file for above supplies. (i.e., whether “DTA procurement” or “DTA Procurement with Export Benefit”)</p>	<ol style="list-style-type: none"> 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. DTA procurement form needs to be filed, for payment in Foreign Currency please follow instruction under FEMA and RBI. DTA procurement form needs to be filed in this case.
29.	Chandru Ramachandran VMC Business Services	Export of Goods/Services	<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"> 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 & IGST deferred at time of import of inputs utilized for goods sent to FTWZ. Whether goods moved from MOOWR unit to EOU will be treated as export under zero rated duty in line with export to overseas. Any pre-approval/permission or certificate is required from Jurisdiction Customs for import of goods under MOOWR unit for every shipment. Whether MOOWR unit can procure goods from FTWZ without payment of duties & taxes. 	<ol style="list-style-type: none"> Since both (MOOWR & FTWZ) are treated as Customs warehouse/ Station, there should not be any customs duty application on movement of goods. However, this is an ambiguous point in absence of absolute clarity. No, supply to EOU from MOOWR is not treated as export. However, it may qualify as deemed export as enumerated under chapter-7 of FTP. MOOWR operated under IGCR scheme and therefore no permission is required for each transaction. Yes



S No.	Querist	Category	Query from Member	Response by Grant Thornton
30.	Ch.S.S.Sekhar (R.D- EPCES- VSEZ)	Export of Goods/Services	<p>1. 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</p> <p>2. 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.</p>	<p>1. 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.</p> <p>2. 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.</p>
31.	Biswajit Bhattacharjee	Export of Goods/Services	<p>Please advice. Under which of below two options, can services be given by a STPI unit:</p> <p>a. Service Invoice to be raised in INR currency and payment realization to be earned in USD / Foreign currency or</p> <p>b. Service Invoice to be raised in USD currency and payment realization to be earned in INR / convertible currency.</p>	You may go with option 1 i.e., invoice can be raised in INR and payment realization to be earned in foreign currency.
32.	Ramachandran L K SunTec Business Solutions Pvt Ltd	Others	Whether a software development company registered under SEZ is obligated to obtain EPR (Extended Producer Responsibility) registration.	E-Waste (Management) Rules, 2022 shall apply to manufacturer, 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.
33.	Dharam Yudhishter Accenture	DTA Procurement	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.	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.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
34.	Sunil. N. Shetty PSBU	Exit from SEZ	As per Rule 74 of SEZ Rules, 2006 (Exit of Units), ai 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 units 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.	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
35.	Aswathy SR Suntec Business Solutions Private Limited	DTA Supplies	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?	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.
36.	ASLAM BASHA FCAIT Automotive India pvt. Ltd.	DTA Supplies	We like to understand the process to be followed for below activities in SEZ unit 1. Scrapping of assets 2. Purchase of Used assets from DTA to SEZ or SEZ to SEZ.	1. Refer to Rule 49 of SEZ Rules, 2006 for scrapping of assets. 2. An SEZ unit may procure used capital goods from a DTA/SEZ unit as per Rule 27 of SEZ Rules, 2006.
37.	Jinesh Vyas RXO Global Services India Pvt. Ltd	DTA Procurement	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: 1. Is insurance premium paid for staff-related insurance services considered as part of our authorized operations within the SEZ? 2. Are we entitled to procure the aforementioned services at a Zero-rated GST?	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 Mediclaim insurance services. Further, on merit of the case DC may allow benefit to the unit.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
38.	Kavitha Kanthan WeRoute Global Fund Solutions Pvt Ltd	GST Refund	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.	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.
39.	Kishan Gamini	Registration	Can a 15-year-old unit making 100% exports make an application for EOU registration. Are there any restrictions?	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.
40.	Arun Kumar IBU Gift City	DT	Referring to Sec 80LA of IT Act on "Deduction in respect of certain incomes of Offshore Banking Unit & IFSC", please clarify 1. whether the tax benefits mentioned in aforementioned Section be claimed by an IBU that was established before the issuance of flexibility of tax benefits. 2. 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. 3. Please let us know if there are any additional documents needed to receive tax exemption going forward.	1. Yes. 2. Yes, subject to fulfilment of IFSC criteria and conditions listed in Section 80LA of Income Tax Act. 3. As per Section 80LA(3) of Income Tax Act: - 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 - a copy of the permission obtained u/s 23(1)(a) of the Banking Regulation Act, 1949 in case of an Offshore Banking Unit.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
41.	Rahul Kalburgi Aequs Private Limited	DT	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 e.g., Company A (SEZ unit) has opted 115BAB tax rate of 15%. Company A has gross block of Plant & 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.	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 & Machinery. Further, only Plant and Machinery is required to be considered for said computation.
42.	CA K Swarna	DT	SEZ is claiming 4th year deduction u/s 10AA for AY 2023-24, but Form 56F is omitted for AY 2023-24. 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 2023-24. Please advice.	Following clarification has been provided in the FAQ hosted at IT portal: 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.



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Queries received in October 2023

