

EPCES NEWS

Volume 16 No. 3

OCTOBER-DECEMBER 2020



Shri Piyush Goyal
Hon'ble Union Minister for
Commerce & Industry and Railways



Shri GK Pillai

COMMERCE MINISTER DISCUSSES NEW FOREIGN TRADE POLICY

EPCES meets Shri GK Pillai
Chairman RodTEP Committee

ZONE WISE EXPORTS NOVEMBER 2020

ALL ZONES MERCHANDISE EXPORT UP TO 29 NOVEMBER 2020

ZONE WISE TOTAL MERCHANDISE EXPORTS	FY 2020 - 21 (Upto November 29, 2020)		FY 2019 - 20 (Upto November 29, 2019)		Actual Change		Percentage Change	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	INR terms	USD terms	INR terms	USD terms
NOIDA SPECIAL ECONOMIC ZONE	10,945	1,480	11,657	1,679	-712	-198	-6%	-12%
COCHIN SPECIAL ECONOMIC ZONE	5,521	747	37,059	5,339	-31,538	-4,592	-85%	-86%
DC SEEPZ SEZ MUMBAI	15,054	2,044	17,073	2,453	-2,019	-409	-12%	-17%
FALTA SPECIAL ECONOMIC ZONE	7,316	989	7,578	1,091	-262	-102	-3%	-9%
VISHAKHAPATNAM SPECIAL ECONOMIC ZONE	21,528	2,911	18,534	2,668	2,993	243	+16%	+9%
MEPZ SPECIAL ECONOMIC ZONE	9,417	1,275	11,984	1,727	-2,567	-452	-21%	-26%
KANDLA SPECIAL ECONOMIC ZONE	72,795	9,837	1,05,561	15,218	-32,766	-5,381	-31%	-35%
GRAND TOTAL	1,42,576	19,284	2,09,446	30,176	-66,870	-10,892	-32%	-36%

ALL ZONES SERVICE EXPORT UP TO 31 OCTOBER 2020

ZONE WISE TOTAL SERVICE EXPORTS	FY 2020 - 21 (Upto October 31, 2020)		FY 2019 - 20 (Upto October 31, 2019)		Actual Change		Percentage Change	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	INR terms	USD terms	INR terms	USD terms
NOIDA SPECIAL ECONOMIC ZONE	30,021	4,042	29,529	4,254	493	-212	+2%	-5%
COCHIN SPECIAL ECONOMIC ZONE	78,971	10,638	74,130	10,687	4,841	-50	+7%	-0%
DC SEEPZ SEZ MUMBAI	64,826	8,742	51,817	7,467	13,009	1,275	+25%	+17%
FALTA SPECIAL ECONOMIC ZONE	10,515	1,416	10,129	1,460	386	-44	+4%	-3%
VISHAKHAPATNAM SPECIAL ECONOMIC ZONE	42,327	5,704	38,674	5,569	3,653	135	+9%	+2%
MEPZ SPECIAL ECONOMIC ZONE	56,325	7,590	51,968	7,487	4,357	103	+8%	+1%
KANDLA SPECIAL ECONOMIC ZONE	2,830	381	3,072	442	-243	-61	-8%	-14%
GRAND TOTAL	2,85,815	38,514	2,59,319	37,367	26,496	1,147	+10%	+3%

FORMAT FOR MONITORING EXPORT PERFORMANCE FOR SEZs (ALL ZONES)

DETAILS	FY 2020 - 21		FY 2019 - 20		Actual Change		Percentage Change	
	INR (Rs. In Cr.)	USD (In Million)	INR (Rs. In Cr.)	USD (In Million)	INR terms	USD terms	INR terms	USD terms
Merchandise Exports (Up to November 29th, 2020)	1,42,576	19,284	2,09,446	30,176	-66,870	-10,892	-32%	-36%
Services Exports (Up to October 31st 2020)*	2,85,815	38,514	2,59,319	37,367	26,496	1,147	+10%	+3%

Note: The Services Exports report is provided up to 31st October 2020 and in comparison value is provided up to 31st October 2019. As the SERF declaration is done only after month is completed.

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EPCES NEWS

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

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Bhuvnesh Seth
Vice Chairman, EPCES

Dear Exporter Friends,

At the outset I wish you and your team a very happy and prosperous New Year. May this year fulfill your export targets, and may your business grow and touch new heights.

I am happy to present EPCES News for October - December 2020 containing details of activities undertaken by the Council during this period.

You must have observed that your Council has now become more active in pursuing your matters with various Government authorities and responding to your day-to-day queries. I observe that our consultants are responding to your tax-related queries in various zonal whatsapp groups and through emails at query@epces.in. I request you to make maximum use of this facility.

The Hon'ble Commerce and Industry Minister addressed the Board of Trade meeting on 2.12.2020 followed by interactions with Export Promotion Councils on 4.12.2020 inviting suggestions for the new Foreign Trade Policy. EPCES strongly put forward suggestions for addressing the requirements of SEZs and EOUs.

During this quarter we have taken up with the Department of Commerce and the RoDTEP Committee for covering SEZ units and EOUs under the scheme. We had an interaction with the Committee on 18.12.2020 and have submitted data from various units. We will keep following this issue up with the Government.

EPCES has also sponsored studies "Extension of ICEGATE facility to SEZs" and "In-depth analysis of a sector-oriented study on other than IT and ITES, Petroleum, and Gems and Jewellery. EPCES has engaged Ernst & Young and PricewaterhouseCoopers Private Limited respectively for conducting these studies.

EPCES organised webinars with ICAI on 3.11.2020 on "Regulatory and Taxation Ecosystem in SEZs and EOUs" and with knowledge partner Grant Thornton LLP on 27.11.2020 on "SEZ/EOU Scheme, Recent updates, challenges and opportunities"

EPCES is also exploring increased collaboration with the World Free Zones Organisation considering its vast experience and knowledge about the global best practices in this field. Preliminary discussions were held on 15.12.2020 with Dr Mohan Guruswamy, Chief Knowledge Officer at World Free Zones Organization.

In this particular edition there is regular information about the status of issues taken by the EPCES with the Government, export data of SEZs, and details of queries answered by our knowledge partner.

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

Bhuvnesh Seth
Vice Chairman, EPCES



Hon'ble Commerce and Industry Minister addressed the Board of Trade meeting on 2.12.2020 followed by interactions with Export Promotion Councils on 4.12.2020 inviting suggestions for the new Foreign Trade Policy. EPCES strongly put forward suggestions for addressing the requirements of SEZs and EOUs





Alok Vardhan Chaturvedi
Director General, EPCES

Dear Friends,

Happy New Year!

It gives me immense pleasure in presenting this issue of EPCES News for October-December 2020 containing details of activities undertaken by the Council during the aforementioned period.

The newly launched scheme of RoDTEP (Refund of Duties and Taxes for Exported Products) has been the most important issue for the EPCES. The RoDTEP Committee was set up on 30th July 2020. EPCES took up immediately with the Department of Commerce and RoDTEP Committee for inclusion of SEZ units and EOUs under the scheme. It was requested that the ceiling rates decided for different products may also be applied for exports from SEZs and EOUs. The Department of Commerce (SEZ Division) forwarded our request to the Chairman, RoDTEP Committee for consideration while deciding rates under RoDTEP Scheme. We again, on 24.11.2020, requested the Department of Commerce and RoDTEP Committee for inclusion of SEZ units and EOUs, clearing the misconception that SEZ units and EOUs have all taxes and duties on inputs exempted.

We also requested the RoDTEP Committee to hear out EPCES in this regard. EPCES CGC members held an interaction with the Chairman RoDTEP Committee Shri G K Pillai (former Commerce and Revenue Secretary, Government of India) on 18.12.2020. They asked us to submit data for a few SEZ units and EOUs from different regions for different products. Some of you have submitted the data and it was furnished to the RoDTEP Committee and Department of Commerce on 28.12.2020. You will be happy to know that the DGFT has scheduled a meeting with EPCES on 11.1.2021 to discuss the inclusion of SEZ units and EOUs under the RoDTEP Scheme. It has been rather unfortunate that the earlier schemes of RoSL and RoSCTL in the textiles sector did not cover EOUs and SEZ units and the issue could not be taken up effectively with the Government. RoDTEP is an extension of the same for all the sectors. Let's hope that the Government is convinced and exports from SEZ units and EOUs are covered under the scheme. We will keep you updated.

We are regularly interacting with the Department of Commerce and other Ministries regarding pending issues. We have published the status of pending issues on the EPCES website for general information as a regular feature. EPCES has requested the Department of Commerce for convening a joint meeting with the representatives of the Department of Revenue with EPCES representatives as most of the issues need concurrence from them.

As per the data made available by SEZ Online, during April - November 2020 period, merchandise exports from India's SEZs declined by 36 % in USD terms over the same period last year, as compared to the estimated decline of 17.76% in India's overall exports. There has been growth of 9% in merchandise exports from VSEZ while there has been a decline of 86% from CSEZ. Services exports up to October 2020 grew by 3%. While there was a growth of 17% in services exports from SEEPZ while there has been a decline of 14% from Kandla SEZ.

You will be happy to know that the new, user friendly RCMC Online Portal that has a payment gateway facility is ready and will be soon launched. Our membership has increased to 4096 as on 31.12.2020 from 3064 on 31.3.2020, registering a growth of more than 30%.

EPCES has engaged Ernst & Young (EY) for studying the feasibility of extending ICEGATE facility to SEZs. They will be submitting their report in January 2021. EPCES also engaged PricewaterhouseCoopers (PwC) for conducting an in-depth analysis of sectors (other than IT and ITES, petroleum, and gems and jewellery) in SEZs to understand their contribution in investment, employment, exports, including a few good case studies on technology transfer, hi-tech industry, API, backward area development, and labour reforms for understanding SEZ contribution.

I seek cooperation and suggestions from all members for making the services of EPCES better and more useful to the members.

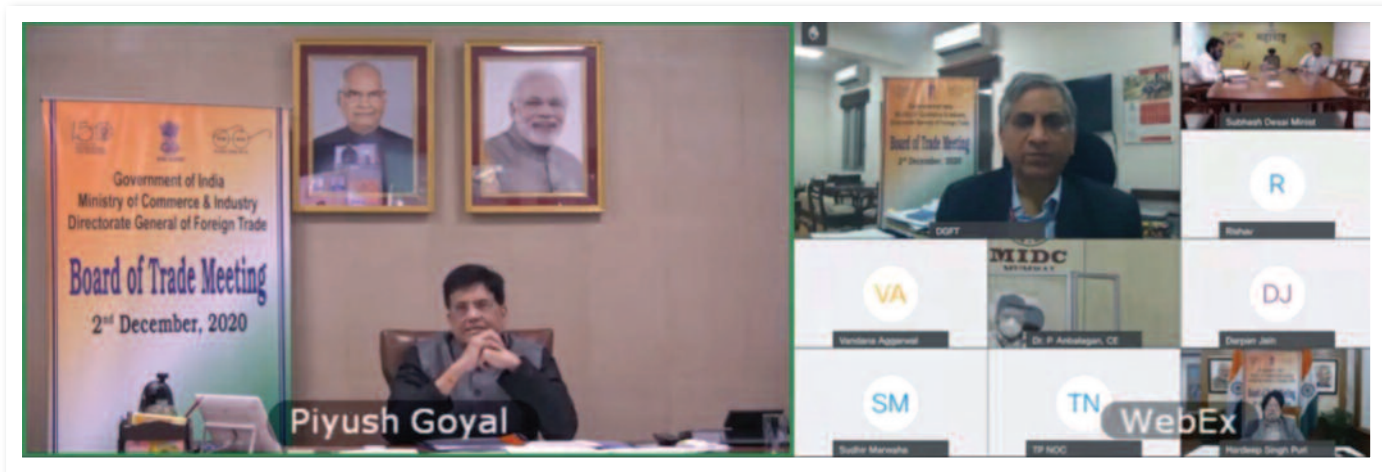
Alok Vardhan Chaturvedi
Director General, EPCES



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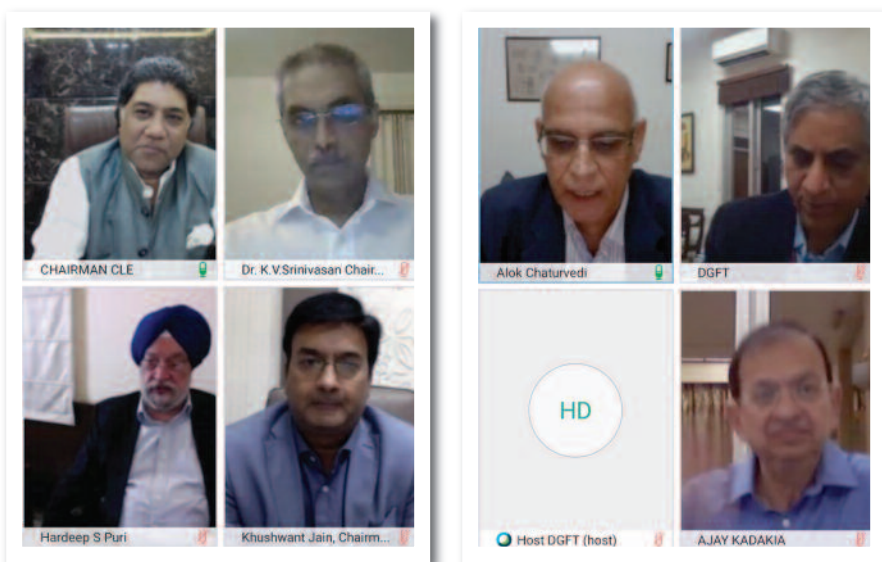
CIM Chairs BOT Meeting to Discuss FTP with States



A view of Board of Trade meeting in progress

A meeting of the Board of Trade (BOT) was held on December 2, 2020 under the chairmanship of the Commerce and Industry Minister Shri Piyush Goyal over video conference. The discussions in the meeting focused on the new Foreign Trade Policy (FTP) (2021-26) and the strategies and measures to be taken in order to take forward domestic manufacturing and exports.

BOT is a platform for carrying out steady dialogues and discussions with trade and industry and to recommend to the Government policy measures related to FTP in order to enhance India's trade. It also provides an opportunity to state and UT Governments to express their perspectives on the FTP. It also helps the Government of India to apprise states and UTs on international developments that potentially affect India's trade, and the ways they can deal with the evolving situation. The BOT meeting was also addressed by Ministers of State for Commerce and Industry Shri Som Parkash and Shri Hardeep Singh Puri. Secretaries of many departments of the Government of India, CEO, Niti Aayog, heads of various Government bodies, representatives of apex industry associations and EPCs are members of the BOT.



A view of the participants during the meeting

On its part, the BOT gave an overview of the export/import performance, investment promotion strategy for Atma Nirbhar Bharat (including public procurement and Make in India), trade remedies and the recent measures and steps taken in that direction, new logistics policy, trade facilitation measures undertaken by Indian Customs, reforms and initiatives since the last BOT, GeM—coverage and expansion. It also considered various suggestions regarding the FTP. ■

CIM Invites Suggestions from EPCs on New FTP

Mr Piyush Goyal, Union Commerce and Industry Minister, met with representatives of various export promotion councils (EPCs) over video conference on December 4, 2020 to seek inputs on India's foreign trade policy (FTP) and for working out steps that can be taken to boost India's outward shipments.

During the three-hour long meeting which began at 6 pm, representatives of EPCs also gave their views on India's free trade agreements and preferential trade agreements with other countries. Thirty-seven EPCs and three Commodity Boards of the Department of Commerce attended the meeting and took this opportunity to discuss with the Commerce & Industry Minister every issue that the Councils face while exporting merchandise and services, and also to give their feedback on the various initiatives that are being taken by the Ministry to ease lending and credit availability to exporters. The EPCs also gave their views on India's FTAs/PTAs.

EPCES Director General Shri Alok Vardhan Chaturvedi, IAS (retd.), made representations before the CIM and other senior officers of the Department of Commerce and the DGFT on the issues being faced by the EOU & SEZ community. He suggested that the new FTP should promote the concept of manufacturing services. Units obtain design and specification from the buyers to manufacture the goods as per their specifications. Such manufacturing services can be incentivized with SEIS benefits that are WTO compliant.

The key points represented during the meeting by DG, EPCES were:

- ❖ As regards Special Economic Zones, the FTP should emphasize the importance of SEZ in terms of world-class infrastructure and regulatory environment. It is difficult to provide world class infrastructure in the entire country due to fiscal constraints.



Shri Piyush Goyal, Hon'ble Union Minister for Commerce & Industry and Railways

- ❖ SEZ to DTA supplies should be allowed on payment of equalization duty or duty foregone principle. In fact, keeping in view Government's Atma Nirbhar Bharat, no duty should be charged in case of such manufactured goods which are largely being imported.

- ❖ In case of services, supply of services from SEZ to DTA should be allowed on INR payments (presently DTA buyer has to buy foreign exchange to pay for procurement of services from SEZ units). Free Trade Warehousing Zones should be given flexibility and allowed to be converted into normal SEZs so

that they can be treated as multi-sector SEZs.

- ❖ Legal lacuna of double payment of Customs Duties for supplies from SEZ to DTA under IGST Act and SEZ Act should be corrected.
- ❖ In case of EOUs, DTA supplies should have nothing to do with NFE as customs duties on inputs have already been returned to the Government for such supplies. Further, supply to EOU by DTA should be treated as exports for the purpose of availing pre/post-shipment credit in foreign currency from banks on the pattern of SEZs.

CIM in the concluding statement urged EPCs to study the non-tariff barriers (NTB) being faced by them while exporting to other countries so that a study may be done to look at the NTBs and take up the issue bilaterally with countries, especially with those with whom India has FTAs/PTAs. It was also decided by the minister, in concurrence with all EPCs, that another meeting will be held soon where suggestions for new foreign trade policy will be discussed again.

All participating EPC representatives expressed their appreciation for the Minister, his time, and his efforts at hearing out even the smallest of issues, the prompt manner in which he disposed of several queries, and his assurance to solve long-pending issues of certain councils. ■

EPCES Meets RoDTEP Committee to include EOUs and SEZs

On December 18, 2020 the Department of Finance convened a meeting of the RoDTEP Committee through video conferencing under the chairmanship of Shri G.K. Pillai, Chairman, RoDTEP Committee. Shri Gautam Ray, Shri Y.G. Parande, Members RoDTEP Committee, Shri Nitesh Sinha, Joint Secretary, Drawback, Ministry of Finance and other senior officials were present.

Shri Bhuvnesh Seth, Vice-Chairman, EPCES, Shri Alok Vardhan Chaturvedi, IAS (Retd), Director General, EPCES, Shri Alok Mukherjee, CGC Member EPCES, Director-Idemia Syscom Ltd., Shri Vijay Gujarathi, CGC Member EPCES, Regional Chairman SEEPZ, Andheri (East), Mumbai, SEZ, and Shri Milind Mungikar, CGC Member EPCES, Director—Zen Linen International Pvt Ltd represented the Export Promotion Council for EOUs & SEZs (EPCES).

CBIC constituted the RoDTEP Committee comprising a panel of four members and supported by the Drawback Division of Customs. The primary objective of this committee was to determine the ceiling rates under the RoDTEP scheme. For discharging their duties, the following action plan is recommended—

- ❖ Interact with ministries, EPCs, commodity boards, trade bodies, and other stakeholders to obtain their views on RoDTEP rates;
- ❖ Work out the modalities for calculation of embedded taxes on exported goods and recommend the ceiling RoDTEP rate - item/sector-wise;
- ❖ Provide supplementary reports/recommendations – if any.

In view of the above objectives, the RoDTEP committee convened a meeting with EPCES on December 18, 2020 at 2:30 PM. They presented their views, suggestions and issues on the upcoming RoDTEP Scheme.

EPCES proposed bringing both SEZs and EOUs under the ambit of the RoDTEP Scheme. EPCES has been persistently putting forward the issue of covering SEZs and EOUs under the RoDTEP Scheme at every opportunity of discussion with the Hon'ble Commerce

BACKGROUND

- ❖ Last year, Finance Minister Nirmala Sitharaman announced the introduction of the Remission of Duties or Taxes on Export Products (RoDTEP) scheme for exporters. This new scheme would replace the existing FTP schemes, including the MEIS scheme, and it's said to reimburse the embedded taxes and duties already incurred by exporters. In line with the same, with effect from 23 July 2020, DGFT has blocked the MEIS module from accepting new applications for shipping bills with Let Export Order (LEO) beginning 1 April 2020.
- ❖ In order to determine the burden of embedded taxes and formulate incentive rates to be given under the proposed scheme, the Ministry of Commerce and Industry had issued a format on 31 October 2019, inviting product-wise data/information from manufacturing units/exporters. Export promotion councils (EPCs), commodity boards, trade, and industry associations, were requested to seek product-wise data from the exporters in a prescribed format and submit it to the designated RoDTEP committee.
- ❖ On 13 March 2020, the Union Cabinet chaired by Prime Minister Narendra Modi had granted its approval for introducing this new scheme.

and Industry Minister and other officials of the Department of Commerce and RoDTEP Committee. The reason being was that the RoDTEP Committee was under the opinion that most of the inputs/raw material are imported in the case of SEZ units/ EOUs and hence there is no need of covering SEZ units and EOUs under the scheme. Further, RoDTEP would cover the unrefunded/un-rebated/unexempted taxes and duties on inputs domestically procured and all taxes and duties are exempted in case of SEZ units/EOUs. On the other hand, in fact, the RoDTEP scheme seeks to refund currently un-refunded (i) duties/taxes/levies at the Central, state, and local level, borne on the exported products, including prior stage cumulative indirect taxes on goods and services used in the production of the exported products and (ii) such indirect duties/taxes/levies on the distribution of the exported

product. Thus the scope of RoDTEP is large and many such taxes/duties are not exempted for SEZs and EOUs. After deliberations on this matter, Chairman RoDTEP Committee Shri G K Pillai, Secretary (Retd), Government of India, has agreed to consider the inclusion of EOUs and SEZs under the scheme.

EPCES has also requested that the rates under RODTEP for SEZ units and EOUs should be the same as applicable to DTA exporters and thus there is no need for calculation of rates specifically for SEZ units/EOUs.

This will be subject to foregoing present exemptions from payment of electricity duty, VAT/excise on fuel, stamp duties, since the same will be covered under the RoDTEP once launched. In support of that, the Chairman RoDTEP Committee has asked us to submit the data in the prescribed format in respect of major units in SEZs and EOUs for different products in different regions so that they can compare the same with the data submitted by the DTA exporting units. They have given time till 26.12.2020. ■

REMISSION OF DUTIES AND TAXES ON EXPORTED PRODUCTS (RODTEP) SCHEME GETS IMPLEMENTED FROM 01.01.2021

Taking a major step to boost exports, Government has decided to extend the benefit of the Scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from 1st January, 2021.

The RoDTEP scheme would refund to exporters the embedded central, state and local duties/taxes that were so far not being rebated/ refunded and were, therefore, placing our exports at a disadvantage. The refund would be credited in an exporter's ledger account with Customs and used to pay basic customs duty on imported goods. The credits can also be transferred to other importers.

The RoDTEP rates would be notified shortly by the Department of Commerce, based on the recommendation of a committee chaired by Dr. G.K. Pillai, former Commerce and Home Secretary. The final report of the committee is expected shortly.



An exporter desirous of availing the benefit of the RoDTEP scheme shall be required to declare his intention for each export item in the shipping bill or bill of export. The RoDTEP shall be allowed, subject to specified conditions and exclusions. The notified rates, irrespective of the date of notification, shall apply with effect from 1st January, 2021 to all eligible exports of goods.

CONCEPT PAPER ON MANUFACTURING SERVICES AND SCOPE FOR PROVIDING SEIS SUPPORT

Incentivising Manufacturing Services

Manufacturing is moving more towards high tech and automation with the introduction of Industry 4.0, automation, IIOT, digital supply chains. These new technologies are highly capital intensive and constantly being upgraded. Which means the investments have to be recovered in under 2-3 years, unlike in the past when manufacturing processes had a longer shelf life of between 7-15 years.

The manufacturing sector is expected to be very vibrant but challenged with the life cycle of product from ideation to the end of the product being most likely under 3 years. This will require entrepreneurs to be asset-light, with minimal fixed costs or long term fixed liabilities.

Currently an entrepreneur invests in fixed costs such as land, buildings, plant and machinery. Banks and other lending institutions have been providing debt in the form of term loans and working capital financing for running the business operations. Post COVID we expect to see



Shri Sunil Rallan

this undergo a change with every lender and investor seeking to de-risk and units seeking to deleverage their debt positions.

In a future scenario it is foreseen that ‘Third Party Developers’ will come forward to invest in land and buildings, mostly out of equity capital which will be provided by private or public equity and only minimal debt. The developers will provide plug and play facilities to interested manufacturing units on lease basis. The cash flows from lease rent will be used to pay off the debt

and thereafter developers will operate these assets and earn their returns. Valuations of these assets will drive the capital values based on the yield expectations of the equity investors. The developers will be better able to handle the risk of any entrepreneurial failure as far as the factory buildings and long term assets are concerned.

Similarly, ‘Leasing’ companies will invest in the plant and machinery for providing lease to potential entrepreneurs. It will be in the same way as aircraft leases

are handled. The manufacturing units must ensure that the idle down time is kept to the minimum in order to derive the best value from such assets. These units will have revenue from manufacturing service activities to pay the monthly lease rentals to the leasing companies.

Here again the equipment risk can be better handled by the leasing companies who are domain specialists.

Future entrepreneurs, with creative ideas, will be able to turn out the first prototypes and be ready to go to market very rapidly using the ecosystem of the manufacturing service providers who are specialists in their operations.

The logistics, warehousing and distribution are again outsourced activities without any capex from the entrepreneurs. With e-commerce expanding rapidly, the final outreach of an entrepreneur with his products is sought to be accomplished with minimal capex in brick and mortar stores.

This way the entrepreneurs will get to market with new products with minimal long term investments. The banks will be more comfortable to finance working capital requirements rather than long term debts which are locked up in fixed assets.

Manufacturing services like every other service in the supply chain will also be truly uberized thereby resulting in much lower production and transaction costs enabling quick turnaround while at the same time the model is highly scalable.

Definition of Manufacturing Service Providers

When a factory produces a product as per the designs and specifications provided by the buyer and sources all inputs from designated sources as indicated by the buyer either from within or outside the country; and converts the various inputs into the desired products as per the best technology available to meet with quality standards specified by the buyer; such an operation may be defined as provision of 'Manufacturing Services' and those engaged in such an activity may be defined as a 'Manufacturing Service Provider'.