S No.	Querist	Category	Query from Member	Response by Grant Thornton
1.	Vikram j n British Engines India	GST Law	<p>The EOU unit imported duty free material for manufacturing products to be sold to DTA unit, who will further export these goods to overseas customers under third-party exports. In this regard, please clarify the following:</p> <ol style="list-style-type: none"> 1. Duty implication when selling from EOU to DTA unit. 2. Will DTA unit get export benefits like RoDTEP, drawback, IGST refund etc., when exporting products to overseas customers under third party exports. 3. Will export obligation be considered for EOU or DTA unit. 4. List of mandatory documents required for filing shipping bill with customs. 	You may refer Para 6.19 read with Para 6.09 of HBP, 2023 in relation to your queries related to export through other exporters.
2.	Cardolite Speciality Chemicals Pvt Ltd. (CSL)	Zero Rated Supply	Section 16(4) of IGST Act, 2017 read with Notification 1/2023 dated 31 July 2023 permits export under IGST for all goods except 25 goods (like pan-masala, tobacco etc.). Does this notification cover export and supplies to SEZ both or for supply to SEZ, only LUT option is available.	From a conjoint reading of section 16(1) and newly inserted section 16(4) along with notification 01/2023-IGST dated 31 Jul 2023, it appears that supply to SEZ will also be governed by the amendment. Meaning thereby supply to SEZ can only be made under LUT.
3.	Suresh Kumar Quadrigen Vethealth Pvt. Ltd	Zero-rated supply	In line with recent IGST notification about the requirement for updating LUT number for export purposes as per Section 16(3) & 16(4) of IGST Act effective from 1 October 2023, please clarify, if this is a mandatory requirement, please let us know the process to apply for LUT.	Filing a LUT for exports is a mandatory requirement under GST law. Please note that LUT can be filed online at GST portal using the GST credentials.
4.	R Sudarshan Singtex PTE Ltd	SEZ set up	The Company is interested in establishing and operating a factory in MEPZ or a similar facility that supports 100% EOU operations. Accordingly, please advise is there are any restrictions for a Singapore based company to open a factory in MEPZ to manufacture and export products like petbeds and what is the procedure to apply for and getting permission to start and operate a 100% foreign invested company/factory in MEPZ.	Rule 17 and 18 of SEZ Rules, 2006 provides provisions in relation to setting up a unit in SEZ.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
5.	Carbonaire Industries (Madras) Pvt.Ltd.	GST Law	Our customer is issuing their commercial invoice for shipment thru' courier to their consignee. The courier is being booked by them under their account with their invoice value. Hence, while exporting it, we are unable to raise our commercial invoice since the invoice value and currency will not be the same as per the purchase order provided by buyer. In above situation, kindly advise how to proceed with the export under courier mode.	We understand that commercial invoice provided by the customer is only for purpose of custom clearance at destination country. So you can always raise your own commercial invoices for Indian custom purposes.
6.	Carbonaire Industries (Madras) Pvt.Ltd.	GST Law	In furtherance to above query, courier agency is not accepting 2 invoices for a single transaction. The cargo value mentioned for customs clearance in his courier waybill (booked by the buyer) should match with the invoice value. Hence, we are unable use our commercial invoice.	Would request you to share the relevant documents to better understand the transaction for our further response.
7.	Carbonaire Industries (Madras) Pvt.Ltd.	GST Law	In furtherance to above query, we wish to inform that the PO from party 'X' to us is 100 \$ Party 'X' PO with final buyer 'Y' is 200 \$. Now 'X' wants to use his invoice on party 'Y' of 200\$ while courier agent collect from us and does customs clearance at Chennai. But use our name for all customs paperwork.	It is suggested to revisit your tri-party agreement and make sure to include such a situation/transaction in the agreement itself.
8.	Kalyani RD	Zero-rated supply	Is there any notification where SEZ company must pay insurance premiums including GST and later claims refund from GST portal	SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. General Insurance is covered at serial number 26 of the list and these services can be availed without payment of GST. However, life/ medical insurance services are not covered. Also please note that Life/ medical Insurance services are also in restricted under GST law for availment of ITC and therefore GST refund will not be available.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
9.	V.K.Murali Marar AM Power Cord Corporation	Import Goods/Services of	We would like to import Polyester multifilament yarn from Taiwan. Is BIS certification necessary for this transaction as it comes into effect from 5 October 2023. If the importer invoice date is before 5 October 2023 and Shipping is expected to be on 7 October 2023, can we import without BIS certification.	The rules and regulations governing a specific product must be examined when completing the Bill of Entry. Consequently, if the goods are anticipated to be shipped after the effective date of BIS certification requirements, the unit is obligated to adhere to these regulations.
10.	V.K.Murali Marar AM Power Cord Corporation	Import Goods/Services of	In furtherance to below mail, we have following queries: 1. Is BIS certification necessary, if the overseas supplier supplies with invoice date prior to 5 October 2023. 2. The Gazette notification says that BIS Certification is not necessary if the same is for export. BIS certification required if we are in SEZ and involved in exports.	<p><u>Reply by GT team:</u> 1. Please note that rules and regulations governing a specific product must be examined when completing the Bill of Entry. Consequently, if the goods are anticipated to be shipped after the effective date of BIS certification requirements, the unit is obligated to adhere to these regulations.</p> <p>2. As mentioned, the gazette order dated 17th July 2023, provides that such certification would not apply for goods or articles meant for exports.</p> <p>Further, it is to be noted that the captioned query pertains to "Bureau of Indian Standards" and we are not subject matter experts for said query. Hence, it is suggested that the company may connect with the concerned subject matter expert in order to seek additional clarification.</p> <p><u>Reply by DG EPCES:</u> As this QCO is applicable effective 5 October 2023, it would be advisable not to bring this is consignment as it will land here post that date. I discussed with Secretary D/o Chemicals and Petrochemical. They agree that these QCOs are not meant as import for exports and hence they should not be applicable to SEZs and EOUs. They will issue clarification in consultation with Customs and DGFT. But it will take some time.</p> <p>You have to take a chance with Customs and convince them that these imports are meant for SEZs and for manufacturing export products and hence this QCO is not applicable. But the risk will be there and you have to discuss with Customs Authorities there beforehand rather than after consignment reaches.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
11.	Ashok Kumar Visteon	Export Goods/Services of	As per Section 2(Z)(iii) of SEZ Act 2005, the service provider should earn foreign currency. As per Para 2.52 of FTP, 2003, invoice can be done in INR or payment can be received in INR for doing transactions from SEZ to DTA. Further, RBI has also released circular 10 dated 11 July 2022 wherein export invoice and payment can be in INR. Please clarify, if SEZ units can issue INR invoice to domestic customer and collect INR currency for software service provided.	It is pertinent to note that RBI has allowed invoicing and payments for international trade in INR vide A.P. (DIR Series) Circular No. 10 RBI/2022-2023/90 dated 11 July 2022. Further, the framework put in place by RBI is applicable for any partner country seeking to undertake trade with India in INR in terms of said circular. Accordingly, the unit needs to see if the partnering country falls under the list of such countries.
12.	Ashok Kumar Visteon	Export Goods/Services of	In furtherance to above query, please clarify, if an SEZ Unit can issue INR invoice to domestic customer for services rendered. For instance, Unit A in SEZ provided services to Hyundai DTA Unit and as per SEZ Law, will raise invoice in USD for the same. According to the master circular, if Hyundai opens Rupee Vostro account, then is it allowed to do billing to Hyundai in INR or the circular allows INR billing for only international transactions.	The proposed transaction i.e. provision of services from SEZ to DTA unit against INR payment, does not qualify the definition of services as enumerated under section 2(z). Practically if you do so, the same can be ratified by way of penalty under FTDR Act.
13.	Hema Raakoneru Brookfield Properties	Others	Can an existing IT SEZ Unit allowed to lease out their vacant Space. Kindly confirm with guidelines.	SEZ unit is not allowed to sublease its vacant space under the existing SEZ Law. Such facility is available only to SEZ developers.
14.	Hema Raakoneru Brookfield Properties	Others	In furtherance to above query, please share the process to be followed by both Developer and SEZ Unit in case we are developer and given some area on lease to X unit which is a service provider. Due to some business constraint, unit X intend to lease out the area to other service provider.	You may follow the below mentioned steps – <ul style="list-style-type: none"> - Company X to surrender the extra space/ area back to Developer; - Developer to issue a NOC or an addendum to this effect; - Company X need to get the LOA amended from Zonal Development Commissioner for reduced area; - Developer to get into a fresh lease with new business which intends to occupy the vacant space; - New business entity will be required to obtain a LOA from Zonal Development Commissioner



S No.	Querist	Category	Query from Member	Response by Grant Thornton
15.	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	Zero-rated supply	Section 16(4) of IGST Act, 2017 read with Notification 1/2023 dated 31 July 2023 permits Export under IGST for all goods except 25 goods (like pan-masala, Tobacco etc). Does this notification cover export and supplies to SEZ both or for supply to SEZ, only LUT option is available.	From a conjoint reading of section 16(1) and newly inserted section 16(4) along with notification 01/2023-IGST dated 31 Jul 2023, it appears that supply to SEZ will also be governed by the amendment. Meaning thereby supply to SEZ can only be made under LUT.
16.	PSSrinivasan Arkay Glenrock Pvt Ltd.	GST Law	<p>Please clarify following queries in relation to GST liability as recipient.</p> <ol style="list-style-type: none"> 1. Is GST under RCM applicable for fees paid to Tamil Nadu Government (Joint Director of Industrial Safety & Health) for renewal of factory license. 2. Is GST applicable on working tiffin/lunch served to employees. We engage cooking people to prepare working tiffin & lunch to our employees. We provide our cooking space, facility & equipment to them and pay them only for materials and labour. The cooking people are from nearby locality and they are mere cooks and not professional/registered service providers/caterers. We recover a meagre amount from our employees as food deduction. 3. Is GST under RCM applicable on guarantees given by directors for credit facilities availed from bank. 4. Is ITC available for recipient for default on part of suppliers viz., delayed filing/not filing GSTR-3B /subsequent cancellation of RC. 	<p>Please find below point wise response:</p> <ol style="list-style-type: none"> 1. No, GST is exempted vide notification no. 12/2017- Central Tax (Rate) dated 28 June 2017 for services provided by Government (State/ Union/local authorities) for obtaining registration/ licence required under any law. 2. GST is applicable on amount recovered from employees. 3. The recent circular no. 201/13/2023-GST dated 1 August 2023 clarifies that services supplied by the director in his capacity as a director would only be taxable to GST under RCM in the hands of Company. 4. No, ITC would not be available in case of default by supplier as Section 16(2)(c) of the CGST Act imposes such mandatory condition and non-fulfilment of which would render ITC ineligible.
17.	Mansi Vora IQ EQ India IFSC Services Private Limited	Compliances	Can you please confirm if the unit is required to file Rental invoice raised by the Developer in DSPF on SEZ NDML portal. If yes, then under which authorised operation category.	Rental service procured from SEZ Developer is required to be reported in DSPF. Further, such service is covered at Entry No. 41 " Renting of Immovable property services" of uniform list of services.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
18.	Raghupathy V Kanam Latex Industries Pvt Ltd	Export Goods/Services	of As per the said RBI Circular it accepts export realization in INR. But as per the FTP only foreign currency payment will be acceptable for claiming the FOB value as per Para 6.07 (a)(III). Please clarify.	The RBI circular outlines provisions related to imports and exports, while Para 6.07 of the FTP 2023 pertains to DTA Sales. It is pertinent to note that the circular and specified FTP paragraph should not conflict with each other.
19.	Raghupathy V Kanam Latex Industries Pvt Ltd	Export Goods/Services	of In furtherance to above query, can you please clarify if supplies to EOU or SEZ or Export to overseas customers in INR can be taken for NFE or not. Also 3rd Party exports in INR can be taken for NFE calculation.	<u>Reply by DG EPCES:</u> Supplies to EOU or SEZ or Export to overseas customers in INR or 3rd Party Exports in INR cannot be taken for NFE. DGFT has allowed only certain export promotion benefits in accordance with the said RBI circular as per FTP para 2.52(d)(iii) and 2.53. <u>Reply by GT Team:</u> Export benefits as per export realisation in INR and that only as per para 2.52 (d) (iii) and 2.53 are available for meeting export obligations for EPCG scheme, Advance Authorisation scheme and Status holders scheme only.
20.	Suresh Bonagiri	Export Goods/Services	of Can a 100% EOU do high sea sales (HSS) . If no, what were the other options to do this high sea sales for an EOU	HSS mentioned in Para 6.10 of FTP, 2023, refers to imported consignment sold before it reaches Indian Customs port. These are incidental activities and are not main activity. EOU cannot be set up entirely for trading purposes, however some incidental trading situations are considered in the law.
21.	B Madhu Bannari Amman Sugars Limited	Export Goods/Services	of We intend to sell a granite processing machine imported from Italy during the period 2011-2012. Please let know the procedures to be followed for selling this machine.	Para 6.14(b) of FTP, 2023 to understand the process for removal of capital goods
22.	Ram Teja	Exit from scheme	What is the procedure for calculation of duty liability while de-bonding the goods in case of exit from scheme. Which rate of duty should be taken. Is CA certificate required to be submitted to customs before duty computation. Kindly provide the circulars indicating procedure for exit from EOU scheme	Para 6.17 of FTP, 2023, specifies the process regarding exit of EOU from the scheme. Further, please note that the applicable rate would be taken for payment of duty liability at the time of exit from the scheme and CA certificate is not required at the time of submitting duty computations to customs.