The logistics, warehousing and distribution are again outsourced activities without any capex from the entrepreneurs. With e-commerce expanding rapidly, the final outreach of an entrepreneur with his products is sought to be accomplished with minimal capex in brick and mortar stores

Manufacturing Services and SEIS support

The MEIS scheme is set to be wound up by the end of 2020, unless extended. The RODTEP is purely going to



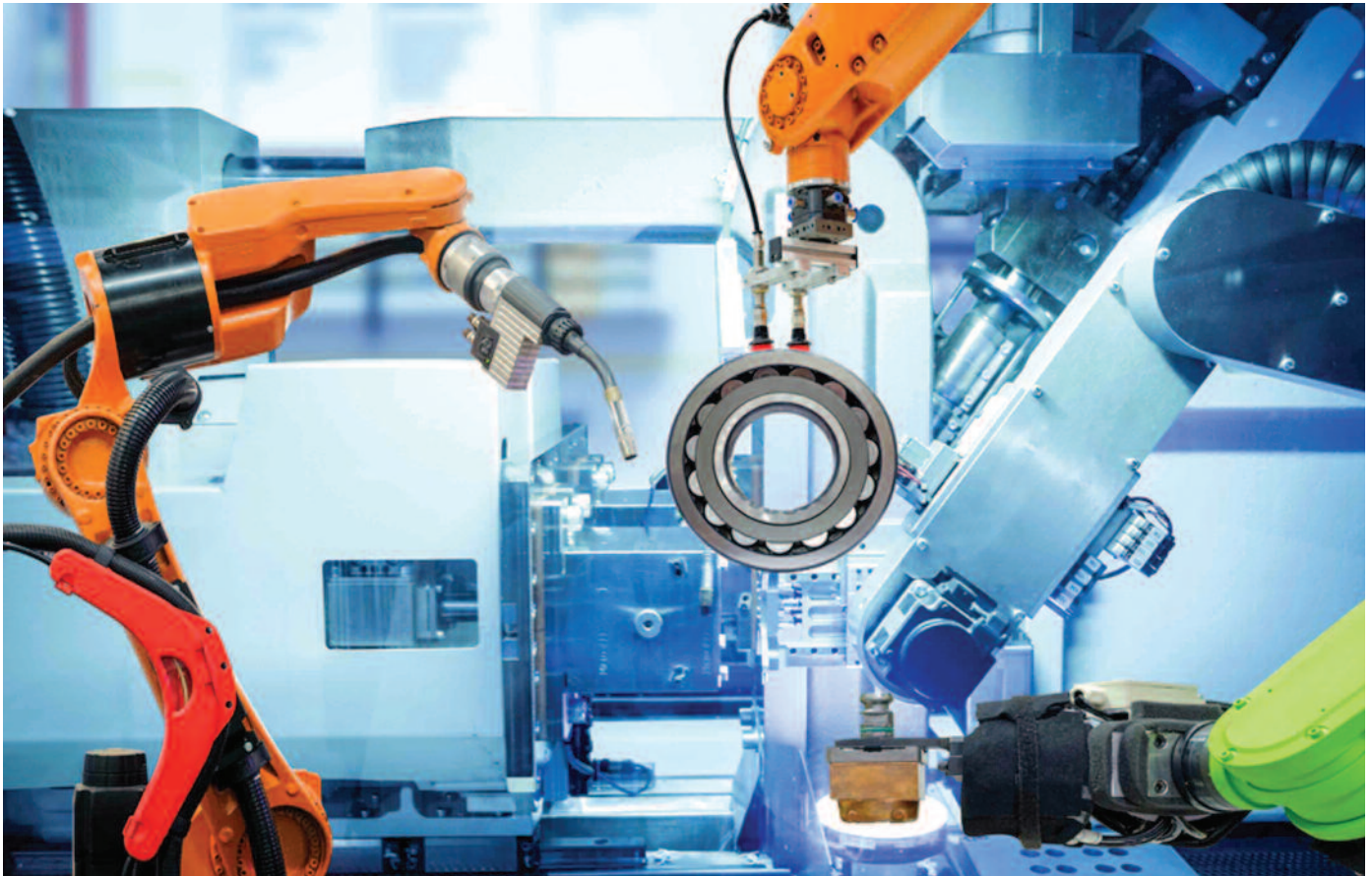
refund taxes as the country is committed to not export taxes. Since most of the taxes are covered by GST it is highly unlikely that RoDTEP will come anywhere close to replacing MEIS.

90% of the export manufacturing units in India are 'Manufacturing Service Providers'. There may be a variety of business models adopted. In some cases, the buyer may provide the designs, quality specifications also provide all inputs directly to MSP. In other cases they could indicate

the designated vendors from whom the MSP will be required to procure the inputs on a reimbursement basis. The essence of this practice is that the role of the MSP is limited to conversion of the manufacturing inputs into the finished product as per buyers' instructions.

For India to meet the challenge of providing millions of new jobs each year, the need for rapidly increasing manufacturing activities in India in different sectors in which the country enjoys comparative advantages is self-evident.

There is an urgent need to make 'Manufacturing Services' an attractive activity in the country. One way of incentivizing this is by providing them with



SEIS benefits as Incentivizing of Services is WTO compliant. Either this activity can be included in Annexure 3D of the FTP under SEIS itself or structure a special category as ‘Manufacturing Service Providers from India Scheme’. The Government based on national objectives can lay down their criteria for the manufacturing services to be supported viz- sunrise sectors, employment creators, catering to new markets, establishment of the factories in specified locations, etc.

Typical Examples of Manufacturing Services

A pharma research company overseas does product development and approaches an Indian pharma manufacturing company for bulk manufacturing and supply. The manufacturing unit procures all the raw materials as per specifications of the client and carries out the manufacturing process as per guidelines of the client.

A footwear factory gets all the design, materials

specifications and quality standards from the customer. The manufacturing unit does the process of procuring all materials as per client instructions and manufactures the final footwear.

Background of CPC Version 2.1

The Department of Economic and Social Affairs of the United Nations Secretariat is a vital interface between global policies in the economic, social and environmental spheres and national action. The Document CPC 2.1 has been produced by this department.

The Central Product Classification (CPC) covers all goods and services. It serves as an international standard for assembling and tabulating all kinds of data requiring product detail, including statistics on industrial production, domestic and

foreign commodity trade, international trade in services, balance of payments, consumption and price statistics and other data used within the national accounts. It provides a framework for international comparison and promotes harmonization of various types of statistics related to goods and services.

The primary purpose of CPC Version 2.1 is to classify the goods and services that are the result of production in any economy. CPC Version 2.1 is useful in studying transactions in goods and services in detail

The primary purpose of CPC Version 2.1 is to classify the goods and services that are the result of production in any economy. CPC Version 2.1 is useful in studying transactions in goods and services in detail. It can also be used as a basis for developing lists of goods and services for specific purposes, such as price statistics surveys, tourism statistics surveys or ICT-related surveys, with its primary advantage being that it meets the criteria of an international standard. It has broad acceptance and facilitates the maintenance of systems of categories of products, both with regard to character and definition.

Central Product Classification (CPC) Version 2.1 Section 8

The services included in division 88 are performed on physical inputs owned by units other than the units providing the service.

As such, services in division 88 are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this division covers manufacturing services, the output is not owned by the unit providing this service. Therefore, the value of the services in this division is based on the service fee paid, not the value of the goods manufactured.

The groups, classes and subclasses in this division are aligned with the International Standard Industrial Classification of All Economic Activities (ISIC) Rev 4.

Division 88 defines - **Manufacturing services on physical inputs owned by others**

List of classes in which these services are being produced

- ❖ 881 Food, beverage and tobacco manufacturing services
- ❖ 882 Textile, wearing apparel and leather manufacturing services
- ❖ 883 Wood and paper manufacturing services
- ❖ 884 Petroleum, chemical and pharmaceutical product manufacturing services
- ❖ 885 Rubber, plastic and other non-metallic mineral product manufacturing services
- ❖ 886 Basic metal manufacturing services
- ❖ 887 Fabricated metal product, machinery and equipment manufacturing services

- ❖ 888 Transport equipment manufacturing services
- ❖ 889 Other manufacturing services—furniture, jewellery, etc.

The estimated value of such manufacturing services in India will be around USD 100 billion on the basis of the current merchandise exports. The estimated potential of providing manufacturing services to the global supply chain is around USD 600 billion.

Common Transaction Models

Overseas / Indian entity supplying imported/DTA materials free of cost.

DOCUMENTATION: When the import happens, Bill of entry to be filed by the manufacturing services SEZ Unit (Importer on Record) holds goods on account of the respective overseas / Indian entity.

As such, services in division 88 are characterized as outsourced portions of a manufacturing process or a complete outsourced manufacturing process. Since this division covers manufacturing services, the output is not owned by the unit providing this service

Procedure to avail SEIS

1. Amend annexure 3-D of the FTP to include manufacturing services.
2. The exporter on record (EOR) will be the manufacturing services unit on account of the respective overseas/Indian entity. The EOR will file the shipping bill.
3. The consignee will be declared as per instructions of the overseas/Indian entity.
4. The manufacturing services unit raises separate accounting invoices for the material procured on reimbursement basis or supplied free of charge from overseas and DTA and separate invoice for the manufacturing services rendered.
5. Amend the IEC code to include manufacturing services as a part of service activity.
6. The manufacturing services value will be the eligible value for SEIS upon realization of overseas proceeds and generation of EBRC.

These procedures are outlined keeping SEZ units in mind. However, manufacturing Services as a concept is equally applicable to EOU units and DTA export units. ■

*Credit – Sbri Sunil Rallan, CGC Member, EPCES
Chairman and Managing Director, Chennai Free Trade Zone
Developer - J. Matadee Free Trade Zone Private Ltd
www.Chennaiftz.com*

EPCES-SPONSORED STUDIES

We are glad to inform that EPCES-sponsored studies Extension of ICG GATE to SEZs and an in-depth analysis of sector-oriented study on other than IT and ITES, petroleum, and gems and jewellery have been commissioned.

EPCES has engaged Ernest & Young for conducting the study on Extension of ICG GATE facility to SEZs and on the other hand the study regarding “conducting an in-depth analysis of sectors other than IT and ITES, petroleum, gems and jewellery in SEZs to understand their contribution in investment,

employment, exports including a few good case studies on technology transfer, hi-tech industry, API, backward area development, labour reforms for understanding SEZ contribution” will be conducted by M/s. PricewaterhouseCoopers Private Limited.

1. EXTENSION OF ICEGATE TO SEZs

SEZs are the place where financial activities are relatively high in numbers and are gradually becoming a hive of monetary transactions. Improving the process of financial activities is the need of the hour and creating a hassle-free environment for SEZ units/developers/co-developers is imperative. Apart from trading partners, SEZs units/developers/co-developers require a secure and speedy platform where communication and documentation between the department and other regulatory and licencing bodies can be established. A single ICEGATE registration suffices for transaction at any EDI customs port. It



Apart from trading partners, SEZs units/ developers/ co-developers require a secure and speedy platform where communication and documentation between the department and other regulatory and licencing bodies can be established.

A single ICEGATE registration suffices for transaction at any EDI customs port

costs relatively less. Besides, online registration is free. Exporters/Importers can view their online document and follow its trail through the document tracking system which is one of the key reasons that make this

system quite attractive among SEZ units/developers/co-developers. Numerous demands were raised before EPCES by its members to introduce such beneficial facility in SEZs. And the same way, EPCES relentlessly had taken up the matter before DOC on many occasions. After much deliberations, AS (SEZ) also showed an interest in the same and intended to conduct a study for taking an informed decision. Momentously Md Salik Parvez, the former DC (Customs), NSEZ, who has the experience of both Custom ICEGATE and SEZ online had also indicated that ICEGATE should be

extended to SEZs and an accelerated study should be undertaken for examining the feasibility of the extension of the EDI (ICEGATE). In view of the above, EPCES engaged Ernest & Young to conduct a



productive study on the feasibility of extension of Customs EDI (ICEGATE) extended to SEZs. The broad scope of study is as follows-

- Extension of Customs EDI (ICEGATE) system for export and import transactions of SEZ. Feasibility of both system (physical export and physical imports and whatever other transactions possible in the present ICEGATE may be done by ICEGATE and the rest can continue to be done by SEZ-online)- phased modification of ICEGATE for SEZ purposes.
- Dealing with transactions between SEZ area and Domestic Tariff Area (procurement from and supply of goods and services by SEZ entities (units and developers) to units in DTA.
- Present cost for various transaction on SEZ online vs cost for similar transactions if customs EDI is adopted in all SEZs.

It is pertinent to say that when we hear the word Special Economic Zone the first thing that comes to consideration is “a zone where the economic activities within zones have attained very significant level and a duty-free area which is meant for the purposes of trade operations, duties and tariffs for investors”

2. CONTRIBUTION OF NON-IT, G&J SECTORS IN SEZs

It is pertinent to say that when we hear the word

Special Economic Zone the first thing that comes to consideration is “a zone where the economic activities within zones have attained very significant level and a duty-free area which is meant for the purposes of trade operations, duties and tariffs for investors.” The concept of establishing SEZs across the nation was to project the boost to the export performance and generating extra economic activities. Moreover SEZs today operate in an ever more challenging environment. There is an acceleration among the most that, Concerning SEZs which are as follows-

- The sector-wise distribution of SEZs reflects categories under IT/ITES, gems and jewellery, established themselves for getting tax benefits under the SEZ regime.
- There are not a good number of manufacturing units.



The SEZs are an engine for economic growth when supported by quality infrastructure, and complemented by an attractive fiscal package both at the central and state levels with minimum possible regulations for manufacturing units and service providers

- Contribution of other sectors is relatively less when it comes to employment generation, investment, technology transfer, API, backward area development, labour reforms related to SEZ and others.

Therefore, it has become essential to evaluate the economic performance of hundreds of SEZs across the country. In fact, IT sector-specific SEZs are not a viable business option because these SEZs may be easily affected by global economic factors as could be seen during the latter half of 2008. As the result, a considerable number of approved SEZs in IT/ITES category may not start their business due to global economic uncertainty.

Overall, the IT sector has a gloomy future outlook. That is why in the long run IT/ITES SEZs may not be a viable business option. The SEZs are an engine for economic growth when supported by quality infrastructure, and complemented by an attractive fiscal package both at the central and state levels with minimum possible regulations for manufacturing units and service providers. The objective of the study is to instill confidence among Indian as well as foreign investors. Another purpose is to state that when it comes to growth, generation of employment, improving foreign trade and

boosting economy, SEZs are not just limited within the sphere of IT/ITES, gems and jewellery, and petroleum, but also include fisheries, pharma, rubber, spices, chemical units and others.

Accordingly, EPCES intends to get an in-depth analysis of sectors other than IT and ITES and petroleum to understand their contribution in investment, employment, exports. The study would include a few good case studies on technology transfer, hi-tech industry, API, backward area development, labour reforms and other initiatives and innovations for assessing and understanding SEZ contribution.

Broad scope of works is as follows:

- i. An in-depth analysis of sectors (other than IT and ITES, petroleum, gems and jewellery) to understand their contribution in investment, employment and exports.
- ii. At least 10 good case studies on technology transfer, hi-tech industry, API, backward area development, labour reforms, other initiatives and innovations for assessing and understanding SEZ contribution. ■

Webinar on EOUs/SEZs—Recent Regulatory Changes and Challenges

The first of the quarterly webinars was conducted by EPCES in association with its knowledge partner Grant Thornton Bharat LLP (GTBLLP) on November 27, 2020 on the subject titled SEZ/EOU Scheme – Recent Updates, Challenges and Opportunities.

Initiating the webinar, Shri Alok Chaturvedi, Director General, EPCES delivered the opening remarks followed by a special address to members by Shri Bhuvnesh Seth, Vice Chairman, EPCES and Shri Sunil Rallan, CGC Member, EPCES. A panel from Grant Thornton including Krishan Arora, Sridhar R, PS Krishnan, Praveen Kashyap and Karan Kakkar, Partner and team Grant Thornton thanked all the participants for sparing their valuable time to attend this webinar.

Director General EPCES mentioned that the primary objective of this webinar was to provide members a platform for a two-way interaction and to make them understand the recent legislative changes in policies and updates in relevant laws and seek clarifications on operational/ regulatory issues from subject experts. The Grant Thornton team addressed the queries throughout the webinar which were relentlessly raised by EPCES members on FTP, customs, SEZ/EOU schemes, GST law and its recent updates, challenges and opportunities for exporters.

The webinar provided EPCES members a two-way interaction platform where they discussed and gained more understanding on the important changes in new laws and their clarifications. Subsequently a brief session on the concept of manufacturing services was taken by Mr Sunil Rallan, CMD, J. Matadee Free Trade Zone in which he discussed the issues faced by the manufacturing units related

to taxes and their easiest solutions. He said that the MEIS scheme that is set to be wound up by end of 2020, unless extended. The RODTEP is purely going to refund taxes as the country is committed to not export taxes. Since most of the taxes are covered by GST it is highly unlikely that RoDTEP will come anywhere close to replacing MEIS. About 90 percent of the export manufacturing units in India are, ‘Manufacturing Service Providers’.

There may be a variety of business models adopted. In some cases, the buyer may provide the designs, quality specifications, and all inputs directly to MSP. In other cases they could indicate the designated vendors from whom the MSP will be required to procure the inputs on a reimbursement basis. The essence of this practice is that the role of the MSP is limited to conversion of the manufacturing inputs into the finished product as per buyers’ instructions. For India to meet the challenge of providing millions of new jobs each year, the need for rapidly increasing manufacturing activities in India in different sectors in which the country enjoys comparative advantages is self-evident. There is an urgent need to make ‘Manufacturing Services’ an attractive activity in the country. One way of incentivizing this is by providing them with SEIS benefits as Incentivizing of Services is WTO compliant.



Contd. on Page 34

Webinar on Taxation Ecosystem of EOUs/SEZs



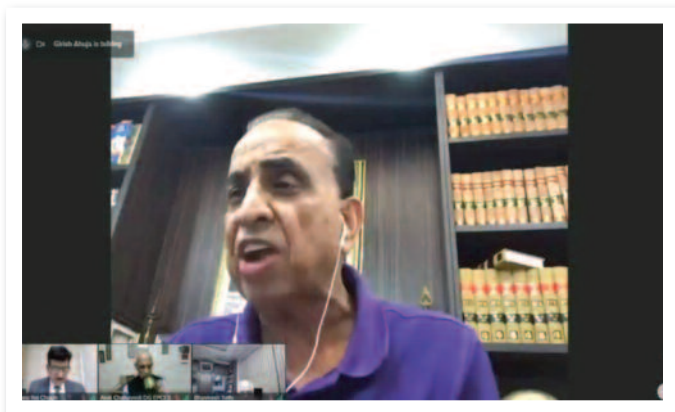
LEFT: Shri Bhuvnesh Seth, Vice Chairman, EPCES addressing the participants. **RIGHT:** Shri Alok Chaturvedi, Director General, EPCES

EPCES organised a joint webinar with ICAI on Regulatory and Taxation Ecosystem for EOUs and SEZs in India on November 3, 2020. Shri Bhuvnesh Seth, Vice Chairman, EPCES, Shri Alok Vardhan Chaturvedi, Director General, EPCES, CA. Dheeraj K Khandelwal, Vice-Chairman, Committee for Development of International Trade, Services & WTO, CA. Hans Raj Chugh, Chairman, Committee for Development of International Trade, Services & WTO, Direct taxation regime including faceless assessment and appeals, CA. (Dr.) Girish Ahuja, indirect taxation regime, CA. Ashok Batra were the participants, at the webinar.

At the outset CA. Hans Raj Chugh had made a presentation on different provisions of SEZ Act- Rules and Policy Perspective & EOU in which he had explained basic provisions related to SEZ, provisions relevant to SEZ in IGST Act, sections related to supply of goods or

services or both, zero rated supply, objectives to make EOUs and its importance. Thereafter, Dr. Ahuja spoke about the recent changes in the direct taxation regime including faceless assessment and appeals. It was followed by a presentation by Mr Batra on the emerging scenario in indirect taxation regime.

The webinar was attended by more than 800 members who actively participated and raised their concerns/queries during the session. Those were addressed by the ICAI and were followed by presentations. The webinar was able to serve its purpose of providing members information about the SEZs, EOUs and DTA and provided a platform for an interactive discussion to understand the recent legislative changes in schemes, acts and rules with updates in relevant laws and clarifications on operational/regulatory issues. ■



LEFT: CA (Dr.) Girish Ahuja speaking at the webinar. **RIGHT:** (Clockwise from top) CA Hans Raj Chugh, CA Ashok Batra and Shri Bhuvnesh Seth, Vice Chairman, EPCES

Menon Joins as New DC, NSEZ



Shri Vilas Gupta Regional Chairman, EPCES Noida (2nd from right) presenting a bouquet to Shri Bipin Menon, ITS, Additional Director General of Foreign Trade

Shri Bipin Menon, ITS, Additional Director General of Foreign Trade, took charge as Development Commissioner, Noida Special Economic Zone, on November 10, 2020. Shri Vilas Gupta Regional Chairman, EPCES Noida, Shri Alok Mukherjee, Member CGC, EPCES met with Shri

Bipin Menon, ITS Zonal Development Commissioner Noida at his office and welcomed him on his joining as Development Commissioner NSEZ. Shri Bipin Menon assured his support and cooperation for resolving the issues of EOUs and SEZs. ■

EPCES UPDATES

As you are aware that E-mail is an important and fastest mean of communication that is most reliable. EPCES members will be receiving all the important information/ circulars/communication from epcesupdates@epces.in

To ensure that all the information reaches each and every member timely, EPCES has adopted a new application to overcome the e-mail and

contact details problem. We request you to kindly register your company e-mail id by the below mentioned link:

<https://forms.gle/fTqhzFtZybSreK678>

You will appreciate that correct contact details will help us to serve you in a more effective manner.

Status of Issues Taken up with Government

We are happy to inform you that EPCES has created a google spreadsheet of the pending issues of the EOUs & SEZs. The said sheet has been shared with the Department of Commerce & other authorities also. The status of the issues is updated in the sheet on regular basis. The sheet is also available on the EPCES Website: www.epces.in

SI No	Subject	Details	Letter No and date	Status by EPCES
1	1. RoDTEP for SEZ and EOUs 2. RoSTL for apparel to SEZ / EOUs	SEZs and EOUs should also be covered RoDTEP with no exemptions for such taxes and duties if such exemptions are available in some States for SEZ units/EOUs	Data sent to RoDTEP Committee on 28.12.2020	An interaction was held on 18.12.2020 with RoDTEP Committee. Data in respect of a few EOUs and SEZ units has been sent on 28/29.12.2020 to RoDTEP Committee as well as to DGFT and AS(SEZ)
2	Sale of goods from SEZ to DTA on duty foregone or equalisation duty concept	For flexibility and better utilisation of SEZ capacities, SEZ units should be allowed to make DTA sale on payment of duty equivalent to duty forgone on the raw material used in the manufacture of finished goods sold in DTA market on the pattern of EOUs or on levy of equalisation duty concept to neutralise the advantages for SEZ units vis-a-vis DTA units. Further, as part of "Atmanirbhar Bharat" Initiative, India is importing many products from FTA countries at zero duty. Similarly, other items are being imported. In order for import substitution and towards the cause of "Atmanirbhar Bharat", there is a case of allowing such products to be manufactured in SEZs/EOUs and sell in DTA at zero/concessional duty.	A number of representations were made to DOC, MOF	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration. This issue was also discussed during VC meeting with AS SEZ on 6.10.2020
3	Double payment of import Duties- SEZ Act as well as IGST ACT - Exemption under IGST Act for SEZ to DTA supplies	There is case of double payment - Customs duties as per SEZ Act and payment of IGST as per GST laws). There is a need for exemption for such payment in GST laws. A proposal also needs to be sent to DoR for seeking exemption from such payment for approval of GST Council. As part of "Atmanirbhar Bharat" Initiative, India is importing many products from FTA countries at zero duty. Similarly, other items are being imported. In order for import substitution and towards the cause of "Atmanirbhar Bharat", there is a case of allowing such products to be manufactured in SEZs/EOUs and sell in DTA at zero/concessional duty.	Letter issued to AS DOC on 7.9.2020 Reminder letter along with copy of CS letter dated 3.1.2020 was issued to Member Customs and Principal Commissioner GST Wing on 30.9.2020.	Department of Commerce issued OM dated 22/9/2020 addressed to Principal Commissioner GST on clarification regarding double incidence of taxation (double payment of customs duty in case of SEZ to DTA supplies) giving reference to CS DO letter dated 3.1.2020 to RS with copy to GST Policy Wing and requested that the said issue may be considered on priority so that the necessary amendments to the IGST Act could be carried out through the forthcoming Finance Bill.
4	SEZ units may be allowed to do job work for DTA units	Presently u/s Rule 43, sub-contracting for DTA unit is allowed only for export on behalf of a DTA exporter. Due to seasonal nature of some exports, the capacity of units remains unutilised for certain period of the year. Therefore, EOU's and SEZs should be allowed to do job work for DTA up to certain level of their annual capacity (say 15%) or any such restriction to ensure that units in SEZ and EOU's are able to utilise their idle capacities and provide round the year employment.	A number of representations were made to DOC, MOF	A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration.

SI No	Subject	Details	Letter No and date	Status by EPCES
5	1. FTWZ as multisector FTWZs 2. Allow FTWZ to be converted into normal SEZ	Vide Notification dated 17.12.2019 the Ministry of Commerce amended Rule 5(2) of SEZ Rule and declared all existing SEZ to be Multi Sector Special Economic Zones. FTWZ is SEZ and hence FTWZ should be multisector SEZ. However, DGEP commented that the notification does not mention FTWZ and hence the same is not applicable to FTWZ. Raytheon, Walther and other international companies wanting to relocate their business from China and who are already doing business with Indian FTWZs are requesting for this clarity. It needs to be formally clarified. Alternately, FTWZs should be allowed to be converted into normal SEZs without going through the process of denotification	Letter to AS SEZ on 10.7.2020 Letter to AS SEZ on 11.9.2020 Letter to AS (SEZ) on 24.11.2020 for permitting FTWZ as normal SEZ	Recommendation letter sent by Commerce Secretary to JS Revenue on 3rd June, 2020
6	Payment in INR to SEZ units selling services in DTA	As per Sec 2(z) of SEZ Act, services means such tradable services which earn foreign exchange. If a SEZ unit sell services in India, as per SEZ Policy, he has to accept payment in foreign currency only. This causes avoidable wastage of time and money. This needs to be amended and clarification issued. There is no point in buying FE by DTA buyer to make payment to SEZ sellers. Unfair criterion for Services SEZs needs to be eliminated to prevent relocation of business to overseas Tax-Free destinations of Philippines, Vietnam, Thailand, etc. resulting in diminishing employment avenues for our educated youth.	Letter to AS DOC issued on 28.8.2020 for amending the SEZ Act.	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.
7	Simplification of Exit Process - Alloting space of defaulting units to new units pending formal exit	Defaulter Units generally stop their activities from SEZ; without initiating/ or co-operating in taking the proper Exit order as required under the provisions of Rule 74 from the SEZ authorities. As per Rule 74 'The Unit shall continue to be treated a Unit till the date of final exit.'. This creates problem for developer. Amendment in Rule/clarification is required to enable developers to allot space locked in the old defaulter unit.	Letter dated 24.9.2020 to AS DOC	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.
8	MEIS/RoDTEP on DTA exports via FTWZ units	MEIS/RoDTEP incentives should be allowed for DTA exports made though FTWZ.	Letter was written to AS DOC on 10.7.2020 Again a letter was written to DGFT on 30.12.2020	
9	1. Extension of ICEGATE to SEZ 2. Exemption to units from payment of charges for SEZ Online	1. CBIC may be requested to extend ICEGATE to SEZs as the customs officers are already there who can be authorized to operate that system. 2. SEZ units have to pay for all transaction in SEZ Online System for export/import/DTA to SEZ/SEZ to DTA etc., whereas for DTA exporters and importers, no charges are levied by ICEGATE. Hence, on the pattern of ICEGATE, SEZ Online charges should be borne by the Government.	Letter to AS DOC was issued on 08/09/2020	EY is conducting a study about the costs in case of extension of ICEGATE to SEZs vs costs in SEZ online.