S No.	Querist	Category	Query from Member	Response by Grant Thornton
23.	Anil Kumar.T.T L.J.International Ltd	Zero-rated supply	<p>In line with 52nd GST Council meeting, please clarify on below mentioned points -</p> <ol style="list-style-type: none"> 1. As per 16(1)(b) of IGST Act, supply of goods/services to SEZ units are considered as zero-rated with LUT. Is there any change in this. 2. The suppliers of goods or services to CSEZ Units / developers are allowed for authorized operations upon payment of IGST. Such provision is already there in the existing IGST Act. When such provision is already there, what is the relevance of this amendment. 3. Is zero rated supply restricted only for "authorized operations" of unit by the notification? 4. Whether the rent payable by unit to Developer is taxable as per the new amendment. 	<p>The word "for authorised operations" has been included in said sub-section, which would mean that goods/services would be allowed for zero-rated benefit, only if the same are meant for authorized operations of SEZ unit/developer. The purpose of this clarification is to highlight the restriction posed on procurements made for authorized operations only.</p> <p>As per recent amendment in Section 16 of IGST Act w.e.f. 1 October 2023, it had been provided that all zero-rated supplies (including supplies to SEZ) would be made under the option of LUT only. Accordingly, in order to allow supplies to be made to SEZs on payment of tax, requisite amendment needs to be undertaken.</p>
24.	Hariharan E-con Systems	Others	Please advise whether our items with HS Code 85299090, 84733020 and 90318000 are eligible for Interest Equalization Scheme.	Product mentioned under HSN 9031 – Medical and Scientific Instruments (Measuring or Checking Instruments, Appliances and Machines, Not Specified or Included Elsewhere In This Chapter; Profile Projectors) are allowed to avail the benefits under IES from the mentioned three HSNs.
25.	Rajul Mehta Sonic Biochem Extractions Pvt Ltd.	DTA Supplies	We have sold goods from our SEZ unit to DTA on payment of Custom duty & IGST as applicable at the time of clearance. Subsequently, the DTA buyer has rejected the goods due to mis-match of specification. Now, the DTA buyer wants to return the goods and is asking for refund of custom duty and IGST paid at the time of clearance of the goods. Please guide the procedure & documentation to get back the goods into SEZ unit and claim the refund of custom duty & IGST by the buyer.	The DTA buyer may claim refund of duty/ taxes paid at the time of goods supplied from SEZ. The DTA unit may approach the jurisdictional Customs authority for refund under section 26A read with 74 of the Customs Act, 1962.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
26.	Supriya P Regional Director EPCES CSEZ - Cochin Region	Zero-rated supply	How will the supplier ensure that goods or services he provides to sez entity is for authorised operations of the sez entity. The liability to ensure lies with supplier or SEZ entity. What if service /goods are partly used for authorised operations and partly for others and procurement was done in single go?	The responsibility for ensuring compliance with conditions for claiming any benefits/concessions lies with SEZ unit that procures such goods/services. The unit may provide confirmation to the supplier in order to differentiate between procurement intended for authorized and non-authorized operations. Further, the uniform list of services may be referred to ensure whether the procured services are meant to be used for authorized operations. Additionally, when procurement consists of a combination of supplies for both authorized and non-authorized operations, taxes may be applied to procurements made for non-authorized operations.
27.	Vishnu	Zero-rated supply	In furtherance to above query, Please clarify the following: 1. Going forward, attestation by SEZ Specified officer on invoices is required. As per point no 18 of publication, it is learnt that the said requirement is dispensed with (rule 89). 2. In cases where SEZ entities pay taxes (for other than authorized operations), can we take credit of taxes so paid. As per our interpretation, only those procurements which are for authorized operations are treated as zero rated supply. So practically should there be 2 GST registrations, one for SEZ status for authorized operations and one DTA registration for non-authorized supplies to enable ITC availment. 3. In cases where procurement is made on payment of taxes (for non-authorized supplies where Section 16(1) doesn't apply), can the supplier bill us on CGST+SGST or still on IGST.	Please find below pointwise reply to your queries: 1. Please note that the publication enclosed in mail is a private entity publication and depicts individual point of view. However, please note that Rule 30 of SEZ Rules, clearly requires a unit to obtain endorsement on invoices meant for authorized operations. 2. The unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment. 3. Irrespective of categorization of supply into authorized and non-authorized operations, every supply made to SEZ unit is chargeable as IGST in accordance with Section 7 of IGST Act.
28.	R.Sankara Subramanian Vishwa-Syntharo PharmaChem Pvt Ltd.	Re-import/re-export	We would like to re-import the 8 Kgs material from batches HHA2207002 and HHA2209005, re-work them and re-export the output after re-work. Please share the formalities of re-import and re-export.	An EOU may re-import goods exported earlier for repairs by following the terms and conditions mentioned under Notification No. 52/03-Customs dated 31 March 2003.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
29.	Supriya P Regional Director EPCES CSEZ - Cochin Region	Zero-rated supply	<p>A clarification regarding “Supply to SEZ Units/Developers allowed for authorised operations with payment of IGST” may please be given. It is mentioned in explanatory note corresponding to the above that “amendment proposed in relevant notification to allow the suppliers to make supply of goods and/or services to SEZ units/developers allowed for authorised operations upon payment of IGST”.</p> <p>1. Does this mean that units are not entitled to get goods/services at zero rated as per 16(1)(b) of IGST Act.</p> <p>2. If the suppliers does not have the LUT, still they have been supplying goods / services to SEZ units upon payment of IGST. Then how does this explanatory note makes the difference.</p> <p>3. I believe that “zero rated” supply is now restricted only to “authorised operations” related supply, which means that, goods or services relating to “authorised operations”, i.e., directly related to authorised operations are eligible for supply under LUT and zero rated tax.</p>	<p>Please find below pointwise reply to your queries:</p> <p>1. Please note that the publication enclosed in mail is a private entity publication and depicts individual point of view. However, please note that Rule 30 of SEZ Rules, clearly requires a unit to obtain endorsement on invoices meant for authorized operations.</p> <p>2. The unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment.</p> <p>3. Irrespective of categorization of supply into authorized and non-authorized operations, every supply made to SEZ unit is chargeable as IGST in accordance with Section 7 of IGST Act.</p>
30.	MK Rastogi Velocity Aviation IFSC Pvt. Ltd.	Others	Please let us know is that compulsory to prepare the complete annual accounts of company for each year in FCY (\$) and get it signed from auditors.	There is no condition in law which states that SEZ/IFSC units are required to prepare their financial statements in FCY.
31.	MK Rastogi Velocity Aviation IFSC Pvt. Ltd.	Others	In furtherance to above query, as per the circular dated 18 May 2022, as per clause N(ii) of Part III, it is stated that entity registered with IFSC shall submit all the financial information, expressed in USD to IFSCA. If it is read with clause N (i), it seems that we have to submit the audited accounts in USD. So, please clarify the same at the earliest possible.	The enclosed circular is industry/transaction specific i.e., aircraft industry dealing with leasing of aircraft business under IFSC. Accordingly, based on the understanding that the unit is covered under the model mentioned under the said circular, the unit (being lessor in the transaction) is required to submit all the financial information to IFSCA in USD currency.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
32.	Ajit Shinde Jewelex	Others	Whether the SEZ unit needs to make sure that it is achieving Minimum Value Addition (MVA) at the Invoice level or at the Product level. For eg., if we are raising an invoice for 10 pieces then in that case do we need to check whether we are achieving MVA at single piece level or we can check at consolidated level for 10 pieces.	Referring to Rule 53 of SEZ Rules, 2006, value addition as mentioned therein is based at product level. Further, you may also refer to Para 4.37 of FTP 2023 read with Para 4.60 of HBP -2023 for better clarity.
33.	Ajit Shinde Jewelex	Others	In furtherance to above query, Rule 53 states that “the Unit shall achieve positive NFE to be calculated cumulatively for a period of period of five years from the commencement of production according to the formula”. The rule has also provided that where a Unit is unable to achieve NFE due to adverse market conditions or any ground of genuine hardship having an adverse impact on functioning of the Unit, the five-year block period for the calculation of NEF earnings may be extended by the Board of Approval for a further period of up to one year, on a case to case basis. Can you please elaborate on the grounds on which it is stated that we need to check the MVA at product level.	Please refer to Rule 18(2)(i) and 18(3)(b) of SEZ Rules, 2006. Just like DTA exporters, you have to fulfil MVA norms as per FTP para 4.37 and HBP Para 4.60. Also please see Rule 53C and D of SEZ Rules.
34.	MK Rastogi Velocity Aviation IFSC Pvt Ltd.	GST Law	Whether domestic vendor/ services provider who supply goods/services to Company will charge GST in their invoices? If they charge GST in their invoices, then how GST input credit would be availed by the Company in such cases. Please forward the guidelines on the matter with relevant rules under GST Act.	As per Section 16 of IGST Act read with Rule 30 of SEZ Rules, 2006, in case where DTA Supplier is having a valid LUT and supply is made for authorized operations, supplier may avail benefit of zero-rating and supply goods/services without charging GST on such supplies. Further, unit may avail the credit of GST paid on invoices charged by the supplier, subject to the conditions under Section 16 and 17 of CGST Act pertaining to ITC availment.
35.	Santhosh.S	Export Goods/Services of	Please clarify whether we can send goods procured without tax through hand-carry outside of India by filing temporary removal of goods.	You may remove the goods on a temporary basis to abroad in line with Rule 50(2) read with instruction no. 84.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
36.	Abdur Rahman Musba Cardolite Speciality Chemicals Pvt Ltd. (CSL)	GST Law	From when to file exemption for E-Invoice is required. Any notification in this regard.	<p><u>Reply by RD:</u> 1. Effective from October 2020, e-invoicing was made applicable for GST Registered persons with turnover more than Rs 500 crores.</p> <p>2. From January 2021, it was made with turnover of more than Rs 100 crores</p> <p>3. From April 2021, it was for more than Rs 50 crore turnover</p> <p>4. From April 2022, it was for more than Rs 20 crore turnover</p> <p>5. From October 2022, it was for more than Rs 10 crore turnover &</p> <p>6. From 1 August 2023, made mandatory for turnover of Rs 5 crores & above.</p> <p>It appears that before the relevant effective date for mandatory issue of e-invoice, we need to generate an e-invoicing exemption declaration to qualify for exemption at GST portal.</p> <p><u>Reply by GT Team:</u> SEZ Unit is required to submit the E-invoice exemption declaration form on the e-invoice portal.</p>
37.	Abdur Rahman Musba Cardolite Speciality Chemicals Pvt Ltd. (CSL)	GST Law	In furtherance to above query, please share the relevant notification or advisory.	We understand that this is just an online functionality requirement enabled at e-invoice portal. You may refer to the advisory released by GSTN dated 24 July 2023.
38.	Raj Kumar Singh	DTA Supplies	For inter-unit transfer of used IT assets from SEZ unit to DTA unit of same entity, SEZ officer is not allowing movement of goods from SEZ to DTA with reference of para 2.31 of FTP. Please note that FTP merely restricts import of secondhand/ used IT assets for the first time into India. However, the restriction does not apply to goods/IT assets (as specified in Para 2.31 of the FTP) that have already been imported and are accessible in India, either in DTA or SEZ units.	At present , it will be a problem as SEZ to DTA will have to follow import policy as the goods are entering the DTA market. You will have to take import license/authorisation from DGFT HQ for this. However, EPCES has taken up with DGFT to relax this condition for transfers from SEZ to DTA in case of used laptop/electronic goods which were imported into SEZ as new ones. We are following up with DGFT.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
39.	Jayesh Mistry Infy Jewels	Zero-rated supply	We have sent a car for servicing at a service centre located in DTA. The car is registered in name of Unit in SEEPZ SEZ. It is used for authorized operations and vehicle is available in SEEPZ SEZ on every working day. The service centre is citing provisions of section 54 of CGST Act, and they are demanding to produce list of goods and services duly authorised by DC of zone, wherein motor car parts and service to motor car is mentioned as exempt. Kindly advise on requirement of producing such list.	As per Section 16 of IGST Act read with Rule 30 of SEZ Rules, 2006, in case where DTA Supplier is having a valid LUT and supply is made for authorized operations, the unit may avail benefit of zero-rating and receive goods/services without charging GST on such supplies. Rule 30 of SEZ Rules, clearly requires a unit to obtain endorsement on invoices meant for authorized operations. Further, the uniform list of services may be referred to ensure whether the procured services are meant to be used for authorized operations. Additionally, Section 54 of CGST Act read with Rule 89 of CGST Rules, provides provisions to seek refund by supplier to SEZ unit wherein invoices on which refund is claimed needs to be duly endorsed by the Specified Officer. The said provision also does not demand for a list of authorized goods/services to be produced/approved by DC. In the above backdrop, the unit may request the service centre to raise tax invoice without GST for services procured, in view of uniform list of services specified for procurement of services without GST. For procurement of any duty free goods, the unit may reach out to the DC office for approval.
40.	Ajit Shinde Jewelex	Export Goods/Services of	Whether there is any restriction on sale of gold from the trading unit to its manufacturing unit and from the trading unit to any other unit in same SEZ or other SEZ.	There is no restriction under SEZ law on such sale scenarios.
41.	Ajit Shinde Jewelex	Export Goods/Services of	In furtherance to below query, please confirm the validation of Public Notice No. 10/2013, issued by SEEPZ SEZ. Also, please confirm whether the LOA of trading unit should have this activity covered.	Please note that while responding to your initial query, we understood that the unit has already obtained special permission for engaging in trading activity and such activity is already forming part of the LOA of unit. Further, while going through the specific public notice issued by SEEPZ, we understand that trading for Gems and Jewellery unit is not permitted.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
42.	Deccan Fine Chemicals (India) Pvt. Ltd	DTA Supplies	<p>Clarification is required on unused imported raw materials procured against procurement certificate by availing the exemption from payment of BCD, SWS, and IGST are to be cleared in DTA.</p> <p>a. Whether we need to reverse the BCD, SWS and IGST saved vide TR-6 challan</p> <p>b. If so, whether TR-6 challan will be acceptable document for under Sec 16(2) of CGST Act as any other document for availing the ITC of IGST paid</p> <p>c. If not, whether we should insist on re-assessment of Bill of Entry so that IGST paid against such re-assessment can be availed as ITC under GST</p> <p>d. If part quantity imported is to be cleared in DTA, in such a scenario the re-assessment can be sought</p> <p>e. Is there any requirement to pay interest</p> <p>f. If so, what should be the period for which interest is payable</p> <p>g. In case the goods are sold in DTA at a higher value, whether reversal of duties need to be done at original import value or the higher value</p> <p>h. In case the goods are sold in DTA at a lower value, whether reversal of duties need to be done at original import value or the lower value</p> <p>i. Whether only BCD, SWS only need to be reversed on TR-6 as GST is charged on forward charge for sale in DTA</p> <p>Finished Goods</p> <p>a. Whether only BCD, SWS only need to be reversed on TR-6 as GST is charged on in DTA sale invoice on forward charge</p> <p>b. If so, are there two different procedures in case of sale of finished goods and sale of unused raw materials.</p>	<p>Please find pointwise response to queries raised by unit in its letter to EPCES as below:</p> <p>Unutilized goods</p> <p>a. Yes, BCD and SWS are required to be reversed vide TR-6 challan and applicable GST to be reversed through tax invoice.</p> <p>b. GST to be paid vide Tax invoice and accordingly buyer may claim input of tax paid on such procurements basis the tax invoice issued.</p> <p>c. Re-assessment of BOE is not warranted.</p> <p>d. No, Re-assessment of BOE is not warranted.</p> <p>e. No Interest is leviable.</p> <p>f. Not Applicable.</p> <p>g. Reversal of BCD and SWS would be done at import value.</p> <p>h. Same as above.</p> <p>i. Yes.</p> <p>Finished goods</p> <p>a. Yes.</p> <p>b. Duties/taxes in relation to finished goods need to be reversed on the value of imported material on which duty benefits are availed.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
43.	Pramit Mishra Newgen Software Technologies Ltd.	Others	Seek clarification on Trade Notice 28/2023-24 Para 3(i) issued on 09 October 2023. We understand that being a IT/ITES service exporter our export figures are not compiled with DGCI&S and hence we shall not be eligible to get benefit of auto generated e-SHC and accordingly, we must apply separately as we have done in past.	Yes. Services unit will not be able to get eSHC. They will have to apply as per earlier practice.
44.	Sashi Varma XO Pack Private Limited	SEZ/Icegate portal related	One of our DTA customer has not received ITC. On checking, we found that the said BOE have been reflected correctly in ICEGATE. However, the same is not seen in party's GSTR 2A/2B. Please advise.	Please ensure that your ICEGATE portal is well linked with GST portal for correct reflection of data. You may refer to advisory issued at ICEGATE portal in this regard. However, in case it is still not reflecting on GSTR-2B, you may raise a grievance on the GST portal.
45.	Sreemagal.R Zoho Corporation Private Limited	GST Law	Can we avail input on RCM paid on guest house which is used for employee's accommodation for business travel.	SEZs have a relaxation from payment of GST liability under RCM, provided the SEZ unit has a valid LUT under GST. However, if the unit proceeds with payment of GST under RCM, then input tax credit may be availed provided said such accommodation is used in course or furtherance of business and all other conditions for ITC availment are fulfilled.
46.	Sreemagal.R Zoho Corporation Private Limited	GST Law	In furtherance to above query, could you please clarify, whether we can avail the input on goods procured in guest house like cot, bed, TV, furniture etc. or will that be blocked under Section 17(5)(g).	Expenses related to guest house are not considered as expenses in course of furtherance of business by GST authorities across jurisdictions. Hence, authorities may disallow such inputs availed by unit.
47.	G Nagaraju Bosch Global Software Technologies Private Limited	Export Goods/Services of	We have placed one purchase order from Bangalore, IN, to a supplier in China. We arranged the delivery from supplier's place in China to our customer's place, which is Singapore. In this case, we didn't file a bill of entry, but we received a query from the bank that you made payment to the supplier, and the bank is asking for bill of entry documents.	From the details of transaction provided, we understand that this is a High sea sale (HSS) transaction. Please note that a HSS agreement is made on the stamp paper and Bill of lading (B/L) is endorsed in favour of the new buyer. Further, with respect to the payment made in lieu of such HSS transaction, you may interact with your bank and provide them with relevant documents such as shipping bill, bill of lading, high sea sale agreement etc. required to close the IDPMS with bank.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
48.	Squadron Leader Vijay Kumar Jadhav Eaton India Innovation	Others	<p>This is with reference to Commercial Circular No. 263 issued vide MSEDCL/P-Com/Accts/Elect Duty/011866 dated 26 Apr 2016 and Commercial Circular No. 204 issued vide MSEDCL/P-Com/Accts/ED-Exmp/22550 dated 08 Aug 2013. Please guide us in availing benefits of Electricity Duty Exemptions (EDD) available under Category 3 of the Circular No, 263. Request if you could help us with the following:</p> <p>(i) Process for the same</p> <p>(ii) IT and ITES unit registration with Directorate of Industries Authorized Officers</p> <p>(iii) ELP-I (Employment of Local Persons)</p>	<p>The unit may apply for Electricity Duty (ED) exemption or refund through the MSEDCL website by filling an online application form on www.mahadiscom.in.</p> <p>Required document could be:</p> <ol style="list-style-type: none"> 1) Application in Form F in prescribed format 2) Original Electricity Duty Exemption Certificate issued by competent authority. 3) Lease deed 4) Constitution documents 5) Project report 6) Authorisation for signing of application and affidavit 7) Power Sanction letter 8) Copies of Energy/Power bill 9) Document regarding date of commencement of unit. 10) IT/ITES Registration copy issued by Directorate of Industries authorized officers 11) Other relevant document as per requirement
49.	Squadron Leader Vijay Kumar Jadhav Eaton India Innovation	Others	In furtherance to above mail, can you please help with the process if available for IT/ITES Registration copy issued by Directorate of Industries authorized officers.	Circular H.O. CIRCULAR No - 6/99 issued by Directorate of Industries stating the procedure for obtaining IT/ITes registration in state of Maharashtra may be referred in this regard.
50.	Kamlesh Chandra Optic Electronic India Pvt Limited	Export Goods/Services of	Please provide us with a list of countries in which exports of Multi Grenade Launcher (HSN CODE: 93012000) are restricted.	This is a bit difficult question as this is a sensitive defense product. First , one has to check whether there are export restrictions from India itself on this item. Then you may indicate countries you want to export to. Those countries' import policies in respect of this item need to be ascertained.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
51.	Rahul Aequs	DTA Supplies	<p>We have a FTWZ unit engaged in trading of goods. We are currently, procuring goods domestically as well as by way of import. The goods so purchased are sold to SEZ unit holders and exported out of India. Few of our customers have asked us to supply products which require some value addition. In other words, we may have to get some value addition done to goods procured before the same is sold to customer. The value addition can be achieved by sending goods for job-work to DTA/other SEZ units. In this connection, we would like to know the following.</p> <p>a. Can FTWZ unit send goods to domestic job-worker for job-work/value-add.</p> <p>b. Can FTWZ unit send goods to another SEZ unit in the same/other SEZ for job-work/value-add.</p>	<p>An FTWZ unit is primarily set up for warehousing and trading of goods. Some minor activities are allowed to be carried out such as packing, repacking, labelling, re-labelling etc. within FTWZ and job work is not allowed. You may refer to Rule 41(1)(g) of SEZ Rules, 2006 in this regard.</p>
52.	Manish S Khera SP Infocity	Others	<p>We are a SEZ co-developer in MIHAN SEZ, Nagpur. The total area of 100 Acres has been approved as co-developer in MIHAN SEZ. Due to business restructuring, the company is looking for the investor to develop the partial area of around 50 Acres out of total area of 100 Acres. Further, when we approached to MIHAN SEZ DC, we were informed that Kolland SEZ must pay back all benefits availed in respect of proposed 50 Acres to be developed by new investor. It is to be noted that Kolland SEZ is not coming out of MIHAN SEZ, Nagpur and only bringing a new investor to develop the part of existing SEZ which has been approved as SEZ Co-developer in the name of Kolland SEZ in MIHAN SEZ, Nagpur. In view of the above, plz let us know the process for introducing new investor in SEZ in the area approved as a co-developer in MIHAN SEZ.</p>	<p>We understand that Kolland SEZ is a co-developer as notified by Board of Approval ('BOA) and for operational efficiency want to introduce another co-developer for development of designated area in MIHAN SEZ.</p> <p>It is to be noted that more than one co-developer can be approved by BOA for the purpose of development of SEZ and all these approved co-developer would be eligible for all tax concessions as prescribed under Section 26 of SEZ Act, 2005. You may also refer to enclosed Instruction no. 109 dated 18 October 2021 for the same.</p> <p>For introducing a co-developer you need to get into an agreement with the proposed entity with a clear objective and responsibilities and furnish an application before the BOA for approval.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
53.	Mohammed Ayan Hilltop Stones Pvt Ltd.	Export Goods/Services of	As per the DGFT notification No.29(RE-2015)/2015-2020 Dated 17 September 2016, we can import granite slabs (HSN Code:68022390) 2 cm Thickness @CIF value \$ 50/SQMT. Can we import Granite slabs 3 CM thickness. If yes, what is the CIF value in \$ per sq. mt.	Refer to Schedule 1 under "Import Policy - ITC(HS), 2022," available on DGFT online portal to determine whether a product is categorized as permissible or restricted for import.
54.	Anshul Anand Srivastava Global Logic	Export Goods/Services of	As per rule 30 (14) of SEZ rules, SEZ units are allowed to procure goods from an EOU. In this process, BOE has to be filed by SEZ unit and based on Bill of entry, EOU unit will file the ex-bond shipping bill to their jurisdictional Customs. Now every transaction is recorded in RBI portal (either in EDPMS or IDPMS system) and manual filing of shipping bill(s) is not allowed. There is one circular i.e., 22/2023 which talks about transfer of goods by bonded warehouse on the cover of ex-bond shipping bill(s) but it is not applicable for manufacturing unit (like EOUs). Can you please guide where EOU has to file the ex-bond shipping bill for such transfer of the goods to the SEZ unit and if such facility is not available in EDI, pls take it up with the CBEC/ SEZ authorities to make the provisions according with the rules.	The need to comply with warehousing provisions as well as 'bonding' and 'de-bonding' by EOU units has been done away with effect from 13 August, 2016 through public notices issued in this regard. As a consequence, EOUs units were delicensed as warehouses under Customs Act, 1962. Hence, requirement of filing of ex-bond shipping bill is not required in case of supply by EOU to SEZ unit. Accordingly, EOU units may supply goods to SEZ units by following the provisions of Rule 30(12)(a) and 30(12)(b) of SEZ Rules, 2006.
55.	Raghuram Tata Elxsi	APR/MPR	Could you please clarify whether we should include materials imported from our customer, provided free of cost or as a loan, in the APR form. Since these materials do not impact the NFE, especially considering that there is no foreign exchange outflow associated with these transactions, should we restrict the report to only purchased items.	<u>Reply by DG EPCES:</u> Please see SEZ Rule 53 B (c). It has to be taken into consideration for NFE calculation. Hence , it should be included in APR/QPR/MPR. <u>Reply by GT team:</u> Refer to Rule 53(B)(c) of SEZ Rules (as rightly shared by DG Sir), which specifically states to include the value of goods imported free of cost or on loan basis for computation of NFE. Accordingly, the same would be considered for reporting under APR.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
56.	Rahul Aequs	DTA Supplies	<p>We have FTWZ unit engaged in trading of goods currently procuring goods domestically as well as by way of import. The goods so purchased are sold to SEZ unit holders and exported out of India. Some customers require some value addition in product. The value addition can be achieved by sending goods for job-work to DTA/other SEZ units. In this connection, we would like to know following.</p> <p>a. Can FTWZ unit send goods to domestic job-worker for job-work/value-add.</p> <p>b. Can FTWZ unit send goods to another SEZ unit in the same/other SEZ for job-work/value-add.</p>	An FTWZ unit is primarily set up for warehousing and trading of goods. Some minor activities are allowed to be carried out such as packing, repacking, labelling, re-labelling etc. within FTWZ and job work is not allowed. You may refer to Rule 41(1)(g) of SEZ Rules, 2006 in this regard.
57.	R Shankara Subramanian SVGExports Pvt Ltd	Others	We are trying to avail the benefits under Interest Equalisation scheme for which we need to apply in the DGFT portal to generate an UIN. In this application, a CA Certificate is required to be submitted. Request you to share format of certificate for applying the same.	Refer to Circular no. DBR.Dir.BC.No.62/04.02.001/2015-16 dated 4 December 2015 and DCBR.CO.SCB.Cir.No.1/13.05.000/2015-16 dated 11 February 2016 in this regard.
58.	C.JUDE Samrat Houseware Pvt Ltd.	Import Goods/Services of	We import stainless steel coils without BIS since we are doing 100% exports and no domestic sales except scrap sales. Do we need to apply for sim registration in DGFT Portal for each transaction in lieu of latest circular issued in this behalf.	Please note that as per circular, all steel importers importing steel without BIS license are mandatorily required to apply and seek clarification from the Ministry of Steel through a dedicated portal. Accordingly, based on facts provided, we understand that the Company is falling under defined category of circular and are required to submit an application on specified portal for each import consignment.
59.	Raghupathy V Kanam Latex Industries Pvt Ltd.	DTA Supplies	Can you please advise us the practical viability on transfer of stainless steel tank without payment duty as per Customs Rule 52/2003 from SEZ unit to EOU.	Refer to Rule 38 and Rule 46(12) of SEZ Rules 2006, wherein it clarifies exemption from payment of customs duty upon removal of goods from SEZ unit to EOU subject to conditions as prescribed in given rules.
60.	Ram Teja	DTA Supplies	Which duties are to be reversed during DTA sale from an EOU.	Please see Para 6.07 (a) of FTP, 2023



S No.	Querist	Category	Query from Member	Response by Grant Thornton
61.	Ganapathi. R Intimate Fashions (India) Pvt Ltd	Export Goods/Services	of 1. Can we deliver goods within India for the overseas order in USD value. 2. If it is allowed, how can we take this sales for NFEP calculation as there won't be any customs shipping bill copy for this sales.	You have to be clear whether this transaction will be treated as goods or services. Accordingly, please see FTP 2023 Para 6.07 (a) (for supply of goods to DTA and (b) for supply of services to DTA as well as Para 6.08(b) stating that supplies effected in DTA against foreign exchange remittance received from overseas will be counted for fulfilment of NFE.
62.	Ganapathi. R Intimate Fashions (India) Pvt Ltd	Export Goods/Services	of In furtherance to above mail, please note that supply is meant for goods (readymade garments).	With reference to Para 6.08(a) of FTP, 2023, EOU may supply goods to DTA customers against convertible foreign currency which shall be considered for NFE computation.
63.	Jayesh Motwani JP Morgan Chase Bank	APR/MPR	Can you please help us with definition of procurement, which is required to be reported in online Monthly Performance Report (MPR). Does this require reporting of capital purchases or purchases which are expensed in P&L account as well.	Refer to Rule 27 of SEZ Rules, 2006 with reference to procurement details. Further, please note that goods of any kind raw materials/capital goods/semi-finished goods procured from DTA on duty free basis are required to be reported in MPR.
64.	Jayesh Motwani JP Morgan Chase Bank	APR/MPR	In furtherance to above query, is this reporting required to be made for goods only or procurement of services as well.	The relevant tab in MPR appearing on SEZ portal for procurement is meant for those transactions which were not reported on SEZ online system through regular DTA procurement reporting. Accordingly, only those DTA procurement on which duty benefit is availed and the same were not reported on SEZ portal are required to be reported here.
65.	Sreemagal.R Zoho Corporation Private Limited	GST Law	We have an internal kitchen inside campus for preparing food given to employees. The manpower supply for preparing food are supplied by a vendor who charges GST on such supply. Can we avail input on this manpower supply provided for canteen.	Section 16(1) read with Section 17(5) of CGST Act. 2017, allows input tax credit only for such procurements which are intended to be used in the course or furtherance of business and not meant for personal consumption/food & beverage. Accordingly, ITC of GST paid on manpower supply services procured specifically for canteen service may be restricted by above mentioned provisions governing ITC.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
66.	Raghupathy V Kanam Latex Industries Pvt Ltd.	Re-import/re-export	Our recent export got rejected due to specification change and customer asked us to replace the goods immediately at free of value and in the mean time they will arrange the rejected goods simultaneously. Can we re-export the replaced goods before import of rejected goods.	There is no specific provision regarding export of replacement goods before receiving/re-importing the rejected goods in the FTP 2023. However, as per para 6.16(a) of FTP 2023 the cases not exclusively addressed by existing provisions may be considered on their merits by jurisdictional DC. Accordingly, the unit may approach jurisdictional DC for consideration of their case.
67.	Mohan Rai Veer-O-Metals Private Limited	Export Goods/Services of	We have placed an order on our overseas supplier for manufacture and supply of jigs and moulds. Now our Customer wants to purchase these jigs and moulds from us through High Seas Sales transaction and clear this shipment against EPCG license and move these jigs and moulds to our EOU Unit as supporting manufacture for manufacture and supply of components to same Customer. Can 100% EOU Unit enter into High Seas Sale Agreement with DTA unit.	As per para 2.38 of FTP 2023, an EOU may execute High Sea Sales. An application for seeking said transaction is required to be submitted with Deputy/ Assistant Commissioner in-charge, along with a copy of supporting documents such as HSS contract, bank attested invoice and bill of lading. On successful verification of documents and genuineness of the transaction authorities may permit said HSS.
68.	Sreemagal.R Zoho Corporation Private Limited	GST Law	After merger of Company X with Company Y, if a customer reject the product sold by Company X, then can Company Y issue a credit note for the same said invoice raised from Company X. Does the GST allows us to do credit notes from the new combined company even if the invoice was under the old separate company name before they merged.	Would additionally request you to kindly confirm if entity X would be surrendering its existing GSTIN post said merger.
69.	Sreemagal.R Zoho Corporation Private Limited	GST Law	In furtherance to above query, what will be the scenario, if Company X will surrender its GSTIN after merger.	In case where scheme or an arrangement for merger of two or more companies sanctioned by an order of a High Court or Tribunal require acquired company ceases to exist and transfer all its assets and liabilities to acquiring company, acquired company is liable to surrender its GST registration in line with Section 29 of CGST Act. Since entity X would surrender its GSTIN, it would transfer all the assets and liabilities to new/acquiring entity. Accordingly, new entity is responsible for all acts to be done by acquired company and thus entity Y may issue credit notes for invoices raised by the entity X.