SI No	Subject	Details	Letter No and date	Status by EPCES
10	Online Permission by DC to EOUs for deemed export/ supply to DTA	It takes EOUs around two weeks to obtain DC's permission for deemed export/supply to DTA and presently due to lockdown it takes more than a month for such permissions. In book printing EOUs, overseas client of digital printing places orders for small quantities and is to be delivered in two days.		AS (SEZ) assured to look into it. PI check if this was a temp problem due to Chinese imports restriction. Or is it still continuing. If so we can make a reference to AS(SEZ)
11	Permission for DTA units to operate from Non-Processing Area of SEZ (without tax exemptions)	<p>Clause 6(c) of Chapter II of SEZ Act 2005] Permission for DTA units to operate from Non-Processing Area of SEZ (without tax exemptions) should be given. Social infrastructure being locational specific, may not be necessary for all SEZs, especially those situated in Notified Industrial Areas.</p> <ul style="list-style-type: none"> > De-notification is cumbersome and time-consuming process. Moreover, it inhibits ground area deployment owing to local DC regulations. Besides, MOC instruction dated 13/09/2013 mandates usage of de-notified land for the same purpose as SEZ (i.e. Industrial usage) > Since taxes are recoverable from NPA, the Central & State Government treasuries gain from the incremental economic activity. > Usage of non-processing area for DTA units would lead to generation of additional jobs and optimum utilization of infrastructural facilities, without undergoing the rigours of denotification. 		
12	Flexibility of Utilization of Non-Processing Area (Dual Usage) by developers for creation of social infrastructure.	<p>[Sub rule 3(c) of Notification G.S.R.5(E) dated 02/01/2015 under F.No. C.1/2/2014-SEZ]</p> <ul style="list-style-type: none"> > Internal restrictions for various uses (residential, commercial, institutional) were made applicable to SEZs based on DDA norms. > Social Infrastructure in NPA-II does not enjoy any tax benefits. Considering the locational requirements, the developer would build & operate necessary structures /activities. > Internal restrictions for creation of social infrastructure for this area would make land utilization unviable and the same would result in scarce land resource remaining vacant. (E.g. a small land parcel cannot accommodate all activities in the specified proportion) > Rule 11A (amended on 02/01/2015) for Dual-Use NPA should be abrogated. <p>Flexibility for developing social infrastructure need to be given to establish a sustainable SEZ.</p>		
13	Multiple LOAs should be allowed in the same premises	Multiple LOAs to related parties should be allowed in the same premises Taurus Englobe Ltd., NSEZ have a similar case where a foreign company is ready to have a joint venture with Taurus Englobe Ltd. at the ratio of 50:50, where Taurus Englobe will be a partner and foreign company will not only bring the machinery but also the advanced technology in their product. It will not only help in reducing the cost but will make the product competitive in the international market. It will increase the export turnover by 200%. However, as per the instruction issued by the Department of commerce, SEZ units are not allowed to share its space with others. The instruction of Department of commerce is reproduced below:	Letter to DOC is already submitted by Regional Chairman NSEZ	This issue was also discussed during a VC meeting with Additional Secretary SEZ on 6.10.2020.

SI No	Subject	Details	Letter No and date	Status by EPCES
		<p>“Only Fresh allotments are to be allowed and no sharing of space by the sister concern with the original allottee can be allowed”</p> <p>Further, this instruction has been issued to NSEZ only.</p>		
14	Accumulated IGST Cash Balance lying on GST portal related to DTA removal	<p>After implementation of GST law from 1 July 2017, SEZ units were paying the IGST (as a part of Customs duty) manually through TR-6 challan. However, in August 2017, it was directed that SEZ units will pay Customs duty including IGST online through PMT – 6 challan on GST portal which will be linked with the BOE. On 19 Aug 2017, NSEZ Customs and PNB (NSEZ Branch) stopped accepting manual TR-6 challan and demanded payment of IGST through online GST portal. Due to this confusion, a few units of NSEZ were raided by DRI and DGGI for non-payment of IGST under TR6.</p>	<p>Letter issued to AS DOC on 7.9.2020</p>	<p>In the recent VC meeting with Additional Secretary on 6.10.2020, this issue was resubmitted by EPCES for consideration.</p>
15	GST on the warehousing services provided to foreigners in FTWZ	<p>Providing warehousing services in India to foreign clients and receiving consideration for such services in FE should be treated as export of services. FTWZ Units are allowed to store goods on behalf of Foreign Supplier (as per Rule 18(5) and DTA Buyer/Supplier & Foreign Buyer (as per Instruction 60). In spite of FTWZ being Special Economic Zone wherein no GST can be levied, GST is being levied on the bill issued for goods stored to Foreign Buyer and Suppliers as they have no physical presence in India, while Indian Buyers and Supplier are able to claim the GST input credit. Pre GST era, foreign clients were exempted from Service Tax but post GST, 18% GST is levied on services rendered and consumed within FTWZ by these foreign clients. This is resulting into export of taxes from India. problem is due to the definition of export of services u/s2(6)(iii) of IGST Act which says that the place of supply of services should be outside India. In fact it (iii) should say outside India or in SEZ/FTWZ. Similarly, Section 13(3(a) should be amended to exclude SEZ/FTWZ</p>	<p>Letter was written to AS DOC on 10.7.2020</p>	
16	Permission of sale of products in DTA by EOU	<p>On the pattern of MOOWR, 2019 scheme of customs, EOUs may also be allowed to sell in DTA on payment of duty forgone on raw material and counting this towards stipulation for NFE may be waived off.</p>	<p>Letter sent to CIM on 20.5.2020</p>	<p>A high level meeting was held regarding DTA sales from SEZ/EOUs. It has been decided that an equalisation duty may be levied. Formulation of equalisation duty is under consideration.</p>
17	Endorsement of Service invoices raised under LUT/Bond with Zero IGST	<p>Services are intangible in nature, spread over a period of time and treatment is not similar to goods. Limit of 45 days for endorsement of service invoices is not applicable since rule 30 (4) lays down this provision only for goods.</p>	<p>Letter dated 24.9.2020 to AS DOC</p>	<p>SEZ Division vide letter No. K-43022/38/2018-SEZ dated 15.10.2020 to all Zonal DCs has requested to provide comments with respect to the applicability of Rule 30(4) of SEZ Rules, 2006 on services.</p>

SI No	Subject	Details	Letter No and date	Status by EPCES
18	Exemption of GST on services rendered and consumed within the FTWZ	The issue was submitted to Ministry of Commerce & Industry and SEZ Section sent its recommendations to Principal Commissioner (GST-1) and GST Law Review Committee	Letter sent to AS DOC on 10.7.2020	
19	No export duty on supplies to SEZ by DTA	U/Rule 27(1) levy of export duty has been levied on DTA supplies to SEZ, if such duty is applicable to exports from India. This should not have been done. This has been struck down by the Court as well. Such supplies should not be treated as "exports" as defined in customs act. At least it should not be applicable for supplies made to the developer/codeveloper and supplies used for manufacture leading to emergence of a different finished goods (involving substantive transformation/processing, tariff shift between inputs and finished goods, value additions, etc.)		
20	EODB ranking for SEZs/EOUs	We should have EODB ranking for SEZs and our effort should be to be best	Letter to AS DOC & Secretary DPIIT issued on 16.9.2020 on the subject.	DPIIT has taken it up as part of their IPRS 2.0 (Industrial Parks Ranking System)
21	Transshipment of Containers / Cargo from Port to FTWZ on the basis of transshipment bond	In a normal SEZ, the Units consume the goods and hence they file Bill of Entry (BOE) at the time of goods being transhipped from Port to SEZ. However, in an FTWZ, the goods are not consumed and they are only warehoused. Further, the volume of containers is many times larger than that in case of an SEZ unit. It is, therefore, proposed that Rule 28 (6) and Rule 29(2) be amended to allow transshipment of containers in case of FTWZ units on the basis of the Transshipment Bond submitted at the Port.	Letter was written to AS DOC on 10.7.2020	

EPCES at your Service

**Queries: query@epces.in/
epcesupdates@epces.in**

We are happy to inform you that in order to serve its members in an effective and useful manner, EPCES has created special e-mail ids for its members. Now EPCES members can share their queries with EPCES related to:

- Policy & Procedural issues of EOUs,
- Zonal level issues,
- State level issued
- Policy related (SEZ Act and Rules) issues of SEZs

Hence, all the Regional Directors are requested to kindly inform all the members/units of your respective zones to kindly take advantage of this opportunity and send queries to us. The queries will be answered by our knowledge partner Grant Thornton Bharat LLP (GTBLLP).

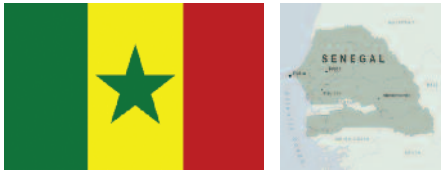
EPCES News: newsletter@epces.in

EPCES News has constantly and continuously been bringing up and highlighting the issues and problems relating to the EOU & SEZ community.

If you want to share any informative phase with your fellow members, you are welcome to send it to our email newsletter@epces.in along with your photo and your contact details. The decisions of the Editor shall be final looking at the profile of the readership and the objective of the magazine.

Hence, all the members are requested to kindly take full advantage of this opportunity and send to us any information/ article/data for publishing in the EPCES Newsletter.

NEWS ACROSS THE GLOBE



SENEGAL

DP WORLD TO BUILD USD 1 BILLION PORT IN SENEGAL

Dubai-based port operator DP World has entered into an agreement with the Government of Senegal to develop a deep water port at Ndayane with a total investment of USD 1.1 billion.

The port will be developed by DP World Dakar, a joint venture between DP World and the Dakar port authority. The plan is to invest USD 837 million in the first phase and another USD 290 million in the second phase. Additionally, a special economic zone next to the port is also being planned. Once completed, the port will be able to handle the largest containerships in the world.

The port project is part of the World Logistics Passport, a major initiative by Dubai to link nations around the world and increase South-South trade. “By joining the World Logistic Passport, Senegal will strengthen and boost its position as a trade hub for Africa. We hope that this new membership of the World Logistics Passport will enable our country to access lesser tapped markets in the world and grow its economy as a re-export hub,” said Amadou Hott, Minister of Economy, Planning And Cooperation of the Government of Senegal.

“DP World believes in the

potential of Senegal for further economic growth. We have invested substantially in helping to build Senegal’s infrastructure, and we are committed to help Dakar develop into a major logistics hub and gateway for Africa and the world,” said Sultan Ahmed Bin Sulayem, Chairman of Dubai’s Ports, Customs and Free Zone Corporation.



IRAN

OVER USD 25 BILLION INVESTMENTS TO CREATE 102,000 JOBS IN FREE ZONES AND SEZS

Some 1,000 trillion rials (around USD 24 billion at the official rate of 42,000 rials) plus USD 1.5 billion of foreign investment is forecast to be invested in free and special economic zones of Iran creating 102,500 jobs by August 2021, according to Morteza Bank, the secretary of Iranian Free Zones High Council.

The job opportunities will be created through implementing 320 development projects in free zones and 200 projects in special economic zones by August 2021 which marks the end of the administration of President Hassan Rouhani, Bank stated.

More than 40 percent of Iran’s exports are done through the country’s free trade zones and special economic zones, Bank said in September.

The value of exports from Iran’s

free trade zones and special economic zones stood at USD 17 billion during the past Iranian calendar year (ended March 2019). There are currently seven free trade zones and 25 special economic zones in Iran.

The establishment of free trade zones in Iran dates back to the Iranian calendar year 1368 (March 1989 - March 1990) following the fall in the country’s oil income in the preceding year which prompted the Government to promote non-oil exports.

The first two free trade zones of Iran were established in the Persian Gulf islands of Kish and Qeshm.

Some five other free trade zones have been also established in the country since then, including Chabahar in southeastern Sistan-Baluchestan Province, Arvand in southwestern Khuzestan Province, Anzali in northern Gilan Province, Aras in East-Azarbaijan Province and Maku in West-Azarbaijan Province, both in the northwest of the country.

Considering the important role that the free trade zones play in promoting the country’s export and employment, Iran is seriously pursuing the development of its existing zones and establishment of new zones as well.

More development measures in this field have been taking place since the U.S. re-imposition of sanctions on the Iranian economy in November 2018, as Iran is reducing its dependence on the oil income while elevating its domestic production and non-oil exports.

Although the sanctions have disrupted Iran’s economic activities, they could not impede the development

of Iranian free zones; in fact, the development of these zones has been even accelerated.

Many strides made for increasing activities in the free zones have played a significant part in boosting the country's non-oil exports and brought prosperity in the other economic sectors.



USA

INDIA-US TRADE AND INVESTMENT RELATIONS—PROGRESS AND KEY CONCERNS

H.E. Mr. Kenneth I. Juster, the 25th United States Ambassador to India, outlined the progress of the India-USA relations in the last 20 years and highlighted key concerns hindering this relation in his farewell speech on January 5, 2021. Mr Juster who was appointed US Ambassador to India in November 2017 is completing his term at the end of this month.

In his farewell speech organised by the Observer Research Foundation in New Delhi, Mr Juster said bilateral trade zoomed from USD 18.6 billion in 2001 to USD 146 billion by 2019. Of the USD 146 billion bilateral trade and commerce trade in goods amounted to USD 92 billion while trade in services was worth USD 54.1 billion. Around 16 percent of India's total exports are destined to the USA and it is the largest trade partner of India currently. On the other hand, India is the 12th largest trade partner of the USA.

His Excellency highlighted the growing bilateral relations in areas such as healthcare, energy and defence. In particular he pointed out that more

than 100 US companies have a presence in India in energy-related sectors such as power, oil, gas, petrochemicals, nuclear, renewable and bio-fuels to name a few. US companies have supported India's power grid modernization initiative in terms of integration of large-scale renewable energy into the grid, adoption of smart grids, smart meters and rooftop solar power projects. The USA started exporting crude oil to India in 2016 and in 2019 its exports to India stood at 93 million barrels. During this period exports of US liquefied natural gas (LNG) grew more than five-fold.

In the healthcare and pharmaceutical sector, India is the second largest supplier of drugs and medicinal products to the USA, while many healthcare facilities in India are using medical devices manufactured in the USA.

In terms of bilateral investment, the USA is the largest investor in India with cumulative investment of USD 46 billion and US companies have contributed to more than five million jobs in the Indian economy. On the other hand, India's cumulative investment in the USA stood at USD 16.7 billion and it generated around 70,000 jobs in America.

While India's relationship with the USA has improved considerably in many areas, there are also key concerns that need to be addressed by both the countries. For instance, a recently released report by the US Congressional Research Service (CRS) raised concern about India's hike in import duty on cell phones and other telecommunication goods from 0 percent to 15-20 percent.

Similarly, it also raised concern about the imposition of tariff on aluminium (10% duty) and steel (25%

duty) by the USA in 2018 and its impact on bilateral relations. USA also discontinued preferential market access for Indian goods under its Generalised System of Preference (GSP) in 2019. Following this, India retaliated by imposing higher tariffs of 10%-25% on US exports of nuts, apples, chemicals, and steel.

One notable area of improving relations is defence. India and the US have signed defence contracts worth more than USD 20 billion since 2008, compared to just USD 500 million in all previous years combined. In future, India will buy from USA Integrated Air Defence Weapon System and 30 MQ-9B Sky Guardian drones which are cumulatively worth more than USD 5 billion. However, there is a lingering threat that the USA may impose sanction on India because of the latter's multibillion-dollar agreement with Russia for importing the S-400 air defence system.



REPUBLIC OF KOREA

INDIA'S EXPORTS TO REPUBLIC OF KOREA WITH GROWTH POTENTIAL

India-Republic of Korea (RoK) relations have made great strides in recent years. Trade and economic relations have gathered momentum since the implementation of the Comprehensive Economic Partnership Agreement (CEPA) in 2010.

Merchandise trade between the two nations stood at about USD 20.5 billion in FY 2019-20. However, India's exports to RoK were only about USD 4.8 billion. Given this backdrop, we

have identified the following products as having growth potential in India's exports to RoK. These products constituted about 24 per cent of India's exports to RoK in 2019 and about six

per cent of RoK's imports from the world.

With RoK's New Southern Policy and India's Act East Policy giving thrust to bilateral relations, and RoK's

realignment of economic relations with India as a key partner in the Indo Pacific region, we hope our trade to RoK will gain further momentum in the years ahead.

NEWS FROM THE REGIONS

CABINET APPROVES EXPORT OF AKASH MISSILE SYSTEM AND CREATES A COMMITTEE FOR FASTER APPROVAL OF EXPORTS

Under Atma Nirbhar Bharat (Self Reliant India) the nation is growing its capabilities of manufacturing a wide variety of defence platforms and missiles. Akash is the country's important missile with over 96 percent indigenisation. Akash is a surface-to-air-missile with a range of 25 km. The missile was inducted in 2014 in the IAF and in 2015 in the Indian Army.

After its induction in the Services, interest is shown in Akash missile by many friendly countries during international exhibitions/defence expositions/Aero India. The Cabinet approval will facilitate Indian manufactures to participate in RFI/RFP issued by various countries. So far, Indian defence exports included parts/components, etc. The export of big platforms was minimal. This initiative of the Cabinet would help the country to improve its defence products and make them globally competitive.

The export version of Akash will be different from the system currently deployed with the Indian Armed Forces. Besides Akash, there is interest coming into other major platforms like coastal surveillance systems, radars and air platforms. To provide faster approvals for export of such



platforms, a committee comprising Raksha Mantri, External Affairs Minister and National Security Advisor has been created. This committee would authorise subsequent exports of major indigenous platforms to various countries. The committee would also explore various available options including the Government-to-Government route. The Government of India intends to focus on exporting high value defence platforms to achieve the target of USD 5 billion defence export and improve strategic relations with friendly foreign countries. ■

POSTAL DEPARTMENT ISSUES NOTICE ON UPDATING CUSTOMS DATA OF ARTICLES CONTAINING GOODS

The Department of Posts, Ministry of Communications, has issued a public notice on updating Customs data of articles containing goods.

The notice states, "As per rule 47 of Post Office Guide Part 2 and other relevant rules, it is mandatory that all postal articles including ordinary articles containing goods meant for delivery to foreign destinations are affixed with correct and

complete relevant custom declaration forms. These forms include details of sender and recipient along with descriptions of the contents of the article." The Department of Posts reiterated for information of customer/ public that in the absence of correct and complete Custom declaration forms (CN22/ CN23), such articles will not be processed and will be returned to the sender as per departmental rules. ■

KEY POLICY DEVELOPMENTS TO WATCH OUT FOR IN 2021

The year 2021 brings a lot of hope from the policy and regulation front for MSMEs and large corporate houses that are recovering from the shadows of the worst economic disruption in living memory. Apart from the roll out of the mass vaccination and the impending state elections in four states (Tamil Nadu, West Bengal, Kerala and Assam), the year 2021 will witness major developments in the policy and regulatory environment for small and large companies.

After a long wait, the Government has decided to extend the benefit of the scheme for Remission of Duties and Taxes on Exported Products (RoDTEP) to all export goods with effect from 1 January, 2021. The Government decided to replace the existing MEIS scheme with RoDTEP which is more compliant with WTO norms and it is also more beneficial as it reimburses all the incidental taxes that are not refunded under the existing system. Exporters will keenly watch the roll out of RoDTEP rates (for refund of incidental duties) for each and every product under the new scheme as it will determine the competitiveness of the various sectors in the global market.

India has significantly improved its ranking in the World Bank's Ease of Doing Business from 133rd position in 2009 to 63rd in 2020. Especially, as recently as 2016, India's ranking was 130th and since then we improved our position remarkably. The latest ranking for 2020 reveals India as one of the top 10 improvers, third time in a row. It remains to be seen how we consolidate these gains, with further reforms in taxation, contract enforcement, land and labour laws, etc.

The key thing to watch out for is the launch of an Investment Clearance Cell (ICC), which the government announced in its last Union Budget to facilitate businesses through a one-stop digital platform – the central Single Window System (SWS). This platform is scheduled for launch on April 15, 2021, with the cooperation of all departments from the central and state governments. This national portal will integrate the existing clearance systems of the various Ministries/Departments of the central and state governments without disruption to the existing IT portals of Ministries.

Another major development that will be watched is the on-boarding of more states into the central government's GIS-enabled database Industrial Information System (IIS) that provides information on land banks in the country for new investors. So far, 13 states have displayed their land bank on this system and in the coming months more states are expected to come on board. This system will enable the investors to see plot level data and availability of updated land related information in



real time. A mobile app is also available for easy viewing by users.

Another major initiative that will be keenly watched is the setting up of exhibition centres in the premises of MSME development institutes to facilitate MSMEs to market their products. There are around 30 MSME development institutes across the country apart from branch MSME development institutes, testing centres, training institutes and other extension service centres. In order to facilitate marketing of products, the Ministry of MSME is planning to establish permanent exhibition centres in the premises of MSME development institutes in consultation with the India Trade Promotion Organization (ITPO).

The New Year will also witness the actual implementation of the One District One Product scheme which was announced in the last Union Budget. As a first step, the Government has identified 103 districts in the initial phase of the project and is studying specific interventions such as marketing, technology, design, etc. to promote production and export of unique products from these districts.

This year will also witness progress in India's negotiation for a free trade agreement with the UK, which is currently, the 14th largest trade partner of India, with trade in India's favour as it exports USD 8.7 billion worth of goods while importing USD 6.7 billion worth of goods. However, bilateral trade has remained steady around USD 15-16 billion since 2011-12 which highlights the need to identify new growth areas of trade.

Automobile sector, which has been facing decline in sales in recent years, is awaiting the roll out of scrappage policy to encourage owners to sell their old vehicles and purchase a new energy-efficient vehicle. Such a policy will boost sales of new vehicles and benefit the industry.

Among other things, the industry is awaiting the New Foreign Trade Policy as the existing policy (2015-20) has been extended till April 2021. The rollout of the production-linked incentive for 10 sectors that was announced recently. ■

Meeting of EOUs/SEZ Units with the Zonal Development Commissioner Noida SEZ

The office of the Development Commissioner Noida in association with EPCES Regional Office, Noida and the NSEZ Entrepreneurs Association organised a meeting of EOUs and SEZ units to discuss various issues on December 15, 2020.

While welcoming the participants, Shri Bipin Menon, Zonal Development Commissioner, Noida said that SEZ units have been making efforts to increase export from their units. They are, however, facing various challenges due to COVID-19 pandemic particularly on account of limited availability of export containers.

Shri Bhuvnesh Seth, Vice Chairman, EPCES mentioned that the office of Development Commissioner, Noida is very well aware about the difficulties being faced by the EOUs and SEZ units. He mentioned that the EOU and SEZ sector has been, for long, providing employment, investment to the country, and earning valuable foreign exchange through exports. The details of the issues discussed during the interaction are as under:

Remission of Duties and Taxes on Export Products (RoDTEP)

The members informed that the Government of India is replacing / substituting MEIS with RoDTEP scheme under the guidelines of WTO towards providing undue benefits to Indian exporters. However, there are no clear-cut guidelines available at present to any manufacturer on whether 100 percent EOUs and SEZ units would be eligible under this new RoDTEP scheme, and also on the criteria to be adopted for them to file claims. The proposed rates of reimbursement of duties and taxes to exporters in the new RoDTEP scheme for goods which are being manufactured by 100 percent EOUs and SEZs for exports is very low when compared to the manufacturing input cost incurred by them towards purchase of raw and consumable materials. The matter may, therefore, be kindly taken up with the Ministry of Commerce for the betterment of the exporters' community from India.

Input Tax Credit

The members informed that SEZs units receive their supplies from DTA vendors either on the basis of LUT or

the supplies against the payment of applicable GST. Later on the respective SEZs units have to apply for their GST refund from the CGST office. Around 90 percent of the supplies (raw/consumable materials) are being made/regulated in this manner. However only around 10 percent supplies have been received after making payment of applicable GST duties for the DTA supplies since DTA vendors have refused to supply their goods on LUT basis to SEZs units. Since SEZs units are not eligible for GST refund, such payments of GST amount (working capital) get blocked over a period of time which should actually be refunded on priority by GST authorities to respective SEZs units.

Members requested that this matter may kindly be taken up urgently with the Government of India to make SEZs units eligible for refund of GST at the earliest.

Provision of courier facility inside the Special Economic Zone

All SEZs members have been requested to take necessary steps on urgent basis to provide Custom Approved Courier Service facilities of internationally reputed service providers like DHL, Blue Dart, Fedex inside the Special Economic Zone for catering to the needs of all SEZs units. Members informed that earlier this issue was discussed with Fedex but there has been no progress made on this. Export-related matters, at times, continue to suffer as a consequence.

Provision of Green Channel

For fast and unhindered clearance of import and exportable goods for the SEZs units which enjoy an unblemished track record since their inception in Special Economic Zones. Members suggested and requested for the better outcome in operational activities in order to minimize the customs clearance burden and ensure unhindered and fast logistic movement of import and export consignment / cargo. The Customs authorities should consider providing Green Channel facilities to the Special Economic Zones units having an unblemished track record with good performance of exports over the previous years and ones that comply with all quality parameters as may be decided by the respective Government officials on this.

However, the Office of the Development Commissioner Noida informed that provisions of such categorization of exporters / importers need to be studied in-depth with required details and any amendment in Special Economic Zone rules, if required, will be recommended at the highest levels of authority.

The Office of Development Commissioner Noida assured that all the SEZs units' recommendations and all their suggestions under reference will be forwarded to the Department of Commerce for their due consideration on the subject matters.

Issues regarding mortgage / collateral / pledge permission

Members informed that units are finding it extremely difficult to seek and avail any financial assistance from banks and financial institutions in view of shorter period of lease and conditions imposed by NSEZ that industrial plots are not a subject matter of mortgage. The Office of Development Commissioner Noida informed that explicit decisions with regard to lease period and conditions of plots not to be mortgaged have been taken by them with the Department of Commerce. The units were asked to come with some workable suggestion on this at the earliest.

Radio Frequency Identification (RFID) enabled access to Noida Special Zone

The Development Commissioner Noida apprised and informed all members that they are exploring all possibilities. Required efforts are being made towards making all gates with RFID enabled service for the smooth movement of inbound and outbound traffic.

Non-refundable allotment fee against allotment of SDF

The members informed that during the initial years NSEZ used to encourage and promote SEZ units by way of grant of discount in lease rent provided the units were able to commenced commercial production within one year of being granted the letter of approval. Subsequently the scheme was withdrawn and NSEZ introduced a one-time, non-refundable allotment fee against the allotment of SDF. Ever since, MSMEs, new startups and others find it extremely difficult to work from the NSEZ in view of the limited availability of funds (working capital strain) at their disposal. During the meeting a request was made for the withdrawal of this demand of non-refundable allotment fees at the time of allotment of SDF from MSMEs and new startup units.

Holding of meeting with various State Government Authorities

The SEZ members informed that there is an urgent need to convene regular meetings between various stake holders like SEZ authorities, state Government authorities, NSEZ entrepreneurs associations, and EPCES representatives to resolve various pending issues for the SEZ units in line with the objective of ease of doing business in SEZs and EOUs in India.

Restoration of space-sharing facility

All members expressed their concern over the blockage of fresh space sharing facilities for all SEZs units. It was informed that a number of units in NSEZ are having surplus space unutilized due to various reasons like the breakout of deadly pandemic COVID-19, prevailing adverse international market conditions due to slowdown of world economy and trade. Such surplus space can be utilized more economically by other SEZs units which are facing acute space constraints because of their business expansion plans and this space also can be utilized by other new units in case of non-availability of space with NSEZ.

Establishment of Sewage Treatment Plant (STP) and Effluent Treatment Plant (ETP)

The Development Commissioner Noida sought views for establishment of STPs / ETPs in NSEZ to adopt zero water discharge policy. All out efforts would be in place to make the zone environment friendly for every working unit within the NSEZ. The zone should become a role model for other zones in India.

CONCLUSION

Development Commissioner Noida once again reiterated that all help, cooperation and support would be extended by his office. All issues discussed during the course of the meeting will be considered to derive some conclusion for the task at hand. They will be duly taken up with concerned Government of India officials and the relevant departments on a regular basis.

Shri S. S. Shukla, Joint Development Commissioner, NSEZ, Shri Amit Gupta, Deputy Commissioner, Custom, NSEZ, Nitin Gupta, Deputy Commissioner, NSEZ and Shri Pramod Kumar, Assistant Commissioner, NSEZ attended the meeting. Shri Vilas Gupta, Regional Chairman, EPCES, Shri Alok Mukherjee, Member Central Governing Council (CGC), EPCES and prominent SEZs also attended the session. ■

Farewell to Shri Shukla, JDC, NSEZ

The office of Noida Special Economic Zone (NSEZ) arranged a joint farewell for Shri S. S. Shukla, Joint Development Commissioner, Noida, Shri R K Srivastava, Deputy Commissioner, Noida and Shri Ritesh Kumar, Preventive Officer (Custom), NSEZ, Noida on December 24, 2020 on completion of their successful tenure at the NSEZ.

On behalf of the EPCES Shri Bhuvnesh Seth, Vice Chairman, EPCES congratulated Shri Shukla and Shri Srivastava for being promoted as Deputy Secretary to the Government of India. He did not fail to mention that both officials were very helpful in resolving the issues of EOUs and SEZs. The Vice Chairman wished them all success in their new assignments. ■



Shri Bhuvnesh Seth, Vice Chairman, EPCES presenting bouquet to Shri S. S. Shukla, Joint Development Commissioner, NSEZ



Shri Bipin Menon, Development Commissioner, Zonal Development Commissioner, NSEZ presenting a bouquet to Shri S S Shukla, Joint Commissioner, NSEZ



Shri Sunil Puri, Member EPCES presenting a bouquet to Shri R K Srivastava, Deputy Commissioner, NSEZ



Shri S. S. Shukla, Jt. Development Commissioner with Members

GANDHI JAYANTI CELEBRATION

Adding greenery to our MEPZ Zone, a new garden was developed and inaugurated by our Development Commissioner Dr. M.K. Shanmuga Sundaram, IAS on the occasion of Gandhi Jayanthi in the presence of our Regional Chairman and members of the MEPZ Manufacturers' Association. The garden has been named "Mahatma Gandhi Garden or Garden of Peace".



DR APJ ABDUL KALAM'S BIRTH ANNIVERSARY CELEBRATIONS

One more garden has been developed and inaugurated by our Development Commissioner Dr. M.K. Shanmuga Sundaram, IAS on the occasion of Dr. Abdul Kalam's birthday on 15-10-2020. It has been named "**Garden of Dreams**". Our Regional Chairman and Regional Director were invited and they jointly inaugurated the garden along with Development Commissioner.



FAREWELL TO DEPUTY DC AND DEPUTY CUSTOMS COMMISSIONER

Shri Saju K Surendran, IES, Deputy Development Commissioner, CSEZ and Shri Anish Muraleedharan, IRS, Deputy Commissioner of Customs, CSEZ completed their tenure at the CSEZ in December 2020. They were given a warm farewell by the staff and exporters of CSEZ. From the EPCES side, Regional Director and Executive of the Cochin RO met them in their office and conveyed the Council's whole-hearted thanks for the support extended to us for the cause of EOUs and SEZs. A memento from the Council was handed over on behalf of Vice Chairman, EPCES.



Regional Director, EPCES handing over the memento to Shri Saju K Surendran IES, DDC, CSEZ



Regional Director, EPCES handing over the memento to Shri Anish Muraleedharan IRS, DCC, CSEZ

Nominations to CSEZ Authority

The Government of India, Department of Commerce has nominated Mr Vinod Kumar, Director, M/s Western India Cashew Co. Pvt. Ltd. and Mr Saranathan P S, Vice President, Sutherland Global Services Pvt. Ltd., CSEZ as representatives from among the entrepreneurs to the reconstituted CSEZ Authority in September 2020 for a term of two years.

Mr. Vinod Kumar, Director of Western India Cashew Co. Pvt. Ltd. is a management professional with 22+ years experience in the industry. He is actively involved in the full operations of the company and is a main contributor in taking up the turnover to the current level of Rs 350 crore, apart from transforming it into a professionally managed company.

Mr. Saranathan P S, Vice President, Sutherland Global Services Pvt. Ltd., is a seasoned Finance Professional with nearly 30 years of International experience from diverse industries. He Joined Sutherland Global Services Pvt. Ltd. in 2014. He is also a Qualified Independent director under Ministry of Corporate Affairs, Govt. of India.

From start to port: A nine steps framework for making India a great investment destination

By Ajay Srivastava

FDI receipts of more than USD 250 billion in the last five years prove global firms' faith in the India story. Now, with crucial reforms in place, what should we do to become a top investment destination? We have to become an excellent place for doing business.

This would mean working on enhancing the investor experience. Not just at the beginning of the project but at each subsequent step. From helping her choose the right support package, identifying the location for production to importing the raw materials, and shipping the products. This would be the best red carpet welcome to an investor. We propose a nine-step framework for doing so.

One, identify sectors for priority treatment. Let us focus on industries where India's manufacturing and exports are weak. Consider electronics, computers, telecom, precision equipment, factory machinery products. These constitute 70% of global trade, but India's share is a low 0.7%. Most product groups identified for support under the production-linked incentive (PLI) scheme are part of the list.

Two, recognise sectoral concerns. A sector may generate a large turnover, but net earnings may remain small because of large import dependence. For example, for doing the iPhone's final stage assembly, China gets just \$12, which is less than 2% of its retail price of \$700. Assembling an EV battery from imported lithium cells or making mobile phones from imported subassemblies fall in the same low value add category. A better model may be inviting an anchor firm along with component suppliers and do most manufacturing in the country.

Three, invite top global firms to become anchor manufacturers in priority sectors. We know their names. With thousands of manufacturing units in most sectors, India needs a few large anchor firms in each sector. Their use of innovation and technology will result in gains for all firms in the entire sector – the way Suzuki did to India's automobile sector in the early 1980s. Suzuki's technology and India's expertise in casting, forging and fabrication were crucial factors. In less than 20 years, the sector's productivity, and



not just Maruti-Suzuki's productivity, went up by 250%, mainly due to competitive pressures set off by Suzuki. Today the automobile sector contributes to half the manufacturing GDP. We need a repeat of the Maruti story for a few other sectors.

Four, develop effective coordination with lead investors. One to one discussion at the senior level thrashes out knotty issues and builds confidence. Both sides may discuss available location options or extra support the investor may need. Nominating an officer to coordinate with government on the firm's behalf for the entire project cycle is a good idea.

Five, provide ready to manufacture space. Delay in buying land and approvals drives away investors. China and many other countries have hundreds of operation ready industrial zones. Each zone takes necessary permissions for all future units. For example, a chemical zone will take approvals for effluent discharge and quality. The investor will agree to follow these. Once ready, the investor moves in, installs machinery, and starts production in a few weeks/months. Industrial corridors being developed across 32 places in India under the National Master Plan may adopt this model.

Six, ensure quick factory to ship movement. Slow factory to ship movement hinders India from becoming a part of the production supply chain. We can reduce the time taken

in transporting goods from factory to port through dedicated freight corridors. Locating industrial zones near the sea is another option. Port and customs procedures must be done in the industrial zone to avoid crowding at the port and ensuring just in time arrivals.

Seven, review the import duty structure. This is also the key to signing happy FTAs. Our 90% of imports by value take place in less than 10% product tariff lines. We must test the impact of lowering of import duty on the production and export ecosystem of remaining products. For example, most electronic products are assemblies of thousands of components manufactured across many countries. Components combine into subassemblies and then into the finished product. A part crosses country borders many times. In such a scenario, even a modest duty on components has a multiplier effect. For this reason, most countries charge no import duty on parts or electronics products.

Eight, ensure predictability, reduce arbitrariness in policy regime. Avoid backdated policy changes. Reduce scope for interpretation in tax laws by use of clear, unambiguous language. For example, both India and Nokia interpreted the

royalty provisions of the double tax avoidance treaty in different ways a few years back. When Nokia shut its India operations, annual mobile phone exports from India fell from \$2 billion to zero; 10,000+ direct jobs were lost. India and Nokia's loss was China's gain.

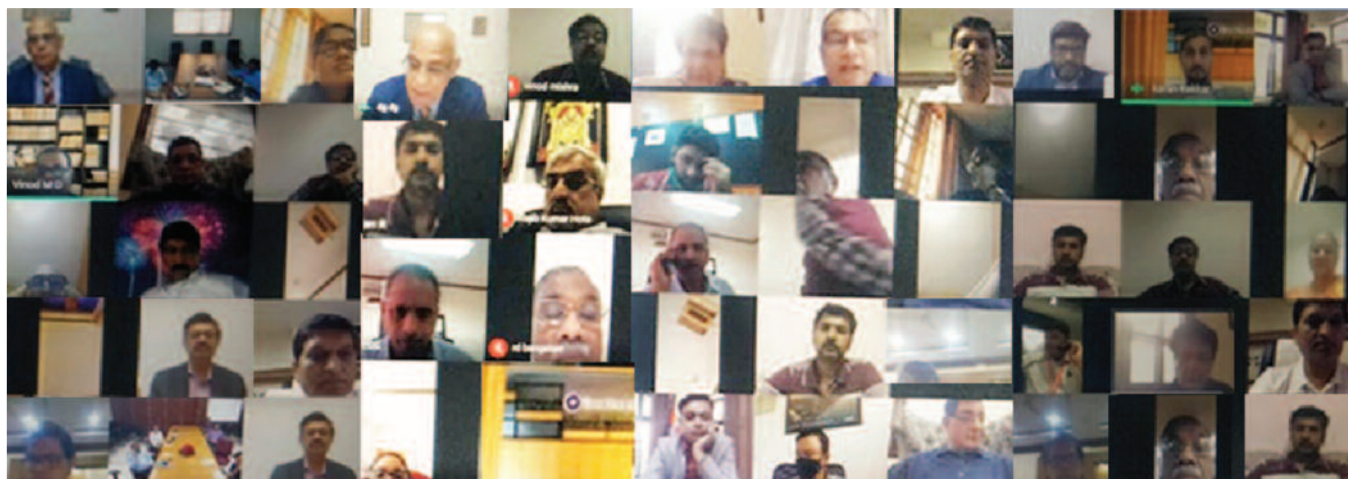
Nine, set up systems for quick resolution of disputes. Firms enter into contracts with other firms and individuals for the supply of goods and services. In case of dispute, parties approach the court for enforcing the contract. Long delays at the Indian courts compromise India's attractiveness. Quick improvement is a must for improving investor confidence.

Nurturing an investment is like growing a crop. Smart global firms are the quality seeds that grow in a supportive environment. Returns for such an approach are high. Samsung started small in Vietnam 10 years back but, lured by good experience, expanded its operations to export more than \$50 billion of products now. Its success also pulled others. The nine-step framework will enhance India's appeal as a credible manufacturing and investment destination.. ■

*The author is Additional DGFT,
Ministry of Commerce, GOI, New Delhi*

Webinar on EOUs/SEZs—Recent Regulatory Changes...

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Either this activity can be included in Annexure 3-D of the FTP under SEIS itself. Or a special category can be structured as 'Manufacturing Service Providers from India Scheme'. The Government based on National Objectives can lay down their criteria for the manufacturing services to be supported—viz. sunrise sectors, employment creators, catering to new markets, establishment of the factories in specified locations, etc.

The webinar was attended by more than 100 members who actively participated and raised their concerns/queries during the session. Those were addressed by the GTBLLP team and were followed by presentations. The webinar was able to serve its purpose of providing members a platform for an interactive discussion and to understand the recent legislative changes and updates in relevant laws and clarifications on operational/regulatory issues. ■

SUCCESS STORIES

AEROSPACE PROCESSING INDIA PRIVATE LIMITED

Aerospace Processing India Private Limited, incorporated in 2007, is a joint venture between Aequus Group, India and Magellan Aerospace Limited, Canada. The company is a Special processing unit of Aerospace parts carrying on processes like Titanium Etching, Aluminium Etching, Chrome Acid Anodizing, Alodine, Passivation, NDT (PFD & MPI), Paint (spray painting), Shot Peening, etc.

Certification

The facility is approved by OEMs like Airbus and Boeing, major Tier1s like Eaton Aerospace, MOOG, Goodrich and all necessary statutory approvals like:

1. AS 9100 Revision C / JIS Q 9100:2009 EN 9100 certified by BV Since 2009
2. API facility approved by Airbus in 2009
3. NADCAP Approved for Chemical Processing Since 2010
4. NADCAP Approved for Surface Enhancement Since 2010
5. NADCAP Approved for NDT Since 2010

Intellectual Capital

The company is having a diverse workforce of more than 220 employees of high calibre, corporate ethics and integrity.

Location

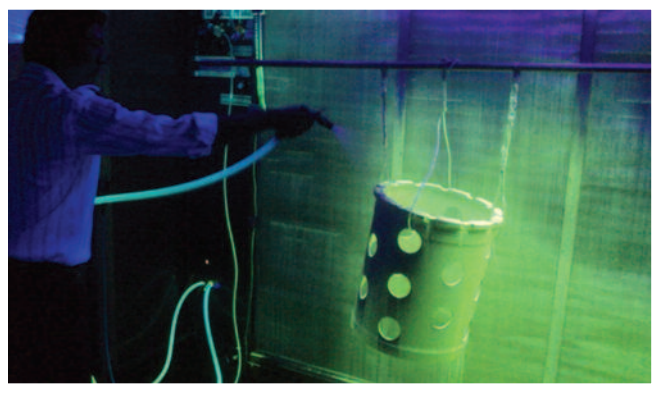
The plant site is located at Belgaum, Karnataka with well connection with all types of transportation. The Distance from Major Cities is as below

- Nearest Airport: Belgaum (18 Miles) and Hubli 80 miles from API
- From Hyderabad - 382miles
- From Bangalore - 310miles
- From Mumbai- 310miles
- From Pune- 209miles
- From Chennai- 524miles

The location of the site is advantageous to the company in transportation of Raw material (both imported and local) and finished goods.



Fully Automated Chromic Acid Anodizing Line



Penetrant Flaw Detection

Product, Technology and Process

The API facility is the first of its kind in India, being a third party independent treatment plant. It is planned with multiphase approach. Phase I is spread across 46,500 sq. ft. with further expansions of 3,000 sq. ft. in Phase-II. The facility is fully functional with all the equipment commissioning trails been completed in January 2009. The facility is fully equipped with power support given by 2 MW transformers & 2.2 MW generators backup.

Product Portfolio

- Aluminum Parts
- Steel Parts
- Titanium Parts
- Castings
- Sheet metal Parts

Process & Technology

Existing Processes

Following are the fully functional processes that are currently undertaken:

- Fully automated Chromic acid anodizing
- Semi-automated Boric sulphuric acid anodizing
- Titanium etching
- Chemical conversion coating
- Vacuum blasting & glass bead cleaning
- 6 axis robot operated Shot peening
- Painting booth & ovens
- PFD booth
- MPI machine

- Al etching
- Passivation
- Alodine
- PFD with aluminium etching
- Part marking by electrochemical etching and inkjet marking

Following are the fully functional testing processes:

- PH meter
- Weighing balance
- MPI machine
- Chemical lab
- Hardness testing
- Salt Spraying

SIGMA ELECTRIC MANUFACTURING CORPORATION

Sigma Electric Manufacturing Corporation is an EOU, Sigma manufactures castings, precision components and stampings for supply to varied market segments like electrical, appliances, diversified industrials, power tools, instrumentation, aerospace, defence, renewable energy, electric vehicles. The company has a worldwide sales, distribution and service network to provide customers with solutions to meet their requirements.

At Sigma, the mold cavity is created using two hardened tool steel halves which have been machined into shape.

Hot chamber machine die-casting

Here, the injection mechanism is immersed in molten metal in a furnace attached to the machine for producing a component. Sigma has over 35 machines with capacities ranging from 12 tons to 250 tons and capable of producing parts ranging from 0.04 Kg to 2.50 Kg subject to projected area limitations.

Cold chamber machine die-casting

In this process more molten metal is poured into the chamber than is needed to fill the die cavity, sustaining sufficient pressure to pack the cavity solidly with casting alloy. Injection pressures range from 3,000 to over 10,000 psi for both aluminum and magnesium alloys, and from 6,000 to over 15,000 psi for copper-based alloys. With over 45 cold chamber machines and capacities ranging from 150 tons to 900 tons, Sigma is capable of producing parts ranging from 0.03 Kg to 8.8 Kg, subject to projected area limitations.



Environment friendly Die casting - Honeywell AC250 Cold Chamber (Zitai - 900 Ton)

Gravity die-casting

Also referred as permanent mold, it is a repeatable casting process used for non-ferrous alloy parts, typically, aluminum, zinc and copper base alloys. Here, the molds used in casting are pre-heated up to 200°C before the molten metal is poured into the cast cavity. Proper thermal balance is maintained throughout the casting process and is done in various ways including external cooling techniques using water or relevant radiation techniques. Aluminum-bronze parts are manufactured for high and medium voltage fuse cut-outs through permanent mold gravity die-casting process.

Green sand-casting

The process involves the use of a melting furnace, liquid metal, pattern and sand mold where molten metal is poured

under gravity into sand molds. The patterns are designed and made in in-house tool room.

Capable to produce sand castings out of copper, zinc, aluminum alloys and cast iron, Sigma has “Sinto” make automated high pressure molding lines. The high pressure molding lines are capable of producing 120-180 molds / hr. and casting parts up to 20 kg.

Sigma is equipped with induction furnaces, CNC and VMC machines, heat treatment capacity, plating and powder coating facilities.

Sigma also has capabilities to manufacture machined investment castings to high precision, including to Aerospace AS specifications and to Military/Defence ITAR specs. Sigma produces high precision stampings, thin gauge (0.001”) and tight tolerances (0.0001”), where quality, reliability and consistency are paramount.

Sigma implements Standard Operating Procedures (SOPs) across its facilities- manufacturing, warehouses & offices, helping achieve the best combination of people and machines by utilizing optimum labor, space, inventory and equipment. This focused disciplined approach helps in identifying and eliminating variation in work / processes. This has acted as a benchmark to sustain the improvements achieved from past lean events and has provided a baseline for future continuous improvement programs.

A modern design facility equipped with latest software and an experienced design team having sound knowledge in mechanical assemblies, hydraulics, pneumatics, mechatronics, electrical systems, robotics and automation, in-house PLC programming facility, assembly shop tool room, test equipment, IOT laboratory and Cobot simulation centre to explore various trials and process design helps in speedy execution. From custom die-cast parts-to-machining-to-finishing-to-assembly, Sigma provides end-to-end custom die-casting solutions.

Sigma supports its customer base in North America which is its major share of business, with quick resolution to their queries of technical and functional aspects. The front end technical and engineering support team is stationed at Garner, NC with strong support from competent customer service teams at the plants.

Sigma’s global supply chain is one of its key USP’s. This is supported by its global warehouse in US which caters to



Excellent machining facility - High precision CNC's (like LMW, DMG MORI) & VMC's (Like BFW)

the requirements of its customers with Just in Time (JIT) principles with 99.5% On Time Deliveries.

Sigma’s state-of-the-art Engineering and R&D facility at India adds value in demonstrating innovation resulting in continuous improvement to existing and new product development. It is a global leader in the market for over 30 years having created a strong brand name and reputation in the global market. Unanticipated costs, potential for setbacks, integration difficulties and quality suffer are an inevitable part of SCM. Sigma has always made sure to overcome these without disrupting the business flow by adopting the following processes.

JIDOKA / MISTAKE PROOFING

Jidoka is automation with a human touch, as Toyota would say. Sigma implements Jidoka in all its manufacturing cells and offices. It helps in identifying an abnormal condition within the process and triggers an immediate response for the same. The goal is to prevent a defective product from being passed to the next operation.

Benefits: Rejection Improvement – Improved quality by up to 30%.

EQUIPMENT AUTONOMATION

Implementation of various autonomation initiatives has helped in reducing fatigue and errors. All Sigma cells are designed with a concept of autonomation i.e. separate man, separate machine. This has reduced fatigue and has minimized errors due to repetitive work. The goal here is multi-process handling, increased labor productivity.

TOTAL PRODUCTIVE MAINTENANCE (TPM)

TPM implementation across all Sigma foundries has

brought significant improvements in productivity, quality, cost reductions, set-up improvements, and machine life (up-time), on time deliveries and safe working environment and enhancing the morale of the employees.

Keeping in mind the theme, 'Health is Wealth' and 'I Operate, I Maintain', Sigma initiated a mammoth task of Jishu-Hozen Pillar (autonomous maintenance) Deployment on 1000+ machine tools and equipment. Today, over 65% of the machines are covered under JH and the target is to cover 100% by 2021. TPM in Sigma revolves around 8 pillars of traditional TPM i.e. Jishu-Hozen, Kobetsu Kaizen, Quality Maintenance, Plant Maintenance, Education & Training, Development Management, Office TPM, and Employee Health and safety.

Plant leadership leads the Pillar deployment with a time bounded master plan for implementation followed by frequent reviews to monitor the progress.

Benefits: Sigma's machine availability has improved from 98.5% to 99%. Machine health and aesthetics has improved and now the machines are visual and healthy. Over 1000+ Visual Standards are implemented on machines resulting in substantially reduced breakdowns, reduced maintenance repair expenses and the plants are better positioned to meet all production requirements.

There are significant global opportunities for industrial precision machined castings and precision metal components. The global economic situation is driving demand for cost competitive suppliers with a strong supply chain process, across all industries. Sigma's performance over 30 years as a supplier of choice, a trusted partner to leading MNC customers worldwide along with a proven reliable supply chain and global warehouse & tech center at US, are added factors that support Sigma's drive for successful business growth in global markets.

The global economic scenario is largely influenced by several varied external factors at different times, creating volatile raw material costs over which manufacturers have very little control. However the industry must focus more on fully controllable internal factors like technological upgradation, lean manufacturing and operational excellence.

In order to be a highly productive and cost competitive producer, Sigma practices 'Just in Time' - meet what the customer needs, in the quantity that the customer wants, and when the customer wants it, all the while using minimum raw material, equipment, space and labor. To operate in 'Just in Time', Sigma follows three principles - TOP:

1. **T – Pace to Takt Time:** All foundry machines work with a concept of takt time, where production is matched with the customer's demand. A line balancing concept is introduced in order to make the processes lean and productive.
Benefits: On time delivery improvement - Service levels improved from 80% to over 97%; achieved +99% in retail sector.
2. **O – One Piece Flow:** In order to reduce the lead time, the batch size of material flow is reduced. Sigma eliminated material handling by breaking the wall between die-casting and machining cells, reducing transportation of material and excess motion by 100%. A concept deployed across all its facilities.
3. **P – Pull System:** Sigma operates with a weekly pull customer model. Weekly plan is converted into a daily plan by assembly lines and pull is created. Here, material is pulled through the system only when needed, and this forces co-operation within the cross functions, departments and prevents over and under production.
Benefits: Inventory reduction from 150 days to 107 days.■

SEA HYDROSYSTEMS INDIA PRIVATE LIMITED

SEA Hydrosystems India Private Limited, established in 2010 is a 100% Export Oriented Unit Manufacturing World Class Hydraulic Cylinders. The company has its state-of-the-art facility at SIPCOT Industrial Estate, Irrungattukottai, Sriperumbudur, India. The company's products are exported to Aftermarket Distributors and OEM's located in



the USA, Australia, Europe and other Asian countries.

The company has long history in manufacturing precision engineered Hydraulic cylinders for varied industries. Their products are used in Agriculture, Material Movement, Mobile Hydraulic Industries. The company has an excellent team of design engineers, production and quality experts.

SEA Hydrosystems is an ISO 9001:2015 certified company, well established with a fleet of machineries, testing equipment and a world class infrastructure. The experience of the management coupled with strong understanding of industry dynamics has helped the Company to establish long standing relationships with its customers and suppliers.

The company is driven by the philosophy of achieving “Total Customer Satisfaction” through excellent quality, on time delivery and competitive pricing. The company is at an advanced stage to diversify



its product range for the fluid power industry. The company was recently recognized by ET Digital (economictimes.com) as ETRISE ‘India’s Top Performing MSME – Small Manufacturing’ at 6th place. The company feels proud for having been recognized with this rank and aims to break it’s own records in the coming years. ■

SFO TECHNOLOGIES PVT. LTD.