S No.	Querist	Category	Query from Member	Response by Grant Thornton
70.	Raj Kumar Singh Wipro Ltd.	Zero-rated supply	Whether group health and medical insurance services for employees utilized in a unit or SEZ Developer as authorized operations eligible for tax benefits or not.	Group health and medical insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the medical insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
71.	Raj Kumar Singh Wipro Ltd.	Zero-rated supply	In furtherance to above query, can you please update the BOA response of HCL Tech issued in this regard.	In discussion with Shri Senthil, Director SEZ, DoC, the demand has been rejected by BoA / DGEP. The basic reason is that the benefit of group insurance will go directly to employees and not to the company.
72.	P S Krishnamoorthy QG Technologies (India) Pvt Ltd.	Exit from SEZ	Please clarify, whether payment of IGST (Service Tax) in respect of Services availed by SEZ Unit is required to be made at the time of exit from SEZ unit.	Service tax is not mandatory upon exit from SEZ scheme as the law is silent regarding applicability of tax/reversal of benefits availed in respect of services procured in SEZ. Moreover, the primary objective behind levying taxes upon exiting the scheme is to tax only those portions of the benefits that have been utilized by SEZ units but have not contributed to the promotion of SEZ exports or the original purpose for which the scheme was initiated.
73.	Raj Kumar Singh Manager Wipro Ltd.	Others	Please clarify if there is any notification/circular which requires cost recovery charges of private SEZ developer to be paid by SEZ co-developer also.	As per Section 3 of SEZ Act 2005, the government may approve more than one developer in a SEZ to be called as co-developer. Accordingly, all the provisions applicable to a developer are equally applicable to co-developer as well. Therefore, cost recovery charges may be paid by co-developer as well.
74.	Soy George	Export Goods/Services of	Can you please check the formalities and procedure to do export to Thailand under Asean-India Free Trade Area.	You may refer to "Framework Agreement with Thailand India - Thailand Free Trade Agreement (EHS)" available at Indian Trade portal. The link for same is captured for your ready reference - https://www.indiantradeportal.in/vs.jsp?lang=0&id=0,1,30606,30611