M/s. SFO Technologies Pvt. Ltd., Cochin was awarded the Electronic Industries Association of India (ELCINA) award for promotion of manufacturing & Business expansion in Electronics and IT / Hardware for the year 2019-20 in the two categories viz “Excellence in Quality” (Large) and “Excellence in Exports” (Large)

SFO Technologies (P) Ltd (SFO), the flagship manufacturing entity of the NeST Group, Kerala specializes in Original Design and Manufacture (ODM), capable of delivering end-to-end best in class experience for leading OEMs operating in industries like Healthcare, Transportation, Energy, Industrial and Defense& Aerospace. Established in the year 1990, SFO is engaged in Electronic Products and Electronic Sub Assemblies. The company employs over 4000 people including 1400 Engineers. With a turnover of over USD230M, the company operates their Plants in Kochi, Pune, Bangalore and Mysore. ■



SFO's representative receiving the prestigious award at the function at ELCINA House, New Delhi

XO PACK

A fully automated Corrugated Carton factory manufacturing corrugated cartons, boards and other value added packaging solutions to major customers in South India and also exports to MENA Region. We are an ISO 9001:2008 certified company, established in 2011, XO Pack is a vision accomplished by a group of entrepreneurs with over 50 years combined experience in the business to provide quality value based packaging solutions to the industry.

Please visit our website www.xopack.com and also please watch <https://youtu.be/5udGF2KRQyA>

With an operating production capacity of over 50 metric tons per day ranging from 3ply to 9ply, we cater to the needs of industries such as Engineering, Foodstuff, Garments, and Coir industries and have made a niche market in providing quality packaging solution suppliers in South India. Some of



the products manufactured include Heavy Duty RSC Cartons, UN Cartons, Big Display Cartons, Bulk Octagonal Bins, Paper Palettes etc. apart from the standard 3/5/7 ply cartons. ■

STECKBECK JEWELRY PRIVATE LIMITED

The Company began operations in May-2006 with a lean manpower of 25 persons and rose to 400+ by Dec-2020. Major break-through happened in 2016 after Joint Venture with Quality Gold Inc, USA.

Steckbeck Jewelry Private Limited, a 100% FDI Unit, promoted by Mr. Kurt Steckbeck of Chicago USA was established in SEEPZ SEZ in Sept-2005 and started manufacturing activities from May 2006. The Company is specialised in manufacturing Fine Studded Gold Jewelry. The Company's Products are exported to countries like USA, UK, Japan, Singapore, etc.

The Company occupies only 1 Unit in SEEPZ SEZ admeasuring 5810 sq ft built-up space and produces Fine Diamond Studded Gold & Platinum Jewellery. Its turn-over for the Financial Year 2018-19 touched around Rs. 130 crore (US\$ 18.50 Million). The Company is very much focused on Quality, Design, Finishing & timely delivery to remain most competitive in the International Market.

What we do

Steckbeck Jewelry Private Limited are the manufacturers of fine Platinum and Gold Diamond Studded Jewellery. We manufacture high quality Pendant, Rings & Ear-rings with a lot of importance given to inward significance as much as outward performance.



Product Range

Our product line mainly comprises all variety of studded fine jewellery, whether it is made in Gold, Silver or Palladium. We manufacture Rings, Pendants, Ear-rings, Bracelets, Bangles, Charms or any kind of jewellery. We manufacture all the Carat of jewellery, may it be 9kt, 10kt, 14kt or 18kt Gold jewellery. We are able to procure all quality and shape of diamonds at a very competitive price as per the need of our Customers, and that also in very timely fashion. A team of Creative & dedicated Designer Creators are dreamers and create variety of designs in no time. They are concept creators and always at their best. The executioners are a team of very dedicated personnel who are always ready to understand the needs of the design and also the needs of Customers. This is supported with state of the Art CAM for a beautiful prototype model.

Great confidence of the Clients in Mr. Steckbeck is the backbone of the success of Steckbeck Jewelry. At

Steckbeck Jewelry high quality standards are the nature of the Employees. Stringent quality control at every stage of the process has made us popular in American Market in such a short time. Recently, we have started looking for the markets, which looked far away from our reach. Our Company has flexed its muscles to cater to the needs of other than American markets. We have been preparing ourselves to take our beautiful products to U.K., Germany, Italy, France, other European Markets as well as Australia and South Africa. These are our upcoming destinations. We have started targeting these markets with our unique product line and experience team of sales promoters.

Designing

Our marketing team attends and participates in various International Exhibitions to analyze latest jewellery trends. Based on such analysis as well as client specification, our Product Development team well equipped with licensed software like Coral Draw, CAD/CAM etc., develop innovative designs. Currently, our design collection contains around 25,000 designs and model master-piece for rings, pendants, necklace, ear-rings etc. On a continuous basis, we add around 450 designs to our collection each month.

Model Making / Prototype

An artist or model maker creates original models from wax or silver. This step is by far the most critical process. All the details which appears on the sculpture/design must be capture on the mould.

Volcanizing & Mould Cutting

A mould is made of the original model or sculpture. Moulds are usually made of rubber or silicon. The special rubber used is generally imported. Most moulds are made of at least two parts and shim with keys is placed between the parts during construction so that the mould can be put together accurately.

Waxing

Once the mould is finished, molten wax is poured into it through wax injector by pressure. This wax model is exact duplicate of the artwork. The wax is pulled from the mould and hand chased by skilled artisan. Each and every wax piece is carefully cleaned under magnifying glass. All clean pieces go for spruced with tree like



structure of wax that eventually provides paths for the molten casting material to flow.

Filing

The rough metal pieces are then smoothed with the help of different tools and hard buffs.

Assembly

Multiple components of jewellery are assembled in this stage

Setting

After assembly, the pieces are then forwarded to the setting department to set the diamonds with the help of microscope.

Buffing & Polishing

In this department, studded pieces are buffed and polished to remove filing or setting marks during the prior process with various tools. This process helps product to become bright and shiny. ■

Members Queries Answered

1 October 2020 to 31 December 2020

INDIRECT TAX

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
1	Sunil Rallan Chairman and Managing Director CHENNAI FREE TRADE ZONE Developer -J. Matadee Free Trade Zone Pvt Ltd www.Chennaiftz.com	South	<p>The Central Government vide Gazette Notification Dated December 20th, 2019 amended Rule 5 (2) which was substituted as follows:- Rule (d) - All existing notified Special Economic Zones shall be deemed to be a multi-sector Special Economic Zone. Explanation – For the purpose of this clause, a “multi-sector Special Economic Zone” means a Special Economic Zone for more than one sector where Units may be set up for manufacture of goods falling in two or more sectors or rendering of services falling in two or more sectors or any combination thereof including trading and warehousing.”; SEZ Act 2005 U/s 2 has the following definitions. (n) “Free Trade and Warehousing Zone” means a Special Economic Zone wherein mainly trading and warehousing and other activities related thereto are carried on; (za) “Special Economic Zone” means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone; The amendments made vide Gazette Notification of December 20th, 2019 didn’t exclude any FTWZs from qualifying as “existing notified Special Economic Zones”. You are requested to kindly clarify that all existing Notified FTWZs (SEZ) in the country are deemed Multi-Sector Special Economic Zones. This clarity will enable the Developers to continue making further Investments into Development activity for attracting prospective new Units and Supply Chains seeking to relocate from China.</p>	<p>As per provisions of SEZ Act, 2005, “Special Economic Zone” means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone; Further, Free trade warehousing zone is defined as a Special Economic Zone wherein mainly trading and warehousing and other activities related thereto are carried on. The Central Government vide Gazette Notification Dated December 20th, 2019 amended Rule 5 (2) which was substituted as follows:- (2) The requirements of minimum area of land for a class or classes of Special Economic Zone in terms of sub-section (8) of section 3 shall be the following, namely: – (a) A Special Economic Zone or Free Trade Warehousing Zone other than a Special Economic Zone for Information Technology or Information Technology enabled Services, Biotech or Health (other than hospital) service, shall have a contiguous land area of fifty hectares or more. Rule (d) - All existing notified Special Economic Zones shall be deemed to be a multi-sector Special Economic Zone. Explanation – For the purpose of this clause, a “multi-sector Special Economic Zone” means a Special Economic Zone for more than one sector where Units may be set up for manufacture of goods falling in two or more sectors or rendering of services falling in two or more sectors or any combination thereof including trading and warehousing.”; The substituted rule 5(2) includes an SEZ and FTWZ and specifically excludes only SEZ for IT or ITeS, Biotech and health (other than hospitals) service. Also, the definition of SEZ clearly includes FTWZ, it can be rightly interpreted that an FTWZ can be considered as notified SEZ for the purposes of multi sector special economic zone.</p>
2	MR. Srinivas srinivasarb@primemeiden.com	South	<p>Our is SEZ unit (Prime Meiden Limited) located at MPSEZ, Naidupet, Andhra Pradesh. We need clarification about IGST @ 0.1% is applicable or not. As per the clause No.45 (11). Goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special Economic Zone to the said port of export on the basis of pink shipping bill as if these were movement of goods from one warehouse to another; (ii) export document shall contain the name of the merchant exporter or the status holder and the Unit; (iii) merchant exporter or status holder, as the case may be, shall export goods under a free Shipping Bill and submit a disclaimer that no Drawback, Duty Exemption Pass Book credit or fulfillment of export obligation under any export promotion scheme under the Foreign Trade Policy</p>	<p>In reference to your transaction, we would like to bring to your kind attention that Rule 46 of SEZ Rules allows SEZ units to export their goods through merchant exporters. Said Rule 46(11) provides the procedure for the merchant export transactions. It provides that, (i) goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special Economic Zone to the said port of export on the basis of pink shipping bill as if these were movement of goods from one Warehouse to another (ii) export document shall contain the name of the merchant exporter or the status holder and the Unit; (iii) merchant exporter or status holder, as the case may be, shall export goods under a free Shipping Bill and submit a disclaimer that no Drawback, Duty Exemption Pass Book credit or fulfillment of export obligation under any export promotion scheme under the Foreign Trade</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
			<p>shall be availed by him on the goods so exported. In this case taxes and duties are exempted. Please confirm whether the IGST @ 0.10% is applicable or not. Kindly given us the suggestion.</p>	<p>Policy shall be availed by him on the goods so exported. The word "Warehouse" as defined under Sec 2(43) of the Customs Act, 1962 means a warehouse licenced u/s 57 or 58/58A of Customs Act. Such warehouse is part of Customs area, as defined under sec 2(11) of Customs Act, 1962. Sec 2(11) of Customs Act, 1962 states as area of a customs station or a warehouse and includes any area in which imported goods or export goods are ordinarily kept before clearance by Customs Authorities. Therefore, it is understood that goods moving from SEZ (i.e. Deemed customs station) to the port are moving between two customs areas and are not entering DTA. As the goods are not entering the DTA, customs duty including IGST shall not be applicable under Customs Tariff Act, 1975, in terms of Sec.30 of SEZ Act 2005. Kindly note that Sec.51 of SEZ Act, 2005 has an overriding effect over any other Law in force, whereby, when SEZ Law treats the goods cleared for export through merchant exporter, as exports. If such goods are treated as Interstate sale under the provisions of IGST Act, which is inconsistent to the SEZ Law, such provisions will have no effect and be overridden by the provisions of SEZ Law. Further, notification 41/2017-Integrated Tax (Rate) provides that when the goods are supplied to a registered merchant exporter for further exports, IGST in excess of 0.1% is exempt, subject to conditions prescribed therein. The condition (vi) of the notifications mentioned reads as : (vi) the registered recipient shall move the said goods from place of registered supplier – (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or (b) directly to a registered warehouse from where the said goods shall be moved to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; From the said notification, we can note that when the goods are supplied by a DTA to the merchant exporter and move the goods from DTA to the customs area of port of export, as per the condition, concessional rate of 0.1% GST would be leviable, as the supplier and the recipient are in taxable territory and the goods are moving from DTA to port of export. Whereas in our case, goods move from the SEZ which is a customs area and move directly to another customs area (the Port, Inland Container Depot, Airport or Land Customs Station) for export in terms of Rule 46 of SEZ Rules and goods are not cleared for home consumption and are not subjected to levy of Customs duty and hence such goods cannot be subjected to levy of IGST. However, the Government may argue that such transactions as inter-state sale as per Sec 7(5) of IGST Act and further there are no clarification / notification given for IGST exemptions for exports made through Merchant trader. Therefore, the above view is subject to litigation.</p>
3	<p>Sadhasivam. S Senior Manager – Finance Syntel International Pvt Ltd 9962533111</p>	South	<p>We are Syntel International Pvt Ltd, Tirunelveli – Co-Developer, ELCOT SEZ. Our Group Company namely Syntel Software LLP, Tirunelveli SEZ Unit is consuming entire power. Every month between 40k to 50k EB department is charging Electricity Tax. Sep 20 EB dept charged Rs.39,344/- as EB tax. Sample bill attached. Pl confirm whether SEZ zone is exempted from EB TAX.</p>	<p>The Tamil Nadu Special Economic Zones Act (Special provisions), 2005 prescribes the exemptions available for developer or entrepreneur. As per Rule 12(1)(h) electricity tax payable for electricity consumed is exempt. "12.(1) Subject to the provisions of sub-section(2), every developer or entrepreneur shall be entitled to the following exemptions, namely:- (h) exemption from the tax payable under the Tamilnadu tax on consumption or sale of electricity Act, 2003 for</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
				electricity sold or consumed in a Special Economic Zone." Therefore, prima facie exemption is available for SEZ unit and we have not come across a scenario where the above rule have been withdrawn However, we recommend the Company to connect with the electricity board officials to understand the directions issued to them.
4	Anand S. Director SEA Hydrosystems India Private Limited B-76, SIPCOT Industrial Park, Irungattukottai, Sriperumbudur - 602117. Tamil Nadu, India. M: +91-9884026263	South	We are EPCES - MEPZ member and would like to seek clarification / suitable reply to a notice we have received from Chennai Customs regarding ineligible IGST refunds availed by EOU. We are 100% EOU, we import inputs & capital goods by claiming exemption of duties & tax and use the same for manufacture & export. About 2% of our sales are in DTA and 98% exports. We also procure raw materials domestically, through which we accumulate Input Tax Credit. We export with payment of tax and take IGST refund. Now, we have received the attached letter from Customs and would like to seek clarification from you on this matter. I am also enclosing a summary of exports with payment of tax and refunds availed for your reference. Year-wise Details of IGST Refund on goods exported: FY2017-18 - Rs. 71,56,292 FY2018-19 - Rs. 59,29,337 FY2019-20 - Rs. 2,47,33,885 FY2020-21 - Rs. 1,11,00,725 (Shipping Bill with IGST filed. Refunds pending)	Notification no. 78/2017-Customs provides exemption from IGST and Compensation Cess upon import of goods by Export Oriented Units. Rule 96(10) provides restriction of claiming the benefit of receiving the refund of export with payment of tax on goods or services in certain cases. Clause (b) of the said sub-rule specifically restricts such benefit upon availment of the benefit of Notification no. 78/2017-Customs dated 13th October 2017. Recently, the Government vide Notification No. 16/2020-CT dated 23.03.2020 has made an amendment by inserting following explanation to Rule 96(10) of CGST Rules, 2017 as amended (with retrospective effect from 23.10.2017) "Explanation.- For the purpose of this sub-rule, the benefit of the notifications mentioned therein shall not be considered to have been availed only where the registered person has paid Integrated Goods and Services Tax and Compensation Cess on inputs and has availed exemption of only Basic Customs Duty (BCD) under the said notifications." By virtue of the above amendment, the option of claiming refund (on payment of IGST) is not restricted to the exporters who only avails BCD exemption and pays IGST on the raw materials, thereby such exporters who wants to claim refund under on payment can switch over now. To conclude, if the Company has availed the above mentioned notification, refund is not allowed under option of with payment. As a result, the Company would be required to repay the refund along with the applicable interest. Alternatively, we can explore the option of reducing the refund amount payable to Government, wherein ITC on capital goods and transitional credit would be repaid and contend credit on input and input service is eligible as they would have been qualified under ITC refund accumulation method. Said approach is subject to litigation, we can analyze the same upon your request. (IRL will be shared post our discussion)
5	Sashi Varma B.Sc: FCMA, Finance Manager, XO Pack Private Limited, Plot# 42,CSEZ Kakkanad, Cochin-37 Kerala Web: www.xopack.com Ph: +91-484-4033301, Mob: 09645999594	South	Further, we engage transporters who are not GTA to transport our raw materials from suppliers and for transport of our finished goods to our customers- both coming under authorised operations- Should we pay GST on reverse charge mechanism If we should pay, can we pay with retro effect and apply for refund	SEZ units are exempted from the levy of IGST for 66 services which have been declared as default approved services. It is pertinent to note that S.No 27 & 54 of the default list of services provide that "Goods Transport Agency services" and "Transport of goods by road services" respectively are exempted from the levy of IGST Hence, there arises no requirement to discharge GST on reverse charge basis for any GTA service or for any transport of goods by road services as they are exempted from the levy of IGST.
6	Pradeep Kumar 8297550111 APSEZ, Atchutapuram, Visakhapatnam.	South	We, M/s Abhijeet Ferrotech Ltd , have received an order from M/s Mortex India Pvt.Ltd. for Merchant Export with following terms and condition Terms of order: 1. Abhijeet Ferrotech Ltd will issue tax invoice to M/s Mortex India Pvt. Ltd. (GSTIN-19AAICM20141ZC) with concessional rate 0.1 % 2. Mortex India Pvt Ltd (19AAICM20141ZC) has transferred the ownership of the goods to QVC Pvt Ltd (19AAACQ1276D1ZL)	In reference to your transaction, we would like to bring to your kind attention that Rule 46 of SEZ Rules allows SEZ units to export their goods through merchant exporters. Said Rule 46(11) provides the procedure for the merchant export transactions. It provides that, (i) goods shall be exported directly from the Special Economic Zone or through any other port where the merchant exporter files his shipping bill, in which case the goods shall move directly from the Special Economic Zone to the said port of export on the basis of pink shipping bill as if these were movement of goods

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
			<p>3. Mortex India Pvt Ltd will issue tax invoice to M/s QVC Pvt Ltd with concessional rate 0.1 %</p> <p>4. Shipping bill will be filled in the name of QVC Pvt ltd in SEZ Online and which invoice number issued by M/s Abhijeet Ferrotech Ltd to Mortex India Pvt Ltd & by M/s Mortex India pvt ltd to M/s QVC Pvt Ltd will be mention in shipping bill.</p> <p>5. Bill of Lading (B/L) will be provided by M/s QVC Pvt Ltd as proof of export.</p> <p>Sir, is above transaction possible in GST regime for merchant export? Kindly advice</p>	<p>from one Warehouse to another</p> <p>(ii) export document shall contain the name of the merchant exporter or the status holder and the Unit;</p> <p>(iii) merchant exporter or status holder, as the case may be, shall export goods under a free Shipping Bill and submit a disclaimer that no Drawback, Duty Exemption Pass Book credit or fulfilment of export obligation under any export promotion scheme under the Foreign Trade Policy shall be availed by him on the goods so exported. The word "Warehouse" as defined under Sec 2(43) of the Customs Act, 1962 means a warehouse licenced u/s 57 or 58/58A of Customs Act. Such warehouse is part of Customs area, as defined under sec 2(11) of Customs Act, 1962. Sec 2(11) of Customs Act, 1962 states as area of a customs station or a warehouse and includes any area in which imported goods or export goods are ordinarily kept before clearance by Customs Authorities.</p> <p>Therefore, it is understood that goods moving from SEZ (i.e. Deemed customs station) to the port are moving between two customs areas and are not entering DTA. As the goods are not entering the DTA, customs duty including IGST shall not be applicable under Customs Tariff Act, 1975, in terms of Sec.30 of SEZ Act 2005. Kindly note that Sec.51 of SEZ Act, 2005 has an overriding effect over any other Law in force, whereby, when SEZ Law treats the goods cleared for export through merchant exporter, as exports. If such goods are treated as Interstate sale under the provisions of IGST Act, which is inconsistent to the SEZ Law, such provisions will have no effect and be overridden by the provisions of SEZ Law.</p> <p>Further, notification 41/2017-Integrated Tax (Rate) provides that when the goods are supplied to a registered merchant exporter for further exports, IGST in excess of 0.1% is exempt, subject to conditions prescribed therein.</p> <p>The condition (vi) of the notifications mentioned above reads as :</p> <p>(vi) the registered recipient shall move the said goods from place of registered supplier – (a) directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or (b) directly to a registered warehouse from where the said goods shall be moved to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;</p> <p>From the said notification, we can note that when the goods are supplied by a DTA to the merchant exporter and move the goods from DTA to the customs area of port of export, as per the condition, concessional rate of 0.1% GST would be leviable, as the supplier and the recipient are in taxable territory and the goods are moving from DTA to port of export.</p> <p>Whereas in our case, goods move from the SEZ which is a customs area and move directly to another customs area (the Port, Inland Container Depot, Airport or Land Customs Station) for export in terms of Rule 46 of SEZ Rules and goods are not cleared for home consumption and are not subjected to levy of Customs duty and hence such goods cannot be subjected to levy of IGST.</p> <p>However, the Government may argue that such transactions are inter-state sales as per Sec 7(5) of IGST Act and further there are no clarification / notification given for IGST exemptions for exports made through Merchant traders.</p> <p>Therefore, the above view is subject to litigation.</p>

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7	Rajesh Mayani Nasanta Food & Drink Pvt Ltd CCCL Pearl City Food Port SEZ Tuticorin, TAMIL NADU, INDIA Tel: (+91) 04630 293588 Mob: (+91) 9597189220, 9860435841	South	<p>We are instant noodle factory in CCCL SEZ, Tamil Nadu, Tuticorin.</p> <p>A key raw material for our processing is Edible Palm Oil. We buy this from a DTA supplier in Tuticorin who is currently importing from Indonesia/Malaysia. All our finished goods are exported and nothing sold to Domestic market. We buy with zero rated GST.</p> <p>Since this edible oil is imported with a customs duty of 40% and it is inbuilt in the price. The supplier is not willing and says cannot supply us without the customs duty paid.</p> <p>If we were to import it, we would not have to pay any customs duty on it. But we would have to buy in big volume and thus the reason we buy it from DTA.</p> <p>My query is if there is any procedure or way to claim this customs duty paid for the amount we have purchased?</p>	<p>We understand that the company is a SEZ unit engaged in 100% export of manufactured instant noodles. The Company procures its key raw material (edible palm oil) from a DTA unit who imports the same after paying applicable customs duty. Since the customs duty is added to the final price of the input, the Company is keen to understand if any benefits are available under the legislation for the customs duty paid.</p> <p>In reference to your query, kind attention is invited to section 26(d) of the SEZ Act 2005 which provides exemptions, drawback and concessions to every Developer or Unit. The duty drawback is allowed on goods procured from Domestic Tariff Area to carry on the authorised operations either by the developer or the unit. Rule (2) of Customs and Central Excise Duties Drawback Rules, 2017 - Where a Bill of Export has been filed under a claim of drawback or any other similar scheme laid down under the Customs and Central Excise Duties Drawback Rules, 2017, as amended from time to time, the Unit or Developer shall claim the same from the Specified Officer and in case the Unit or Developer does not intend to claim such benefit, a disclaimer to this effect shall be given to the Domestic Tariff Area supplier for claiming such benefits: Provided that the aforesaid benefits may be claimed by Domestic Tariff Area supplier from their jurisdictional Goods and Services Tax or Central Excise Commissioner, as the case may be.</p> <p>Further, rule 24(3) of SEZ Rules, 2006 states that drawback or any other similar benefit, against supply of goods by Domestic Tariff Area supplier shall be admissible where payments for the supply are made from the Foreign Currency Account of the Unit.</p> <p>On perusal of above provisions, we can conclude that drawback is allowed for SEZ Unit for DTA procurements provided payments are made from Foreign Currency account of SEZ Unit.</p>
8	Kushalj1994@gmail.com	Not Known	<p>I am an EOU unit and have imported Raw materials duty free. I am exporting the same raw materials as I am not able to use such raw materials in my production. At the time of clearance of such raw materials, am I required to pay Customs on this which I had claimed exemption at the time of import.</p>	<p>As per Para 6.15 (a) of Foreign Trade Policy, in case an EOU 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 (ii) Disposed of in DTA with intimation to Customs authorities on payment of applicable duties and/ or taxes and compensation cess. In addition, exemption of duties of Customs leviable under First Schedule of the Customs Tariff Act, 1975 availed, if any on the goods, at the time of import will also be payable and submission of import Authorisation; or (iii) Exported. Further, reference may also be drawn to Notification No. 52/2003- Customs dated 31 March 2003, read with Para 6.15 of Foreign Trade Policy. Therefore, in case EOU is clearing unutilized raw material to DTA, then it will be required to pay amount of custom duties exemption availed at the time of import along with applicable GST on supply of said goods. In case EOU is re-exporting said unutilized goods, it would not be required to pay duties</p>
9	CA K.S.V. Pathy CFO, SKM Egg Products Regd Office - 133, 133/1, Gandhiji Road, Erode - 638001 Factory: Erode - Karur Main Road, Cholangapalayam - 638154 Erode District, Tamilnadu, INDIA Tel: +91 424 2351532 / 33 Mob: +91 95855 96325 Email id : cfo@skmegg.com	South	<p>We are an 100% EOU, exporting Egg Powder, partly selling Raw eggs and Animal Feeds domestically which are GST Exempted commodities.</p> <p>We also do trading business of Eggs which are exempted and we do not pay & charge GST on buying/selling the Eggs for Trading.</p> <p>Further we procure ingredients for Animal Feed which are mostly used for captive consumption (for export of zero rated egg powder) and partly</p>	<p>We understand that the company is a 100% EOU and is engaged in the sales of eggs and poultry feeds.</p> <p>In reference to your query, kind attention is invited to Section 17(2) of the CGST Act, 2017.</p> <p>"Where the goods or services or both are used by the registered person partly for effecting taxable supplies including zero-rated supplies under this Act or under the Integrated Goods and Services Tax Act and partly for effecting exempt supplies under the said Acts, the amount of credit shall be restricted to so much of the</p>

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			<p>sold outside which are GST exempted. The said ingredients are GST exempted for few items and GST paid for few items.</p> <p>Under such circumstances, we request you to kindly advise me whether reversal of Input credit on Exempted sale of Animal Feed as per our calculation is correct:</p> <p>Please note that we have separate books of accounts and item wise Input credit data. lease advise, as GST range is about to issue notice asking us to reverse the entire Input credit on Turnover basis, irrespective of whether we claimed Input tax or not.</p>	<p>input tax as is attributable to the said taxable supplies including zero-rated supplies"</p> <p>Where inputs/ input services are used purely for exempt supplies, the credit is denied under the law. Further, when the input/ input services are used for purely carrying out any taxable supplies, the credit is allowed. However, when the inputs are used for carrying out both taxable and exempt supplies such as common credits in relation to consultancy, rent etc, the credit can be claimed to the extent of turnover of taxable supplies only as per Rule 42 of the CGST Rules, 2017 (as amended from time to time).</p> <p>Considering our advisory engagement, we would not be able to support in verifying the reversal computations. Request you to compute reversal as per the above mentioned provisions of law.</p>						
10	<p>Rajesh Mayani Nasanta Food & Drink Pvt Ltd CCCL Pearl City Food Port SEZ Tuticorin, TAMIL NADU, INDIA Tel: (+91) 04630 293588 Mob: (+91) 9597189220, 9860435841</p>	South	<p>While we can claim the duty drawback, do you know the limit or up to how much can be claimed? Also you state that the Unit must pay from Foreign Currency account, but please note that all DTA procurements are always paid in INR. Could you pls clarify?</p>	<p>As per the latest notification 07/2020 Customs (NT) dated 28.01.2020, the drawback eligible for the key input raw material edible palm oil is as below:</p> <table border="1"> <thead> <tr> <th>Tariff Item</th> <th>Description of goods</th> <th>Drawback Rate (AIR)</th> </tr> </thead> <tbody> <tr> <td>1511</td> <td>Palm oil and its fractions, whether or not refined, but not chemically modified</td> <td>0.15% on export value</td> </tr> </tbody> </table> <p>Also, where the rate sanctioned is less than eighty percent of the duties paid on the materials or components used in the production or manufacture of the said goods, the Company can also opt for drawback under special brand rate in addition to the all industry rates (AIR). Further, this benefit will only be available if payment is remitted through foreign currency account for an SEZ unit. Hence, going forward request you to make payment through foreign currency account to claim the duty drawback.</p> <p>Also, the DTA supplier can claim drawback subject to receipt of disclaimer from the SEZ unit that it does not intend to claim the duty drawback.</p>	Tariff Item	Description of goods	Drawback Rate (AIR)	1511	Palm oil and its fractions, whether or not refined, but not chemically modified	0.15% on export value
Tariff Item	Description of goods	Drawback Rate (AIR)								
1511	Palm oil and its fractions, whether or not refined, but not chemically modified	0.15% on export value								
11	<p>nanda@valves.co.uk Oliver Valves India Pvt Ltd</p>	North	<p>We are 100 % EOU unit, holding Green Card and 1 Star House and manufacturing Industrial Valves supplied to Oil and Gas Industries around the World. We have started DTA sales very recently. We are charging 7.5 % BCD and 10 % SWS on BCD on our Customer Invoice, since we import some parts used on the same Valve assembly with exempted duties.</p> <p>This 8.5% is actually charged on the whole invoice value. Our request is whether we can charge 8.5% only on the import contents on the assembly? Since it is not right to charge 8.5 % duty to a customer for a locally purchased parts also. We are collected BCD & SWS from our customer, this amount how to pay in customs. As below our sales product HSN code.</p> <p>HSN Code: 8481 8030, 8481 3000, 8481 9090</p>	<p>With reference to the provisions of Notification no. 52/2003-Cus dated 31/3/2003 (as amended), an EOU is required to pay basic customs duty proportionate to exemption availed on importation of the inputs. The reversal alongwith applicable cess(es) is required to be done by way of making a payment through TR-6 challan.</p>						
12	<p>Patel Mithunkumar Sharadbabu Senior Executive Supply Chain Jubilant Infrastructure Limited Plot# 5, GIDC Industrial Estate, Village Villayat, Tal Vagra, Bharuch, 392012, Gujarat, India Email: mithun.patel@jubl.com</p>	West	<p>Whether the compensation cess is applicable on steam (non-coking) coal imported by the SEZ Developer or not.</p> <p>If so, please provide notification/circular any in relation to this.</p>	<p>Referring to the trail mail, please find our reply on Applicability of Compensation Cess on import of coal by SEZ developer.</p> <ul style="list-style-type: none"> The SEZ developer is exempted from payment of IGST and Custom duty on import of goods vide Notification No. 64/2017 – Customs; The levy of compensation cess on import of goods is based on Section 3(9) Customs Tariff Act, 1975 						

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				<p>which is reproduced herein for your reference: Any article which is imported into India shall, in addition, be liable to the goods and services tax compensation cess at such rate, as is leviable under section 8 of the Goods and Services Tax (Compensation to States) Cess Act, 2017 on a like article on its supply in India, on the value of the imported article as determined under sub-section (10) 10[or sub-section (10A), as the case may be.]</p> <ul style="list-style-type: none"> Further, it is pertinent to note that Section 3(12) of Customs Tariff Act, 1975 states that rules made under Customs law, pertaining to exemption of duties, shall be applicable to cess as leviable under section 3 of Customs Tariff Act, 1975. Relevant provision is reproduced herein for your reference: The provisions of the Customs Act, 1962 (52 of 1962.) and the rules and regulations made thereunder, including those relating to drawbacks, refunds and exemption from duties shall, so far as may be, apply to the duty or tax or cess, as the case may be, chargeable under this section as they apply in relation to the duties leviable under that Act.] Therefore on co-joint reading of above mentioned provisions and Notification No. 64/2017 – Customs, it can be concluded that there shall be exemption of compensation cess as well, at the time of import of goods by SEZ developer/ unit.
13	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region 94465 80703	South	<p>We are planning for space expansion for one of our existing SEZ unit which was registered during 2019 and we have started Commercial production of the SEZ Unit in December 2019. Under the same LOA we are planning for space expansion within the SEZ (Developer is same) of adjacent building. The Government has announced the direct tax benefits under the sunset clause for SEZ for the SEZ Units that have already been approved before 31/03/2020 upto 31/03/2021. Seeking clarification from your good office whether the income generated from the expansion unit is eligible to avail of the Income-tax benefits under Section 10AA of the Income-tax Act for the unexpired period of the LoA, ie. of the existing SEZ Unit.</p>	<p>The date of commencement of exports (COE) from an expansion in an existing SEZ unit is not relevant from an Income Tax Act perspective as the tax holiday eligibility will be tested in the year in which the existing unit originally commenced exports and not in the expansion year. However, kindly note that this position may need detailed review and analysis basis facts of specific case in hand.</p>
14	Dipak Mistry; Tarasafe International Pvt Ltd Khokhra Ahmedabad - 380008 Contact: +91-9714857222 Zone: Kandla sez	West	<p>Our Unit is situated in Apear Park SEZ Ahmedabad and fall under Jurisdiction of Kandla SEZ. We have following Query :</p> <p>1.0 Special Economic zone are entitled to Procure Goods Duty Free from Domestic Tariff area. Supply to special Economic zone is Treated as " Zero rated Supply" under GST . supplier to sez unit has to supply Goods either without Payment of IGST against LUT/Bond or with Payment of IGST. However there are certain suppliers who supply Goods with charging GST on invoice and also collect the GST from SEZ unit. In this case ,Sez unit received the Goods after Payment GST on Goods. Though amount of GST credit may be small in short period but over the year amount run into Lacs of Rupees. In this case, will SEZ unit entitle to claim GST Input credit on Goods supply with Payment of GST and sez unit has Paid GST amount?</p> <p>2.0 if answer to Point 1 is Yes, then can SEZ unit claim refund of accumulated IGST credit in credit ledger or refund of IGST Paid on export of Goods</p>	<p>Please find below our comments for your query in the trail mail:</p> <ol style="list-style-type: none"> The SEZ unit can claim Input Tax Credit subject to fulfillment of Section 16 of the CGST Act, 2017 which broadly includes possession of tax invoice, receipt of goods, tax charged is paid to the government etc. and restrictions mentioned in Section 17 of the CGST Act, 2017 and other allied provisions related to availment and eligibility of Input tax Credit (ITC); Further, in order to claim refund of unutilised ITC, proviso to Section 54(3) states that refund of unutilised input tax credit shall be allowed only on account of zero rated supply without payment of tax and where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies; In the present case based on the above points, refund of accumulated credit may be claimed as SEZ is involved in supply of zero-rated goods (export of goods); The provisions pertaining to refund on payment of tax flows from Rule 96 of the CGST Rules, 2017.

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			with payment of IGST? All Goods manufactured by sez unit are exported.	5) Thus, on fulfillment of the conditions mentioned in the aforesaid rules, the SEZ developer can claim IGST refund on payment of tax.
15	Patel Mithunkumar Sharadbabu Senior Executive Supply Chain Jubilant Infrastructure Limited Plot# 5, GIDC Industrial Estate, Village Villayat, Tal Vagra, Bharuch, 392012, Gujarat, India Email: mithun.patel@jubl.com	West	Based on the clarification provided by you & the same was discussed with Custom Officer & they have to denied to accept this Notification & clarification on issue pertains to Compensation Cess. That is not relevant to Compensation Cess on Import of Coal. moreover they stated that the Notification No-64/2017 issued in relation to exemption granted of IGST not applicable to Compensation Cess & also Ministry has issued separate notification of exemption granted on Compensation cess to EOU on imported of Coal. Is there any Notification/ circular issued in relation to SEZ. If so then provide the copy of the same.	In order to clarify to the authorities, reference of SEZ act may also be given along with Custom notification and rule shared earlier (refer trail mail). Please find below comments: <ul style="list-style-type: none"> As per Section 26 (a) of the SEZ Act , Unit / Developer is entitled to exemption from any duty of customs levied under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into SEZ for carrying out authorised operations. The relevant provision can be referred from below: 26. (1) Subject to the provisions of sub-section (2), every Developer and the entrepreneur shall be entitled to the following exemptions, drawbacks and concessions, namely: - (a) exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a Special Economic Zone or a Unit, to carry on the authorised operations by the Developer or entrepreneur; Additionally, Compensation cess on Coal imported into India is levied and collected in accordance with the provisions of section 3 (9) of the Customs Tariff Act; Since Section 26 of SEZ Act, clearly exempts any type of duty of customs levied under Customs Tariff Act. Therefore, compensation cess would not be applicable for SEZ; Further, Section 51 of SEZ Act states it shall have effect notwithstanding anything inconsistent therewith contained in any other law. The provision of the same is as below: The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this Act. Accordingly, Section 26 of the Act, which holds that the SEZs are entitled to exemptions from customs duties will have effect regardless of any provisions to the contrary in any other enactment.
16	M G Radhakrishnan Unipower Transformers Pvt Ltd, Cochin, India	South	We, M/s.Unipower Transformers Pvt. Ltd is an EOU unit at Cochin, manufacturing and exporting transformers to Canada. We have already shipped 24 nos(12 containers) of 5 MVA transformers and the first two numbers were failed in testing. We have to take back the failed units and replace with new one. In this connection, we wish to have your firm opinion on the following. <ol style="list-style-type: none"> A failed product: Is there any provision for scrapping the failed product at a foreign country ? If there is provision, kindly furnish the relevant customs/RBI rule. Replacement against a failure product: whether it can be shipped in "NIL" payment invoice/shipping Bill, without getting back the failed product. The relevant rules may also be furnished 	1. Scrapping of defective exported goods: The RBI regulations with respect to export of goods and realization of proceeds are governed by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015. There are no provisions in FEMA regulation dealing directly with a scenario involving 'scrapping' of goods exported, which is found defective, in overseas market. However, from the FEMA Regulations' perspective, this would imply realization of export proceeds less than the amount of full export value (ascertained value/ expected realizable value) of goods as declared in the export declaration (Form EDF) at the time of initiation of export. Subject to detailed review of facts of the case, the scrapping of defective exported goods may qualify to be a sufficient ground to prove exporters' effort to realize and repatriate the export proceeds to India within the specified period of 9 months from the date of export. Accordingly, the exporter may approach the

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				<p>Authorized Dealer to effectuate write-off of the unrealized export value subject to fulfillment of conditions stipulated by the RBI in its circular dated 12 March 2013 regarding "Write-off" of unrealized export bills – Export of Goods and Services – Simplification of procedure (RBI/2012-13/435, A.P. (DIR Series) Circular No. 88).</p> <p>2. Export of replacement goods: As per Regulation (4)(h) of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, the export of goods may be made without furnishing the declaration wherein the transaction involves replacement of goods exported free of charge in accordance with the provisions of the FTP for the time being in force. Further, as per Para.2.48 of the Foreign Trade Policy 2015-20, goods or parts thereof on being exported and found defective/damaged or otherwise unfit for use may be replaced free of charge by the exporter and such goods shall be allowed clearance by Customs authorities, provided that replacement goods are not mentioned as restricted items for exports in ITC (HS).</p> <p>However, kindly note that the aforesaid positions may need detailed review and analysis basis facts of specific case in hand</p>
17	<p>Sashi Varma B.Sc: FCMA, Finance Manager, XO Pack Private Limited, Plot# 42,CSEZ Kakkanad,Cochin-37 Kerala Web: www.xopack.com Ph: +91-484-4033301, Mob: 09645999594</p>	South	<p>One of our customers a Trissur based M/s Welt India Trading P Ltd is engaged in export of bananas. They have taken the godown of M/s Sara Impex, located at Theni, Tamil nadu (address given below) on rent. We raise our invoice on M/s Welt India, Trissur and the goods are sent to M/s Sara Impex, Theni, Tamil Nadu After packing at the godown of Sara Impex, the same is transported to Kochi for export In our bill we mention, Welt India in the buyer column and Sara Impex in the Consignee (other than buyer) column. Please see attached bill In the E way bill we mention Welt India and Sara Impex. Please see attached E way bill Welt India is registered under GST but Sara Impex is not. Please advise if the documentation of the above transaction is in order with respect to GST formalities in the light of the fact that Sara Impex is not registered under GST</p> <p>BILLING ADDRESS: WELT INDIA TRADING PRIVATE LIMITED 16/952 OLD 7/240 D CITY CENTRE CHAVAKKAD, THRISSUR, KERALA 680506 KERALA GSTIN: 32AABCW6564H2Z8</p> <p>DELIVERY ADDRESS: SARAIMPEX MEGAMALAI HIGH WAY, NEAR GOVT HR SEC SCHOOL VELLAYAMIVIALPURAKA, CHINNAMANUR THENI(DIST), TAMIL NADU PIN:625515. GSTIN: NIL</p>	<p>It is pertinent to note that as per Section 24 of the CGST Act, 2017, any person engaged in making any inter-state taxable supply must compulsorily obtain GST registration. Based on the factual matrix as narrated above, it is evident that the goods will be shipped to an unregistered person located in Tamil Nadu by XO Pack. In light of the mandate of the law with respect to registration, any supply/ inter-state transport made by XO PACK to the party in Tamil Nadu will likely be intercepted by the GST Authorities and XO PACK may be subjected to Penalty or goods may be detained</p>
18	<p>Patel Mithunkumar Sharadbabu Senior Executive Supply Chain Jubilant Infrastructure Limited Plot# 5, GIDC Industrial Estate, Village Villayat, Tal Vagra, Bharuch, 392012, Gujarat, India Email: mithun.patel@jubl.com</p>	West	<p>Moreover, in the above cited matter we have go through the Notification issued by the department:</p> <ul style="list-style-type: none"> Notification No-54 dt. 30.06.2017 for Exemption Cess on IGST and Compensation Cess on Import of Goods elaborated as under:- In exercise of the powers conferred by sub-sections (1) of Sec-25 of the Customs Act, 1962 (52 of 1962), read with Sec-91 & 94 of 	<p>There is no specific notification providing exemption of Compensation Cess on Import of Coal by SEZ Developer/Unit. The said exemption is interpreted from combined reading of the provisions of SEZ Act and Custom Tariff Act and related rules/notifications which can be referred from the trail mail.</p> <p>Further, while interpretation of law provides for</p>

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			<p>the Finance (No.2), Act,2004 (23 of 2004), the Central Government being satisfied that it is necessary in the public interest so to do, hereby exempts all the goods falling under First Schedule to the Custom Tariff Act, 1975 (51 of 1975), when imported into India, from the whole of Education Cess which is liveable thereon under sub-section (7) & (9) of Sec-3 of the Customs Tariff Act' 1975, read with Sections 91,93 & 94 of the said Finance Act. This Notification shall come into force w.e.f. 1-7-17.</p> <ul style="list-style-type: none"> Notification No-55 dt. 30.06.2017 for Exemption Cess on IGST and Compensation Cess on Import of Goods elaborated as under:- In exercise of the powers conferred by sub-sections (1) of Sec-25 of the Customs Act, 1962 (52 of 1962), read with Sec-136 & 139 of the Finance Act,2007 (22 of 2007) , the Central Government being satisfied that it is necessary in the public interest so to do, hereby exempts all the goods falling under First Schedule to the Custom Tariff Act, 1975 (51 of 1975), when imported into India, from the whole of Secondary & Higher Education Cess which is liveable thereon under sub-section (7) & (9) of Sec-3 of the Customs Tariff Act' 1975, read with Sections 136,138 & 139 of the said Finance Act. This Notification shall come into force w.e.f. 1-7-17. <p>If the all the related Notification issued you have not incorporated the words Compensation Cess even though mentioned in the main frame of Notification. If it is possible than can representation with ministry to incorporate Compensation Cess in the above Notification with retrospective effect.</p> <p>Moreover, if you have any Notification in relation to this please be provided to us on Compensation Cess on Import of Coal by SEZ Developer/Unit</p>	<p>exemption on Custom duty and IGST, the company (or the company along with an association) may consider making a representation/request at higher level authorities seeking specific clarification on retrospective effect of such exemption given that the law already provides it.</p> <p>Should you need any further clarification, we would be happy to have a joint call to discuss the same.</p>
19	<p>Anand S. Director SEA Hydrosystems India Private Limited B-76, SIPCOT Industrial Park, Irungattukottai, Sriperumbudur - 602117. Tamil Nadu, India. M: +91-9884026263</p>	South	<p>We are 100% EOU and an EPCES member. We have obtained the attached approval from DC-MEPZ for addition of location. The subject property & factory shed adjoins our existing EOU. We would like to know about other compliances that need to be adhered with GST, Customs etc., in order to utilize the new location for manufacturing & warehouse activities. Please assist.</p>	<p>With respect to the addition of place of business adjacent to your existing EOU location, please find below compliances to be followed:</p> <p>a) Goods and Services Tax (GST): Since the Company has added a new place of business, necessary amendment to registration certificate under GST is required to be obtained. The Company can follow the below procedure to update the additional place of business: Login to GST portal à Registration tab à Amendment of Registration Core fields Customs & FTP:</p> <p>a) The Company would be required to execute a B-17 (General surety/ security) bond for the additional premises authorized by MEPZ.</p> <p>b) With effect from 13th August 2016, vide Notification 44/2016 – Customs dated 29th July 2016, the mandatory warehousing requirements for EOUs have been removed. However, records of receipts, storage, processing and removal of goods, imported by the units, shall be maintained in digital form, based upon data elements contained in Form A (attached herewith). 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 a CD or Pen drive.</p>

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20	Vishal Agarwal Sapient Consulting Pvt. Ltd.	Not Known	We need your guidance/ inputs on the requirement of endorsement of zero GST Service and Goods invoices. Do we need to get all zero GST invoices endorsed from Specified Officer of SEZ or it is required just in case of vendors who demand the endorsed copies of invoices for filing GST refund, etc. Need to understand the legal provisions. Similar to above, do we need to collect endorsed copies of all zero GST invoices raised on our clients for our audit purposes, etc. Any legal provision available for this as well. Also, need to understand the requirement of executing updated BCLUT for zero GST service value.	In reference to the query raised in trail mail, we understand that the company (a SEZ unit) needs procedural understanding in relation to endorsement of input invoices. Whether all or only a few input invoices are required to be endorsed by customs authority, basis the invoice endorsement request received by the vendors of the company. It is pertinent to note that; Per Rule 30 of SEZ rules 2006 (Procurements from DTA) states that a copy of ARE-1 and/or copy of Bill of Export, with an endorsement by the authorized officer that goods have been admitted in full into the SEZ shall be forwarded to the Central Excise Officer within forty-five days. (DTA invoices to be treated as bill of export and central excise to be read as GST) Further, per Rule 89 of CGST rules 2017 (Refunds) states that the application for refund shall be filed by the: <ul style="list-style-type: none"> ● Supplier of goods after such goods have been admitted in full in the Special Economic Zone for authorized operations, as endorsed by the specified officer of the Zone; ● Supplier of services along with such evidence regarding receipt of services for authorized operations as endorsed by the specified officer of the Zone. Considering both SEZ as well as CGST rules it can be drawn that all inward invoices are required to be endorsed from SEZ point of view. Additionally on execution of BLUT, please note that details of duty forgone declared at the time of execution of BLUT consist of both indigenous as well as imported goods. Duty forgone is declared at time of execution of BLUT. In case the duty amount exceeds the initially declared amount before the given time, the company can enhance the duty amount in the existing BLUT itself through prescribed manner.
21	Ramachandra Hegde SMEDC Services Private Limited Milestone Buildcon SEZ Bangalore.	South	Can we extend WFH another 3moths (As per Instruction 85) till March 21? if DoT not extended WFH beyond 31st December.	In relation to WFH policy, the Government has issued new Guidelines for OSP's yesterday (refer attachment 'OSP Guidelines 05.11.20'). As per the new guidelines the concept of Work from Home/Work from Anywhere is encouraged. As per instruction No 85, SEZ units registered as OSP with DOT are strictly required to follow the OSP guidelines issued by DOT. Thus, IT/ITeS units in SEZ registered with DOT can continue to WFH/WFA permanently subject to conditions prescribed in the guidelines. Given OSP registrations for data based OSP's have been done away with in the new guidelines, people working from home will now be treated as "Remote Agents" of the company, allowing him/her to work from anywhere in the country. However, one need to evaluate the potential challenges under Section 10AA as export benefit is available only when service is provided from physically demarcated area of SEZ. A representation has been made to MOC for appropriate amendment in SEZ law
22	Sunil Malhotra Partner, MALBROS MARBLES & GRANITES INDUSTRIES (100% E.O.U.) +919810014715 +919310014715	North	We are manufacturers of Quartz Slabs in Rajasthan and another E.O.U. in Bangalore wants to buy slabs for fabrication and export. Please confirm the following 1. What documents we should take from another E.O.U. 2. If the sales to another E.O.U. will calculated in our export target. 3. Any procedure or safeguards / documents to be prepared in this case.	In relation to the query raised in the trail mail, we understand that the company (an EOU unit) is clearing its goods to another EOU unit and seeks tax implication on the said transaction along with the nature of documents required for said transaction. "As per Para 6.13 Transfer of manufactured goods from one EOU/ EHTP/STP/BTP unit to another EOU / EHTP/ STP/ BTP unit is allowed on payment of applicable GST and compensation cess with prior intimation to concerned Development Commissioners of the transferor and transferee units as well as concerned

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				<p>Customs authorities, as per following procedure for movement of goods:</p> <ol style="list-style-type: none"> 1. The supplier EOU shall endorse on usual commercial documents, such as, tax invoice and delivery challan, the amount of duties of Custom leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption on inputs used in the manufacture of such finished goods (including byproducts, rejects, waste and scraps arising in the course of production, manufacture, processing or packaging of such goods) supplied to another EOU. The recipient EOU shall pay such endorsed Customs duty besides his own liability of reversal of Customs duty as provided in Para 6.08 above, before clearance of such finished goods in DTA and as provided under DoR notifications/circulars/ guidelines in this regard. 2. Upon receipt of goods, the recipient EOU shall submit endorsed copies of tax invoice to their jurisdictional Customs authority as well as to the jurisdictional Customs authorities of the supplier EOU." <p>Additionally, per GST FAQ on EOUs "Supply of goods from one EOU to another EOU will be treated as any other supply under GST Law." Hence, would be covered under tax invoice.</p> <p>Further, reference may also be drawn to Notification No. 52/2003- Customs dated 31 March 2003, read with Para 6.13 of Foreign Trade Policy.</p> <p>In case an EOU is clearing finished goods to another EOU unit, then seller EOU would be required to reverse the duty of customs to the extent of exemption availed at the time of procurement of said goods, in addition to charging applicable GST on the tax invoice raised to the recipient EOU unit.</p> <p>Furthermore, Notification No. 52/2003- Customs dated 31 March 2003, for the purposes of calculation of inflow or outflow of foreign exchange, the payments received by the transferring special economic zone unit or export oriented undertaking or any other unit in software technology park or electronic hardware technology park, as the case may be, in respect of inter-unit transfer of goods, even though in rupees, shall be considered as inflow of foreign exchange and similarly, in the case of the recipient unit, such payments shall be considered as outflow of foreign exchange.</p>
23	<p>KIRAN KUMAR BYSANI Tax Manager Micron Technology Operations India LLP Mobile : +91 9742241160 https://www.micron.com/ Address: The Sky View 20, 7th Floor, Sy. No. 83/1, Raidurg, Serilingampally Mandal, Ranga Reddy District, Hyderabad - 500081</p>	South	<p>Given the letter of approvals issued by VSEZ/CSEZ towards IT/ITES operations, we wanted to check if there is any definition of IT/ITES prescribed under SEZ regulations in order to understand the scope of IT/ITES as many a times large number of units carry out marketing support services as well though the IT/ITES is the approved category of authorised operations as per letter of approvals and hence, the request.</p>	<p>In response to your query, please note that, upon referring to SEZ Act 2005 read with SEZ Rules 2006 thereunder we understand that, there is no specific provision or rule which provides for definition of Information Technology (IT)/ Information Technology Enabled Services (ITES).</p> <p>Further, on basic understanding, as the service recipient is an overseas company, marketing support services can be classified into ITES. However, it is recommended to the SEZ unit to notify the acceptance of such contract of provision of marketing support services to SEZ Authorities before undertaking the same. We suggest the unit intimate the SEZ office in detail about the intention to provide marketing support services from SEZ and treat the same under ITES which is the activity authorized.</p>