S No.	Querist	Category	Query from Member	Response by Grant Thornton
76.	R. Madhusudanan Pillai Serum Institute of India Pvt. Ltd.	Exit from SEZ	Please clarify, whether payment of IGST (Service Tax) in respect of Services availed by SEZ Unit is required to be made at the time of exit from SEZ unit.	Service tax is not mandatory upon exit from SEZ scheme as the law is silent regarding applicability of tax/reversal of benefits availed in respect of services procured in SEZ. Moreover, the primary objective behind levying taxes upon exiting the scheme is to tax only those portions of the benefits that have been utilized by SEZ units but have not contributed to the promotion of SEZ exports or the original purpose for which the scheme was initiated.
77.	Rahul EOU unit	DT	We have a Company incorporated in October 2019 and eligible for claiming concessional tax rate of 15% u/s 115BAB of Income Tax Act (ITA). However, Form 10-ID was not filed along with the first Income tax return (i.e. for FY 2019-20) as specified u/s 115BAB. The same was filed subsequently. However, in the first income tax return (FY 2019-20), option of 115BAB was selected. We seek your view on whether the Company will be eligible to claim concessional tax rate u/s 115BAB for future years.	<p>Section 115BAB(7) of ITA requires companies engaged in manufacturing to file Form 10-ID before the due date specified under section 139(1) for their first assessment year beginning on or after April 1, 2020, to benefit from concessional tax rates. Failing to do so may render the company ineligible for the concessional tax rate for that year.</p> <p>There's a widely adopted view that considers these form-filing requirements as procedural and argues that benefits shouldn't be denied due to filing delays. This view is based on legal cases where deductions were allowed despite form non-compliance.</p> <p>However, relying on this view and claiming concessional rates for FY 2019-20 and beyond may lead to significant legal disputes, as section 115BAB(7) appears mandatory. To minimize risks, the company could forgo past tax concessions and opt for the concessional rate from the year they file Form 10-ID before the income tax return due date, treating it as the first exercise of the option.</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
78.	Bharath Kumar AppViewX Private Limited	DT	Form 56 F which has to be submitted for claiming deduction under section 10AA has been removed in Income Tax Portal. Request you to let us know the status if form 56 F is applicable for the Assessment year 2023-24 and if only Form 56 FF (relating to SEZ re-investment Reserve) can only be filed.	<p>We have received certain queries on the filing of Form 56F in order to claim deduction under section 10AA of the Income-tax Act, 1961 (Act) for Assessment Year (AY) 2023-24. We are sharing our analysis on this issue:</p> <p>1. As per the provisions of section 10AA of the Act, “(2) The deduction under clause (ii) of sub-section (1) shall be allowed only if the following conditions are fulfilled, namely :— (b) the particulars, as may be specified by the Central Board of Direct Taxes in this behalf, under clause (b) of sub-section (1B) of section 10A have been furnished by the assessee in respect of machinery or plant along with the return of income for the assessment year relevant to the previous year in which such plant or machinery was first put to use. (8) The provisions of sub-sections (5) and (6) of section 10A shall apply to the articles or things or services referred to in sub-section (1)”</p> <p>As per section 10AA(2)(b) and Rule 16DD of the Income-tax Rules, 1962 (Rules), Form 56FF has been prescribed by the Central Board of Direct Taxes. Similarly, section 10A(5) (drawn reference to in section 10AA(8)) read with Rule 16D prescribes the requirement to file Form 56F.</p> <p>2. Notification no. 83/2021 dated 29 July 2021 had, inter-alia, omitted certain rules and forms which included rule 16D and 16DD alongwith Form 56F and 56FF. However, no changes/amendment were made in the main provisions of the Act viz. section 10A and 10AA.</p> <p>3. Subsequently, Notification no. 140/2021 dated 29 December 2021 reinstated rule 16DD which stipulated filing of Form 56FF. Notably, no changes were made with respect to rule 16D (form 56F) and it stands deleted as on date.continued</p>