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24	Samir Gokhale Manager - Administration Larsen & Toubro Infotech Ltd. 1st Office Floor, Building No. 5&6, Minspace Business Park Pvt. Ltd., SEZ, Thane Belapur Road, Airoli, Navi Mumbai – 400 708. Phone - +91 (22) 6168-4804 Mobile +91 9821221125	West	<p>We are in the business of software development and ITES. In one of our software testing project, we wish to import a few of mobile phones (which are currently not available in India) from our branch in US on returnable basis. We understand that at the time of import clearance of mobile phones compulsory registration certificate needs to be furnished (BIS). However there is a circular issued by Ministry of Finance (copy of attached) wherein Department of Electronics and Information Technology has clarified that goods imported for the purpose of demonstration/development/testing are exempt from the application of compulsory registration order. A declaration from importer/local representative may be treated as sufficient evidence to process such clearances.</p> <p>Though there is a circular in place we thought to get consent from Mumbai Customs to avoid any issue at the time of clearance. For your ready reference we attached herewith copy of letter addressed to Dy Commissioner of Customs. In this pandemic period, entry in cargo has been restricted. Hence we could not meet the relevant authorities in cargo. We did follow-up through our CHA. However we did not get timely response. After repeated follow-ups, we got verbal reply stating consent cannot be given as the same does not fall under their scope. Since we did not get any consent from Mumbai customs, we are unable to import the mobile phones for the project purpose.</p> <p>In view of the above we are approaching your office with fervent hope that we would get some help from your office. Please let us know how to take-up this matter further so that we would the get consent for importing mobile phones</p>	<p>Please find attached additional documents which can also be submitted to the custom authorities wherein the exemption for registration is clearly available in case of goods demonstration, R&D or testing.</p> <p>The amendment to Department of Electronics and Information Technology Order specifically provides for exemption for registration in case of specific cases which is mentioned below: <i>"3A. Non application of Order - The provision of this order shall not apply to the goods manufactured or imported for the purpose of demonstration, research and development or testing, provided that such goods be subsequently exported or deformed beyond use and disposed off as scrap."</i></p> <p>Further, the FAQ to Public Notice No.136/2018 dated 8 October 2018 is also produced below for reference which provides an exception for compulsory registration: 36. How will the goods imported for demonstration or R & D or testing purposes be treated? The said Order shall not be applicable to goods if imported for demonstration / development / testing in India. Reference is made to para 2(b) of Gazette notification dated 05 July 2013 available on MeitY website The above provisions can also be provided to the officer for reference with necessary declaration, if the goods are used for demonstration, R&D or testing, unless otherwise provided.</p>
25	S K Saraf ACKNIT INDUSTRIES LIMITED	Not Known	<p>We needs the clarifications regarding Export Incentive to DTA supplier. At present our DTA supplier is supplying us 100% cotton knitted gloves in USD and getting Duty Drawback on KG basis, no other benefit like ROSCTL.</p> <p>Please let us know what are the other benefits can get by DTA supplier , so that we can ask them to reduce price for the final products that 100% cotton knitted gloves under chapter 61</p>	<p>We understand that, company being a SEZ unit procures goods (falling under chapter 61) from a DTA unit, considering the fact that DTA unit is not availing the benefit of RoSCTL. Hence, being a SEZ unit company would be getting only IGST exemptions against zero rated supplies under Section 16 of IGST Act 2017.</p>
26	P Ganesan Head - Finance & Accounts & IT Modular Fabrication Facility- Kattupalli L & T Hydrocarbon Engineering Limited (A SEZ Unit in L&T Shipbuilding Limited) Kattupalli Village, Ponneri Taluk Thirvallur District Chennai 600 120 Land Line : 91-44-27967208 Mobile No: 91-9962567491	South	<p>We are planning to send some items from our SEZ Unit for manufacturing to Vendor A Location and after that this has to painted in Vendor Location B and then this will be returned to our SEZ Unit.</p>	<p>We understand that the Company is an SEZ unit and is planning to send items for manufacturing to vendor locations. In this regard, please find below our responses.</p> <p>As per Rule 41 of SEZ Rules, an SEZ unit is allowed to subcontract a part of its production or any production process, to a unit(s) in a DTA or SEZ or an EOU after obtaining prior permission on an annual basis from the SEZ Officer subject to below conditions:</p> <ul style="list-style-type: none"> ● Goods sent for sub-contracting must be returned within 120 days from the date of removal or within such extended period as granted Specified Officer; ● Wastage during subcontracting shall be permitted as per the wastage norms prescribed in FTP; ● The DTA (sub-contractor) shall not be entitled to export entitlements; ● The value of production done in the sub contractor's premises should not exceed the value of goods cleared by the Unit for exports or domestic sales in the immediately preceding financial year;

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				<ul style="list-style-type: none"> ● Proper accounts of the sub contracted goods/ inputs should be maintained by the SEZ unit; ● Approval may be sought after mentioning details of name, address and GST registration of the sub-contractor. The permission is applied on an annual basis; ● A unit is required to submit a bank guarantee to the Specified Officer to cover the duty foregone on materials being taken out for subcontracting. This guarantee is not required for units with turnover of INR 1 crore and above or where the unit is in SEZ for a period of 2 years within an unblemished track record; ● Goods sent must be serially numbered using challans and must be pre authenticated by the Company officials; ● Waste, scrap or remnants generated during the process at the subcontractor's premises may either be returned to the Unit or may be cleared on payment of duty. <p>Further, "sub-contracting a part of its production" under this rule shall mean sub-contracting all the production processes for conversion of raw material into finished products.</p> <p>Also, it is to be noted that where subcontracting is done within the same SEZ, there is no requirement to seek approval from the SEZ officer.</p> <p>Hence, we understand that the activity carried out by the vendors qualifies to be sub-contracting. The Company is suggested to seek approval for sub-contracting to Vendor A and B from the Specified officer and adhere to the above mentioned conditions.</p>
27	B. Rajamani +91 9840748224	South	With reference to the above mentioned subject, I would like to inform you that we are going to sell soft drinks and chocolate to our employees (subsidised rate) through a vending machine. We want to know that, whether it attracts GST. If so, Please advise under which section as well. Kindly make a note that we are located in the SEZ Zone Unit.	<p>In order to tax a transaction under GST, it has to qualify as supply. As per Section 7(1) of CGST Act, 2017, supply includes all forms of sale, barter, exchange etc. when made in the course of business for a consideration.</p> <p>As sale of soft drinks and chocolates to employees is made in the course of business for a consideration (incl. subsidized rate) it shall be treated as supply under GST and liable to tax.</p> <p>Further, supply of goods or services to SEZ unit or developer is only treated as zero rated supply under GST. In the given case, supply is made by the SEZ unit to its employees, which will not qualify to be zero rated supply. However, in order to determine the value at which tax is payable (either full value or subsidized rate) it is important to throw light on explanation to Section 15 of CGST Act, 2017 and Rule 28 of CGST Rules.</p> <p>Explanation to section 15 (valuation of supplies under GST) reads as below:</p> <p>"persons shall be deemed to be "related persons" if—</p> <p>(iii) such persons are employer and employee;"</p> <p>As per Rule 28 of CGST Rules, 2017, value of supply of goods or service or both between related persons shall-</p> <p>(i) be the open market value of such supply;</p> <p>(ii) if the open market value is not available, be the value of supply of goods or services of like kind and quality;</p> <p>(iii) if the value is not determinable under clause (a) or (b), be the value as determined by the application of rule 30 or rule 31, in that order:</p> <p>Hence, from the above we connote that transaction being taxable under GST will be liable to tax at the open market value at the rate determined under Notification 1/2017-C.T. (Rate) dated 28.06.2017 as amended thereon as the supplier (the Company) and recipient (the employees) are related persons.</p>

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28	Jayakrishnan Menon WFB Baird & Company [India] Private Limited. CSEZ, Kakknad.	South	<p>We are in the process of fixing wastage norms for goods being sent to the DTA for job work. In this connection, we draw your kind attention to SEZ Rule 41 (1) (d) which reads as follows:</p> <p>"In sub-contracting or exchange, wastage shall be permitted as per the wastage norms admissible under the Foreign Trade Policy read with the Handbook of Procedures."</p> <p>However in the Foreign Trade Policy, there is no coverage of SEZ activity, but as per Para 6.06 (e) (i) of the Hand Book of Procedures it states that "where SION have not been notified, generation of wastage, scrap and remnants upto 2% of the input quantity shall be allowed."</p> <p>We request you to kindly advise whether the above provision in the Hand Book of Procedures will be applicable in the case of SEZ Units wherein the wastage upto 2% would be permitted without SION as in the case of EOU as stipulated by Hand Book of Procedures.</p>	<p>Paragraph 6.06 provides for conditions for import of goods by EOU / EHTP / STP / BTP units. It is pertinent to note that the HBP nowhere explicitly provide that wastage of 2% is permitted without SION for SEZ units as compared to EOU units.</p> <p>However, Rule 41(1)(d) of the SEZ rules mandate that in sub-contracting or exchange, wastage shall be permitted as per the wastage norms admissible under the Foreign Trade Policy read with the Handbook of Procedures. Hence, on a harmonious reading of the above provisions, where wastage norms have not been fixed, the way forward would be to approach the Norms committee and follow the procedure mandated under the FTP even if the unit sub-contracting is an SEZ unit.</p>
29	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	<ol style="list-style-type: none"> 1. Can a sez unit create central FG storage facility for storing the finished goods of one or more SEZ units. The objective of creating Centralized FG Storage is to achieve operational efficiency and quick delivery of the FG. If this is allowed, what is the procedure. Do we need to take an approval? 2. Whether all goods and services procured by SEZ unit/developer are zero rated or are there any exceptions? 3. Can a SEZ manufacturing unit undertake trading operations especially in cases of non-moving stock of goods? 4. Under GST Law, there is requirement of endorsement on input service invoices by the SEZ Authorized or Specified Officer. Whether such endorsement (re-warehousing of services – also called as DTA procurement/attestation or endorsement of invoice by SEZ Authorized officer for procurement of services by SEZ unit) is mandatory for all procurement of services or only in respect of procurement of services where the service provider will be claiming input GST refund? Please clarify. 5. Can a SEZ unit procure goods/services from a Composition GST Dealer. 	<ol style="list-style-type: none"> 1. As the activity of warehousing/storage facility would amount to providing of service, hence, approval of unit committee and amendment in LOA would be required to set up a storage facility. 2. As per section 16 of IGST Act, 2017- "zero rated supply" means any of the following supplies of goods or services or both, namely export of goods or services or both; or supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit. Hence, all supplies to SEZ are zero rated supplies however, credit is not available on supplies u/s 17(5) of CGST Act, 2017. 3. SEZ units are generally not allowed to undertake trading operations however, sale of certain finished goods including by-products and services and waste/scrap/remnants/rejects etc. can be made to DTA on payment of applicable customs duty and in accordance with the Export-Import Policy in force. Further, FTWZ are specifically created for undertaking trading activities. 4. As per Rule 30 of SEZ rules which provides Procedure for procurements from the Domestic Tariff Area, endorsement by the authorised officer is necessary for any procurement of goods/service into the SEZ unit and shall be treated as proof of export. 5. As per section 10(2) of CGST Act a person will be eligible to opt for composition scheme provided he is not engaged in making any inter-State outward supplies of goods or services. Considering supplies to SEZ are inter-state supplies, SEZ unit cannot procure goods/services from composition dealers
30	Ramratan Piplwa Sigma Electric Manufacturing Pvt Ltd +91 7891005942	North-west	<p>We have a SEZ unit in Mahindra SEZ in name of M/s Sigma Electric Manufacturing Pvt Ltd at Jaipur and we also have an EOU unit in Jaipur. We have some surplus capacity in SEZ unit and we want to do the Job Work for our EOU unit. We have applied for the approval of the same as per Rule 43 and submitted our request to Specified Officer for the approval of Job work. We will send the semi-finished goods from EOU unit to SEZ unit for the job work. The goods will come back to EOU unit after the job work. The final assembly will be done in the EOU unit after the final export will be done from the EOU unit. We also quote the relevant SEZ Rule 43 is as below:</p>	<p>In reference to the query raised in trail mail, we understand that the Company (an EOU unit) is seeking one time approval from the designated SO, to get the job work done on their semi-finished products from their own SEZ unit. Further these finished goods would be brought back to the EOU unit for performing final processing activities on those finished goods before finally exporting them to the ultimate consumers. However, per the above quoted SEZ rule no. 43 authorities are disallowing the said permission of further final processing activities on those finished goods to be performed at EOU unit since there is no such specific provision under SEZ rules which speaks about any further processing activity to be performed of final</p>

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			<p>"43. Sub-contracting for Domestic Tariff Area unit for export. A Unit may, on the basis of annual permission from the Specified Officer, undertake sub-contracting for export on behalf of a Domestic Tariff Area exporter, subject to following conditions, namely:-</p> <p>(a) all the raw material including semi-finished goods and consumables including fuel shall be supplied by Domestic Tariff Area exporter;</p> <p>(b) finished goods shall be exported directly by the Unit on behalf of the Domestic Tariff Area exporter:</p> <p>Provided that in case of subcontracting on behalf of an Export Oriented Unit or an Electronic Hardware Technology Park unit or an Software Technology Park unit or Bio Technology Park unit, the finished goods may be exported either from the Unit or from the Export Oriented Unit or Electronic Hardware Technology Park unit or Software Technology Park unit or Bio-Technology Park unit;"</p> <p>Reply received from Specified Officer: We have submitted our request to Specified Officer and done few meetings also. As per discussion with Specified Officer, the job work can be done by SEZ for EOU however there is no clarity in the Rule whether further processing can be done by EOU before export hence they have issued the letter to us for the same. The copy of letter issued by the specified officer is attached herewith. Issue requires clarification We seek clarification for the same that EOU unit can do the assembly of the part received after job work from SEZ unit before the final export.</p>	<p>goods once received from SEZ unit. Further, would like to apprise you that, the interpretation of finished goods here taken by authorities is quite conservative i.e. authorities are interpreting the definition of finished goods as per the other associated SEZ rules which speaks about such conservative definitions i.e. rule no. 41 (Sub-contracting). Furthermore, Company should re-approach the authorities and ask them to kindly re-consider the literal meaning of finished goods in place of considering the conservative meaning, according to which finished goods are the one which are final form of goods ready to be exported to final consumers post performing final processing activities performed at EOU unit.</p>
31	<p>Parameshwar Bhat SEZ & STPI Compliances L&T TECHNOLOGY SERVICES LIMITED L3 Building, Manyata Embassy Business Park, Nagawara Hobli, Bengaluru-560045 Tel: +91 9880943378 www.Lnttechservices.com</p>	South	<p>We are from L&T Technology Services Limited Bangalore & we are member of EPCES. We are SEZ unit holder & our authorized operations are IT/ITES. We hire Laptops/Printers/Xerox machine etc on rental/lease basis for our authorized operations. Since we are the SEZ unit holder our vendor does not charge IGST on the rental Invoice. However, rental services are not listed in the uniform list of services issues by ministry of commerce. Hence, we are unable get endorsement from SEZ authority on the service Invoices. We are spending quite a good amount on renting the devises for our business(AO) and we would like to have IGST exemption on rental services. In this scenario, please let us know how to proceed for availing the IGST upfront exemption and regularize the SEZ endorsement from authority.</p>	<p>In relation to the query below, we understand that certain additional services required for authorized operations are required to be added to the uniform list prescribed. In order to add these services, an application can be made to Office of the development Commissioner, based on Instruction No 79 dated 13 November 2013, the same would be taken up for consideration in the unit approval committee (UAC) meeting. Based on the data available in public domain, we understand that last year your SEZ office located at Mindspace SEZ, Mumbai has applied for these additional services to be included in authorized operations. The same was approved by UAC in the committee meeting. Please find enclosed the Minutes of meeting in relation to the same.</p>
32	<p>Muniraj Societe Generale Global Solution Center Pvt. Ltd. 7th Floor Voyager Building, ITPB, Whitefield Road, Bangalore, India - 560 066 Cell: +91 99641 72878 Email: muniraju.bhaktavatsala@socgen.com www.socgensolutions.com</p>	South	<p>This is Muniraj from Societe Generale & we are engaged in providing IT ITes service. We have recently renovated our one of the office floor & planning to remove the unused materials from our SEZ location as scrap upon paying applicable customs duty. During our Bill of entry assessment it has been informed by Assessing officer that iron & steel which are included in the scrap cannot be removed unless vendor provides SIMS Certificate.</p>	<p>We understand that, after renovation of office, the company is planning to remove unused materials from SEZ location as scrap upon paying applicable customs duty. Iron & steel is included in the scrap which is being removed, thus the assessing officer is insisting on SIMS certificate for removal from SEZ to DTA. As clarified under Policy Circular 29/2015-20 dated 04 October 2019, SIMS certificate is applicable on Imports of Iron & steel to SEZ. A query was raised by industry that whether the SIMS Registration is required both at the point of import into SEZ/FTWZ and at the time of Customs Clearance for import from SEZ to DTA. The</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
			<p>Hence, would like to understand on applicability of SIMS Certificate in our case.</p> <p>Further, from the above circular, it look like this provision is applicable only for the fresh imports from outside India and not applicable in our case (SEZ to DTA). Please confirm if my understanding is correct, basis your confirmation we can take it up with Assessing officer.</p>	<p>same was clarified by Policy circular 30/2015-20 dated 08 January 2020 (enclosed) as follows–</p> <p>It is clarified that in case an item of steel gets registered under SIMS at the time of entry into SEZ/FTWZ, there is no need to seek SIMS Registration again at the time of supply of such item into DTA.</p> <p>If goods imported under SIMS to SEZ/FTWZ and subsequently are supplied to DTA unit without any processing, the DTA unit need not seek any registration under SIMS. However, if manufacturing process in SEZ results in change of HS Code at 8-digit level, the importer in DTA shall be required to register under SIMS.</p> <p>Thus, in case SIMS was filed at the time of imports to SEZ, there is no need for SIMS registration again at the time of supply of such item into DTA. Taking benefit of Circular 30/2015-20 it can be said that in case SIMS was not applicable at the time of Import to SEZ it may not be applicable at the time of removal from SEZ to DTA.</p>
33	<p>Viswa Lakshmi K.S Accounts Manager XO PACK PVT LTD Plot # 42 CSEZ Kakkanad, Cochin-37 Kerala Ph:+91-484-4033301 Website:www.xopack.com</p>	South	<p>We seek a clarification on the below: Point No. 1 Our customer M/s. G FiveMart, Bangalore have placed an order on us for cartons to be directly shipped to their off-shore customer at UAE from our factory at CSEZ, Kakkanad. Export Invoice and shipping bills are raised in the name of G Five Mart under third party export with their IEC. Export proceeds will go to G Five Mart. G Five Mart will be making payment to us in INR. Quiries: 1. Procedure of billing from XO Pack to G Five Mart – Should we raise a tax invoice (IGST applicability?) or export Invoice. If export invoice to be raised-implications in GSTR1 Returns. 2. Applicability of Notification No. 41/2017/ITAX dt. 23-10-2017 on the above transaction. Point No. 2 In the Bill to DTA Registered customer and Ship to an unregistered customer, We thankfully acknowledge your clarification (refer appended mail). However we find that this practice of outsourcing of work to an unregistered party is highly in vogue especially in exports of seasonal/perishable commodities where packing is done in such small units. Thus we find that we are losing many of such valued customers because of such restrictions and such units are hesitant to take registration as they do not come under the purview of tax slabs. Moreover in the E-Way Bill there is no provision for giving SHIP TO partys GST NO. The transaction is between the supplier and the Buyer and the onus lies entirely on the buyer. Is it possible to have any further clarifications on this especially as this is against ease of doing business. Point No. 3. Reverse Tax Freight services from a local transporter viz. CPS logistics is reflecting under Reverse Tax column in our GSTR 2B. Copy of Invoice & our GSTR 2B enclosed for your kind scrutiny. Your inference pl.</p>	<p>Query 1: XO Pack will have to raise a tax invoice and not an export invoice. M/s G Mart, Bangalore will have to raise the export invoice/ zero rate supply invoice and provide the same to XO Pack while the goods will be shipped out by XO Pack on the directions of G Five Mart, Bangalore. XO Pack will raise a tax invoice upon G Five Mart and disclose the same in its GSTR-1</p> <p>Query 2: Notification No. 41/ 2017- IGST (Rate) dated 23.10.2017 seeks to prescribe Integrated Tax rate of 0.1% on inter-State supply of taxable goods by a registered supplier to a registered recipient for export subject to specified conditions. Benefit is available subject to fulfillment of conditions.</p> <p>Point 2: The mandate to obtain compulsory registration for making an inter-state supply is to avoid and keep a tab on possible tax evasion. Hence, in order to ensure that no tax is evaded and to widen the tax base, such a measure is required to be included.</p> <p>Point 3: Please clarify the query</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
34	Muniraj Societe Generale Global Solution Center Pvt. Ltd. 7th Floor Voyager Building, ITPB, Whitefield Road, Bangalore, India - 560 066 Cell: +91 99641 72878 Email: muniraju.bhakthavatsala@socgen.com www.socgensolutions.com	South	Say, If these Iron / Steel are procured from DTA & brought into SEZ location, will there be any SIMS requirement at the time of removal from SEZ. I guess SIMS filing is not required for local purchase.	Your understanding is correct. SIMS certificate is required for all Imports of iron and steel, the same is not applicable for local procurements.
35	CA. Yogendra Mittal GM Finance DEFSYS SOLUTIONS PVT. LTD. Ground and First Floor, GTV Tech SEZ Pvt. Ltd., Electronic Hardware & Software Including IT/ITES SEZ, Village Ghamroj, Tehsil-Sohna Distt- Gurgaon (Haryana)- 122102, INDIA 0124 – 3923200 ext. 226 +91 9811907896 www.defsys.co.in	North	<ol style="list-style-type: none"> Whether authorised officer was right to reject sending of goods for repair abroad? In spite of that rule 50 (2) of SEZ rules 2006 does not contain any such restriction Our query is whether SO has the right to reduce this time limit of initial 120 days? Our query is whether SO has the right not to give further extension of 150 days in spite of proper reasons supported by documents? Our query is that whether SEZ Unit can transfer goods (non-returnable basis) with-out payment of duty to customer under warranty, which will be consumed for repairing the original supplied product? Our query is that there has to be facility of exports "ON PAYMENT OF IGST" in SEZ online software as provided in IGST act (Refer enclosed document for detailed query) 	<ol style="list-style-type: none"> Rule 50 (2) doesn't speak about the ownership of the goods which are sent abroad for further processing. Hence, it is suggested that the company shall approach AO once again to substantiate the sub rule which is silent on ownership of goods. As per Rule 51 (4) good shall be brought back to SEZ within 120 days or within such extended period as may be permitted by SO. Hence, the rule is clear from its interpretation that a SEZ unit has a time limit of 120 days to bring back the goods sent out for temporary removal. However, the days extended beyond approved 120 days would require SO approval even in presence of all requisite documents. Payment of duty would be applicable on clearance of repairing components of original supplies covered under warranty supplies. SEZ online has a separate user interface from GST portal and both are not linked as of now.
36	Sucheta Shevade Sr. Manager Exports Gumpro Drilling Fluids Pvt Ltd L.B.S. Marg, Vikhroli (W), Mumbai – 400 083, INDIA Ph: +91 22 25773200 Fax : 91 22 2578 1881 www.gumprodf.com	West	My question - Is there any exemption/recent updates for EOU?	<p>Please find below certain benefits available to the Export Oriented Unit (EOU) for your reference:</p> <ol style="list-style-type: none"> An EOU unit may import and/ or procure from DTA or bonded warehouses in DTA / international exhibition held in India, without payment of duty all types of goods including capital goods provided they are not prohibited items of import in the ITC (HS) The supplier if charged GST can claim refund of GST paid on supplies made to EOU subject to certain conditions. Supplies from DTA to EOU units are termed as "deemed exports" and DTA supplier shall be eligible for relevant entitlements under chapter 8 of FTP such as drawback, refund of Terminal Excise Duty and Issuance of Advance Authorization enabling duty free import to the DTA supplier. Further, EOU / EHTP / STP / BTP units shall, on production of a suitable disclaimer from DTA supplier, be eligible for obtaining certain entitlements specified in chapter 8 of FTP. Second hand capital goods, without any age limit, may also be imported duty free. Exemption from Industrial Licensing for manufacture of reserved items for SSI sector. <p>Kindly note that such benefits are only indicative, let us know if you are looking for any specific exemption in this regard. We would be happy to discuss the same over the call.</p>
37	Shailendra Bansal Embarc Information Technology (P) Ltd SDF-II/7A, Noida Special Economic Zone, Noida - 201 305, India, Tel Direct: +91-98970-41111	North	Please provide copy of TRU letter regarding non applicability of GST under RCM to SEZ units If we reject goods received from DTA under LUT what is the procedure to return without payment of customs and IGST?	<p>Please find enclosed copy of TRU regarding clarification on GST under RCM for SEZs.</p> <p>Further, please refer Rule 27(9) of SEZ Rules for procedure to return goods received from DTA.</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
38	Shailendra Bansal Embarc Information Technology (P) Ltd SDF-I/7A, Noida Special Economic Zone, Noida - 201 305, India, Tel Direct: +91-98970-41111	North	<p>I have gone through Rule 27(9) of SEZ Rules but can you explain in more detail the steps to be followed especially in light of GST because when SEZ Rules were framed in 2006 GST was not there.</p> <p>Specifically I would like to know the following :</p> <ol style="list-style-type: none"> (1) Is there any time limit for return of goods procured from DTA? (2) Who files the BOE – the SEZ unit or the DTA supplier? (3) Is there something to be mentioned in the BOE to let the custom officer know that this is rejection and hence no custom or IGST to be levied? 	<p>In relation to your query in below mail, please refer Rule 48 (3) of SEZ Rules which states that "Where goods procured from DTA by a Unit are supplied back to the DTA, as it is or without substantial processing, such goods shall be treated as re-imported goods and shall be subject to such procedure and conditions as applicable in the case of normal re-import of goods from outside India.</p> <p>Provided that in the case where such goods are supplied back to DTA, as it is, and where the import duty on such goods is "Nil" and while procurement of such goods no export benefits were allowed against such goods, the Unit may be allowed to supply back such goods to DTA on the basis of invoice only and filing of Bill of Entry in such cases shall not be required."</p> <p>Further Section 20 of Customs Act 1962 states that "If goods are imported into India after exportation therefrom, such goods shall be liable to duty and be subject to all the conditions and restrictions, if any, to which goods of the like kind and value are liable or subject, on the importation thereof."</p> <p>Reference needs to be drawn to Notification No. 45/2017 – Customs dated 30th June 2017 (copy enclosed), which provides conditions for re-importing goods into India after exportation. Said notification provides timeline for reimportation of goods exported under Duty Exemption Scheme(DEEC/Advance Authorisation/DFIA) or Export Promotion Capital Goods Scheme(EPCG) or Duty Entitlement Passbook Scheme (DEPB) or any reward scheme of Chapter 3 of Foreign Trade Policy to be within one year of exportation, while in all other cases to be within three years after their exportation.</p> <p>Further, as reimported goods would be subject to procedures in case of normal import, accordingly we understand that the DTA unit or SEZ unit (on behalf of DTA) would be required to file the Bill of entry, along with submission of original export invoice and commercial invoice (for re-import).</p>
39	Kiran Pansuriya Shree Ramkrishna Exports Pvt. Ltd. GSTIN : 24AARCS2442Q2ZP (SEZ unit) 151, Surat SEZ, Sachin, Surat-394230 India. Contact: + 91 261 671 4444 Ext : 807 Mobile : +91 9879763222 Email : accounts@srkjewels.com Web: srk.one	West	<p>We have received attached circulars regarding the supply of precious metal.</p> <p>As per circular, being SEZ unit can we directly procure fine Gold, as raw material, from nominated agency located anywhere in India? Please advise on this.</p>	<p>In relation to the circular attached by you, the same could not be currently traced in the public domain. However, please find below our comments based on the circular enclosed.</p> <p>In order for SEZ units to procure precious metal, following needs to be satisfied:</p> <p>Nominated agencies having their own service units in SEZs are allowed to procure duty free precious metals; SEZ service units of nominated agencies can procure duty free precious material from FTWZ units; and Submission of transit bonds shall be required on getting confirmation of customs of respective SEZs on receipt of precious metal safely in service units of nominated agencies in SEZs</p> <p>Accordingly, in order to procure duty free precious metal the same needs to be procured only from FTWZ units. Given the above, it is recommended that the company approaches competent authority and understands the modalities of executing such a transaction in greater detail before undertaking the same.</p>
40	Kalyani RD MEPZ	South	<p>One of our unit wants the following: Is there any notification regarding exemption of stamp duty to SEZs in tamil nadu. If so, please provide. In Tn sez rules exemption is there. but could not locate the notification.</p>	<p>There is a GO issued by Tamil Nadu Government on Stamp duty exemption for SEZ Units in the year May 2004.</p> <p>Said GO is not available in public domain. We will share, once we are able to locate it.</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
41	Rahul Kalburgi Aequs Private Limited Aequs Special Economic Zone, 437/A, Hattargi Village, Hukkeri Taluk, Belgaum – 591 243 T: +91 0831 3090000 Ext: 5334 F: +91 0831 3090001 M: +91 99643 44062 E: rahul.kalburgi@aequs.com W: www.aequs.com	South	<ol style="list-style-type: none"> Under which provision in SEZ Rule do we need to approach Unit approval committee? Please clarify what is this credit not available, is it from suppliers perspective? Although you have mentioned that endorsement is mandatory under Rule 30 of SEZ Rules, we would like to know your comments from GST Law perspective. Under GST Law, whether endorsement by authorized officer is mandatory for all procurement of services or only in respect of procurement of services where the supplier will be claiming refund. Please clarify. <p>Additional queries -</p> <ol style="list-style-type: none"> Can a SEZ unit invoice to another SEZ/EOU unit in INR? If yes, whether such invoicing will be considered for computation of NFE of the SEZ unit. If goods purchased by SEZ unit from DTA supplier (under LUT option) are rejected by SEZ unit, what will be the duty implication on return (purchase return) of such goods under two scenarios (a) replacement (b) no replacement. Also what will be the documentation requirement and how such return are to be declared by the SEZ unit in its GSTR1 and GSTR 3b Return. It will be helpful if this can be clarified with an example of INR 100. Assume SEZ unit had purchased goods worth INR 100 from DTA supplier (under LUT option). The said goods are defective, hence SEZ unit wants to return the said goods. What is the tax implication on such return? Whether customs duty has to be paid on such returns? If yes, what components of customs duty (BCD, Social Welfare Cess, IGST, etc.) has to be paid? What documentation is to be prepared by the SEZ unit. Can a SEZ unit invoice for DTA sale in foreign currency. If yes, whether the same can be considered for computation of NFE of such SEZ unit. What is the tax structure for DTA Sale of goods by SEZ unit. Assume that SEZ unit is making DTA sale of goods worth INR 100. Also assume that, BCD rate applicable is 10%, Social welfare surcharge is 10%, IGST is 18%. What will be the duty payable? Explain tax implication in the hands of SEZ unit in respect of rejection of goods for DTA Sales made by SEZ unit on which custom duty has been paid. It will be helpful if you could explain the same with an example of INR 100. Assume SEZ unit has made a DTA Sale of INR 100, The applicable duty is say BCD 10%, Social welfare surcharge 10%, IGST 18%. The said goods have been rejected in full by the customer and there is no replacement. 	<p>Earlier queries</p> <ol style="list-style-type: none"> As per proviso to Rule 19 of SEZ Rule, any change in items of manufacturing/service or addition of activity would require approval of Approval Committee. Please refer Section 17(5) of CGST Act, 2017 for credits not available to recipient. Further, though Section 16 do not explicitly use the term 'authorised operations', the department is of the view that only the supplies used for authorized operations shall be treated as 'Zero-rated Supplies'. Circular 48/22/2018 - GST and Advance Ruling in relation to the same has been enclosed for reference. As clarified by Circular 48/22/2018- GST - "Supplies to SEZ developer or a SEZ unit shall be zero rated and the supplier shall be eligible for refund of unutilized input tax credit or integrated tax paid, as the case may be, only if such supplies have been received by the SEZ developer or SEZ unit for authorized operations. An endorsement to this effect shall have to be issued by the specified officer of the Zone." Thus, refund will be available only if endorsement is available. As per Rule 30(4) of SEZ Rule, endorsement shall be treated as proof of export by the DTA unit. In case proof of endorsement is not submitted with 45 to jurisdiction GST officer, demand of duty can be raised against the DTA. Sub Rule 4 of Rule 30 of SEZ is reiterated below for your reference- <p>(4) "A copy of the document referred to in sub-rule (1) or copy of Bill of Export, as the case may be, with an endorsement by the authorised officer that goods have been admitted in full into the Special Economic Zone shall be treated as proof of export and a copy with such endorsement shall also be forwarded by the Unit or Developer to the Goods and Services Tax or Central Excise Officer having jurisdiction over the Domestic Tariff Area supplier within forty-five days failing which the Goods and Services Tax or Central Excise Officer, as the case may be, shall raise demand of tax or duty against the Domestic Tariff Area supplier"</p> <p>Additional queries -</p> <ol style="list-style-type: none"> Supplies to other EOU/SEZ/ EHTP/ STP/BTP units shall be considered for NFE provided that such goods or services are permissible to be procured/rendered by these units. Rule 27(9) of SEZ Rules, provides for replacement and return of goods to DTA, without payment of duty, subject to certain conditions. Considering DTA would be filing bill of entry for such supplies, hence same would not be reported in GST returns of SEZ. As per RBI master circular, DTA units can purchase foreign exchange for making payment to SEZ unit. Further, it must be ensured that in the Letter of Approval (LoA) issued to the SEZ unit by the Development Commissioner(DC) of the SEZ, mentions payment in foreign exchange for the provisions pertaining to the goods / services supplied by the SEZ unit to the DTA unit. Rule 53 which prescribes formula for Net foreign exchange, sale to DTA is not considered for calculation of NFE. BCD 10% on 100- Rs 10 SWC- 10% on 10- 1 and IGST at 18% on 100+10+1= 20. Total duty INR 31 Goods sold to DTA but found defective can be brought back to SEZ for repairs/replacement under intimation to jurisdictional officer. In case there is no replacement, the DTA unit can claim credit of IGST based on the Bill of entry filed.