S No.	Querist	Category	Query from Member	Response by Grant Thornton
				<p>....continued</p> <p>4. Further the electronic filing mechanism for filing Form 56F has also been discontinued for the AY 2023-24.</p> <p>Issue for consideration:</p> <p>Whether a taxpayer is required to file Form 56F for AY 2023-24 and onwards?</p> <p>Our Analysis and way forward</p> <p>In the absence of any rule and corresponding form as on date for the purpose of section 10AA(8) r.w. section 10A(5) and also withdrawal of the facility to file the same electronically in our view the taxpayer should take due precaution to correctly compute deduction under section 10AA, whether itself or with help of consultants/auditors</p> <p>There is no requirement to obtain audit report in Form 56F, however, for internal control purposes (if the taxpayer chooses to obtain Form 56F), it may do so and keep in its records. Accordingly, a physical Form 56F can be obtained (duly certified) and maintained in the files. This can be submitted during assessment proceedings, if required to support the computation</p>



Please note that contents in this document are only for informational purpose. Our views expressed herein are based on the facts shared by the respective querist and existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the reference of EPCES members and shall not, without our prior written consent, be disclosed to any other person.

Our views are not binding on any authority or court and so no assurance is given that a position contrary to that expressed herein will not be asserted by any authority and ultimately sustained by an appellate authority or a Court of law.

Key Contacts

Praveen Kashyap

Executive Director, Tax

E: praveen.kashyap@in.gt.com

Krishan Arora

Partner, Tax

E: krishan.arora@in.gt.com

PS Krishnan

Partner, Tax

E: ps.krishnan@in.gt.com

Sridhar R

Partner, Tax

E: sridhar.r@in.gt.com

Sakshi Pahwa

Manager, Tax

E: sakshi.pahwa@in.gt.com

Please email your queries related to Indirect taxes, SEZ Act/ Rules/ Instructions, EOUs, Foreign Trade Policy, Direct Taxes etc. on **query@epces.in**

Contact us



Scan and meet in the office

www.grantthornton.in

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