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
42	CA. Yogendra Mittal GM Finance DEFSYS SOLUTIONS PVT. LTD. Ground and First Floor, GTV Tech SEZ Pvt. Ltd., Electronic Hardware & Software Including IT/ITES SEZ, Village Ghamroj, Tehsil-Sohna, Distt- Gurgaon (Haryana)-122102, INDIA 0124 – 3923200 ext. 226 +91 9811907896 www.defsys.co.in	North	We have supplied goods to DTA customers in earlier years and with warranty period of 24 to 36 months. Now we have to supply some parts under warranty period. Please advise and educate us the applicability of custom duties/ or IGST on such supplies from SEZ to DTA customers (along with reference to relevant provisions)	In reference to the query raised, please note that the said query has been replied earlier through mail dated 1st Dec' 2020. Further, in case you need any understanding/ clarification in this regard do let us know.
43	Santhosh Kumar Senior Manager - Finance & Accounts +91 989 575 8310	Not Known	We do have 7 sez units and 1 STPI unit, total estimated turnover for the current FY is 200 cr. I think SEZ units are exempted from e-invoicing. We would like to know whether we need to generate e-invoice for STPI units even if the estimated current-year turn over (STPI unit's turnover) is below 100cr.	Section 2(6) of the CGST Act defines the term Aggregate Turnover as follows, "Aggregate turnover means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), exempt supplies, exports of goods or services or both and inter-State supplies of persons having the same Permanent Account Number, to be computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess". From the above definition, we can understand that the Aggregate turnover of a registered person shall include the turnover of all registrations that have been obtained based on the same PAN number. Thus, in the given case, the Aggregate Turnover of STPI Unit will include turnover from all SEZ Units and will amount to 200Cr as per the given details. (provided that all entities have same PAN based GST registration). Therefore, since the Aggregate turnover exceeds 100Cr, E-Invoicing shall be mandatory for the STPI Unit w.e.f 1st Jan 2020, even though its independent turnover is not estimated to cross the given threshold. However CBIC through Notification No. 61/2020 – Central Tax dated 30th July 2020, has exempted the SEZ units from E-Invoicing but no similar exemption has been provided to STPIs or other Export oriented Units.
44	S. Nagesh Hegde Head Corporate Accounts & Taxation ONGC Mangalore Petrochemicals Ltd. (A Subsidiary of Mangalore Refinery and Petrochemicals Ltd.) CIN: U40107KA2006GOI041258 Mangalore Special Economic Zone, Permude, Mangalore - 574 509 M +91 9480821824 T +91 0824-2872101 F +91 0824-2872004	West	Ours is a petrochemical SEZ Unit and having DTA Sale on daily basis for few of our by-products. Due to nature of operation & pipeline transfer of liquid products the amendment / cancellation of DTA Sale Bill of Entry is common in our type of industry. Such cancellation / amendments are dealt as per SEZ Online system. Recently the Authorised officer is insisting us to pay Fees for amendment / cancellation of DTA Sale Bill of entry as per customs documents regulations through manual challan mode. SEZ Online is not providing any option for such payment. Kindly clarify whether such fees in addition to SEZ Online documentary charges needs to be paid by SEZ Unit for DTA Sale Bill of entry amendment/cancellation. The reference of legal provisions if any would be of great help in support of your expert view.	

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
45	Anand S. Director SEA Hydrosystems India Private Limited B-76, SIPCOT Industrial Park, Irungattukottai, Sriperumbudur - 602117. Tamil Nadu, India. O: +91-44-47193135 F: +91-44-42654624 M: +91-9884026263 https://www.facebook.com/seahydrosys	South	<p>We are 100% EOU. We are presently sending a few items for Machining on a Job Work basis. One of our job work vendors operates all his machines for our job work only. He is showing interest to transfer his machines to our factory site and do the job work for us. He'll employ his team and run the machines at our premises. These machines will be exclusively used for our works only.</p> <p>This would be beneficial for us to save on transport cost and time.</p> <p>We would like to know the implications / compliances regarding bringing machines (not owned by us) into 100% EOU. Please assist with relevant circulars / notifications, if any.</p>	

Members Queries Answered

1 October 2020 to 31 December 2020

DIRECT TAX

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
1	Aswathy Raj Accounts Associate Metadata Technologies India Mob +91 94956 23299 www.metadatacorp.com	South	<p>We, Metadata Technologies, a Special Economic Zone unit operating in Smart City, Cochin since 2018. This is to invite your kind attention regarding our below query:</p> <p>Eligibility to claim 10AA deduction under Income Tax for a unit transferred from DTA to SEZ .</p> <p>ADTA unit is transferred their entire business to SEZ in 2018 and have no other branches anywhere. FY 2018-19 was the first financial year in SEZ. Unit has achieved profit in that year but they have 'carry forward loss' to set off. Also in FY 2019-20, unit has achieved profit.</p> <ol style="list-style-type: none"> 1) Since it is a SEZ unit, can they take Tax holiday exemption in FY 2019-20? 2) Or the unit has any restrictions to claim the exemption? 	<p>Eligibility to claim 10AA deduction under Income Tax for a unit transferred from DTA to SEZ – Would request the Company to elaborate on the transaction and highlight the nature of transfer.</p> <p>Can we claim the refund of IGST paid for our expenses in SEZ- Yes. SEZ units are eligible to claim refund of IGST paid provided the supplier has not filed an application of refund for the same.</p> <p>Conditions with reference to the formation of a business unit in an SEZ and claim of deduction u/s 10AA thereon, are laid down in sub-section (4) of Sec.10AA. If the Company is able to substantiate that it has not violated any of the formative conditions with regard to the date of commencement of rendering of services, the unit not formed by the splitting up, or the reconstruction, of a business already in existence, and use of new plant and machinery etc., as mandated in Sec.10AA(4) with due reference to any applicable clarifications notified by the CBDT in this regard, it may qualify to claim deduction u/s 10AA.</p>
2	Sree Rajmohan Regional Director Export Promotion Council for EOUs & SEZs CSEZ - Cochin Region 94465 80703	South	<p>One of the unit has requested a clarification on the following :</p> <p>Quote:</p> <p>We are planning for space expansion for one of our existing SEZ unit which was registered during 2019 and we have started Commercial production of the SEZ Unit in December 2019.</p> <p>Under the same LOA we are planning for space expansion within the SEZ (Developer is same) of adjacent building.</p>	<p>The date of commencement of exports (COE) from an expansion in an existing SEZ unit is not relevant from an Income Tax Act perspective as the tax holiday eligibility will be tested in the year in which the existing unit originally commenced exports and not in the expansion year.</p> <p>However, kindly note that this position may need detailed review and analysis basis facts of specific case in hand.</p>

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
			<p>The Government has announced the direct tax benefits under the sunset clause for SEZ for the SEZ Units that have already been approved before 31/03/2020 upto 31/03/2021. Seeking clarification from your good office whether the income generated from the expansion unit is eligible to avail of the Income-tax benefits under Section 10AA of the Income-tax Act for the unexpired period of the LoA, ie. of the existing SEZ Unit.</p> <p>Unquote. I had a discussion with the DDC of CSEZ on the matter and he informs that as per the rule, the area expansion comes under the activity of the existing unit and therefore, they are eligible for the tax exemption as per the sunset clause. He however adds that the IT authorities are to take final stand which according to him would be favourable, but to be checked.</p>	
3	<p>Aswathy Raj Accounts Associate Metadata Technologies India Mob +91 94956 23299 www.metadatacorp.com</p>	South	<p>Please let us know the clarification on the below scenarios;</p> <p>a. If the unit (transferred from DTA to SEZ) qualifies the conditions on date of commencement of production but they haven't claimed tax holiday benefit for first financial year. In this case, Is the unit eligible to claim the exemption in the second financial year?</p> <p>b. If the unit (transferred from DTA to SEZ) doesn't qualify the conditions on the date of commencement of production and they haven't claimed tax holiday benefit for first financial year. Also the unit has qualified the conditions on 01st April of next financial year in SEZ. In this case, Is the unit eligible to claim the exemption in the second financial year?</p>	<ol style="list-style-type: none"> 1. An existing business transferred from DTA to SEZ does not qualify for section 10AA benefits for the life of the unit. 2. If the conditions of Section 10AA are not satisfied in one year, then the claim of 10AA cannot subsist for future years
4	<p>M G Radhakrishnan Unipower Transformers Pvt Ltd, Cochin, India E-mail: mgr@unipower.co.in Mob: +91 9446574386</p>	South	<p>We, M/s. Unipower Transformers Pvt. Ltd is an EOU unit at Cochin, manufacturing and exporting transformers to Canada. We have already shipped 24 nos (12 containers) of 5 MVA transformers and the first two numbers were failed in testing. We have to take back the failed units and replace with new one. In this connection, we wish to have your firm opinion on the following.</p> <ol style="list-style-type: none"> 1. A failed product: Is there any provision for scrapping the failed product at a foreign country? If there is provision, kindly furnish the relevant customs/RBI rule. 2. Replacement against a failure product: whether it can be shipped in "NIL" payment invoice/shipping Bill, without getting back the failed product. The relevant rules may also be furnished 	<ol style="list-style-type: none"> 1. Scrapping of defective exported goods: The RBI regulations with respect to export of goods and realization of proceeds are governed by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015. There are no provisions in FEMA regulation dealing directly with a scenario involving 'scrapping' of goods exported, which is found defective, in overseas market. However, from the FEMA Regulations' perspective, this would imply realization of export proceeds less than the amount of full export value (ascertained value/ expected realizable value) of goods as declared in the export declaration (Form EDF) at the time of initiation of export. Subject to detailed review of facts of the case, the scrapping of defective exported goods may qualify to be a sufficient ground to prove exporters' effort to realize and repatriate the export proceeds to India within the specified period of 9 months from the date of export. Accordingly, the exporter may approach the Authorized Dealer to effectuate write-off of the unrealized export value subject to fulfillment of conditions stipulated by the RBI in its circular dated 12 March 2013 regarding "Write-off" of unrealized export bills – Export of Goods and Services – Simplification of procedure (RBI/2012-13/435, A.P. (DIR Series) Circular No. 88). 2. Export of replacement goods: As per Regulation (4)(h) of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015, the export of goods may be made without furnishing

Contd. on Page 76

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TAX UPDATES

CBIC issues instructions/guidelines on certain key areas regarding faceless assessment:

With a view to enhance the efficiency of the process involved in Faceless Assessment, the CBIC has issued following instructions/guidelines in respect of certain key areas which requires immediate attention¹:

- ❖ Re-assessment in accordance with the Principles of Natural Justice: The Board observed that many a times the importers are not being afforded an opportunity of being heard before re-assessment of the goods. In this regard, the CBIC has clarified that such practice is not in conformity with the provisions of law and needs to be accordingly discontinued, forthwith. It is emphasized that the process of re-assessment must be in accordance with the customs law².
- ❖ Complete description of goods: In many instances, the importers do not give complete description of the imported goods, while filing the Bill of Entry. This constrains the assessing officer and delays the process of verification of the assessment by the Faceless Assessment Group (FAG). Therefore, it is important that the importers/Customs Brokers are advised to give the

complete description of the imported goods while filing the Bill of Entry, in the first instance.

- ❖ Document codes for regular documents to be uploaded in e-Sanchit: The Board further observed that the importers/customs brokers are not uploading all the required supporting documents to justify their claim of a duty exemption notification or fulfillment of a CCR requirement etc. along with the Bills of Entry. In this regard the Board has decided that effective from 15 January 2021 these supporting documents shall be mandatorily required to be uploaded in e-Sanchit by the importers/Customs Brokers. The illustrative list of the required documents along with their document code has been provided in the annexure to the circular.
- ❖ Enhancement in the monetary limit for assessment by the Appraising Officers: The Board has decided to enhance the monetary limit of assessment of Bills of Entry by the Appraising Officers from present INR 1 lakh to INR 5 lakh effective from 21 December 2020. In order to assess the impact of this change, the Board has also decided that 10% of the Bills of Entry that are now entrusted to the

Appraising Officers would be subjected to transactional PCA.

- ❖ Assessments in respect of Liquid Bulk Cargo: The respective Co-Convenors of the NACs assessing such consignments are advised to ensure that all such consignments are subjected to the Second Check system of assessment, with duty being assessed on a provisional basis. Moreover, the concerned officers in the FAGs and the respective NAC Commissioners may be suitably sensitized to follow Board's Circulars³ while carrying out such assessments.

CBIC announces special measures to facilitate MSME:

In line with the Prime Minister's Aatma Nirbhar Abhiyaan to support Micro, Small and Medium Enterprises (MSMEs) against the challenges of the COVID-19 pandemic, the CBIC has decided to relax the current accreditation process and reducing the compliance burden for their Authorized Economic Operator Programme (AEO) accreditation.

The procedural modifications/relaxations for AEO accreditation of MSMEs are as under⁴:

- ❖ The eligibility requirement of handling a minimum of 25 documents during the last financial year has been relaxed to 10 documents, subject to

¹ Circular No.55/2020-Customs dated 17 December 2020

² Sub Sections (4) and (5) of Section 17 of Customs Act, 1962

³ Circular No. 34/2016-Cus, dated 26.07.2016 and No.38/2016- Cus, dated 22.08.2016

⁴ Circular No. 54/2020-Customs dated 15 December 2020

handling at least 5 documents in each half-year period of the preceding financial year;

- ❖ The requirement for the applicant to have business activities for at least three financial years preceding the date of application has been relaxed to two financial years;
- ❖ The qualifying period for legal and financial compliance has been reduced from the last three financial years to the last two financial years;
- ❖ For AEO T1 and T2 accreditation, the present annexures have been supplanted with two annexures viz. MEME Annexure 1 and 2;
- ❖ For AEO T2 certification, the present annexures for physical verification have been rationalized to a single annexure viz. MSME Annexure 3. The rationalization has been carried out to ensure that the security requirements for an MSME are objective and cover the minimum verifiable security criteria;
- ❖ The time limit for processing of MSME AEO T1 and AEO T2 application has been reduced to fifteen working days (presently one month) and three months (presently six months) respectively after the submission of complete documents for priority processing by customs zones;
- ❖ The benefit of relaxation in furnishing of Bank Guarantee for AEOs has been further relaxed to 25% from 50% and 10% from 25% of that required to be furnished by an

importer/exporter who is not an AEO certificate holder, for MSME AEO T1 and MSME AEO T2 entities respectively.

The aforesaid relaxations shall apply only to an applicant who has a valid MSME certificate from the line-Ministry. Further, the approved MSME must ensure their continuous MSME status during the validity of its AEO certification, if granted.

Due date for furnishing annual return for FY 2019-20 extended:

Pursuant to the recommendations of the GST Council, the Central Board of Indirect Taxes and Customs has extended the due date for furnishing the annual returns for FY 2019-20 from 31 December 2020 to 28 February 2021.

CBIC issues instructions for time bound processing of Duty Drawback claims:

In order to reduce the pendency and improve the rate of disposal of duty drawback claims, the CBIC has instructed that all remaining drawback claims should be positively disposed of by 31 March 2021 and that while doing so the target of disposing drawback within 7 working days should be achieved.

The CBIC has further informed that in the 5th meeting of the National Committee on Trade Facilitation (NCTF), it has been instructed that at least 90% of Drawback should be credited within a time period of 3 days. Further, the refund may be deposited into the customer account in T+2 days. The CBIC has further instructed that the above-cited time-limit given by

NCTF for crediting of duty drawback within a period of 3 days should be strictly complied with⁵.

GSTN issues advisory on auto population of details in Form GSTR-3B from GSTR-1 (details of outward supply) and GSTR-2B (an auto-drafted Input Tax Credit statement):

The Goods and Services Tax Network (GSTN) has enabled a facility of auto population of details in Form GSTR-3B for taxpayers on monthly basis from tax period November 2020 onwards. This facility has been made available for monthly filers as of now. It would be enabled for quarterly filers also in due course. Further, the table-wise computation of the values, auto-populated in Form GSTR-3B has been made available in PDF format. The same can be downloaded by clicking on the “System Generated GSTR-3B” tab.

Key features of auto population system are as under:

- ❖ Liabilities (pertaining to inward supplies liable to reverse charge), are computed by the system on the basis of details of outward supplies as filed in Form GSTR-1 for the tax period.
- ❖ Input Tax Credit (ITC) details and details of inward supplies liable to reverse charge are computed as per system generated Form GSTR-2B for the tax period.
- ❖ These systems computed auto populated values are only for assisting the taxpayers in filing their Form GSTR 3B. Taxpayers have to ensure the correctness of

⁵ CBIC Drawback Division instruction no. 21/2020-Customs dated 16 December 2020

the values being reported and filed in Form GSTR-3B.

- ❖ The system will prompt the taxpayers with an alert in cases where the variance of the edited values from the auto-populated values is higher than a particular threshold. Taxpayers can change/edit the auto populated values in Form GSTR- 3B.
- ❖ In case a taxpayer has not filed Form GSTR-1 for the period, the system generated summary will display the respective values as ‘Not filed’. Similarly, if Form GSTR- 2B is not generated for the period, the system generated summary will display the respective values as ‘Not generated’.
- ❖ If the taxpayer has entered and saved any values in Form GSTR-3B before auto- population by the system, the saved values will not be changed/over-written by the system.

GSTN enables facility to file annual return in Form GSTR-9 for FY 2019-20:

The Goods and Services Tax Network (GSTN) has now provided a facility to file annual returns in Form GSTR-9 for FY 2019-20. The form has been enabled for those taxpayers whose table 8A⁶ computation has been completed. Further, the GSTN has informed that the computation of the table 8A of the said return for auto population from returns is under progress and is likely to be completed soon.

In this regard, the GSTN has advised the taxpayers to ensure that all applicable returns of the said year have been filed before attempting to file the said return.

CBIC issues Standard Operating Procedure (SOP) for verification of taxpayers granted deemed registration:

The CBIC observed that during the period from 21 August 2020 to 16 November 2020 deemed registration has been granted in many cases where Aadhaar authentication has not been opted for or has failed. In this regard, the CBIC has issued a Standard Operating Procedure (SOP) to be followed by the proper officer for carrying out the physical verification of the persons who have been granted a deemed GST registration as under⁷:

- ❖ The proper officer shall conduct physical verification of the principal place of business and wherever possible, additional place of business, indicated in GST registration Form REG-01 of the concerned registrant.
- ❖ During the physical verification, the proper officer shall also verify the following details:

In case the applicant intends to carry out manufacturing activity, whether capital goods, if required for the said manufacturing activity, have been installed. Electricity connection, bills paid in the relevant period.

Size of the premises – whether it is commensurate with the activity to be carried out by the applicant. Whether premises are self-owned or is rented and documents relating ownership/registered lease of the said property. In case of doubt, enquiry may also be made from the landlord/owner of the property in case of rented/leased premises.

No of employees already employed and record of their employment Aadhaar and PAN of the applicant and its proprietor, partners, Karta, Directors as the case may be and the authorised signatories.

- ❖ In addition to the physical verification conducted, the proper officer, in the interest of revenue, would carry out the preliminary financial verification

In case the applicant intends to carry out manufacturing activity, whether capital goods, if required for the said manufacturing activity, have been installed.	Electricity connection, bills paid in the relevant period.
Size of the premises – whether it is commensurate with the activity to be carried out by the applicant.	Whether premises is self-owned or is rented and documents relating ownership/ registered lease of the said property. In case of doubt, enquiry may also be made from the landlord/ owner of the property in case of rented / leased premises.
No of employees already employed and record of their employment	Aadhaar and PAN of the applicant and its proprietor, partners, <i>Karta</i> , Directors as the case may be and the authorised signatories.
Bank’s letter for up to date KYC.	

⁶ Table 8A contains details of the total input tax credit available during the financial year from inward supplies.

⁷ Instruction No. 4/3/2020-GST dated 27 November 2020

of the registrants by seeking the following documents and carrying out its scrutiny:

Date of completion or compliance of action by authorities under the anti-profiteering provisions further

noticed that the issue of non-recording of UINs has continued even after 31 March 2020.

ITRs of the company / LLP from the date of incorporation or for last three financial years, whichever is less	The status of activity from the date of registration of all the bank account(s) linked to registration; the same may be taken through a letter / undertaking from the applicant.
Phone number declared / linked to each of the bank accounts may also be obtained	Quantum of capital employed/proposed to be employed. Whether out of own funds or loan funds.
In case of own funds, also check the audited balance sheet for previous financial year, where available, in addition to the Income Tax Returns mentioned in (a) above.	In case of loan funds check the proposal submitted to the Bank / FI for approval of the loan and the maximum permissible bank finance as per such proposal, where the amount is proposed to be borrowed from a Bank and / or FI.

The CBIC has now provided a waiver from recording of UIN on the invoices issued by the retailers / suppliers, pertaining to the refund claims from April 2020 to March 2021. Such waiver shall be subject to the condition that the copies of such invoices are attested by the authorized representative of the UIN entity and the same is submitted to the jurisdictional officer.

CBIC notifies various recommendations of 42nd GST Council meeting:

Pursuant to the decisions taken by the 42nd GST council meeting, the Central Board of Indirect Taxes and Customs (CBIC) has issued various notifications for implementation of these recommendations.

Timeline for filing return in Form GSTR-1

Category of taxpayer: Person with aggregate turnover of up to INR 1.5 crore*. **Period:** October to December 2020. **Timeline:** 13 January 2021. If the **Period:** January to March 2021 then the **Timeline:** 13 April 2021

Category of taxpayer: Person with aggregate turnover of more than INR 1.5 crore*. **Period:** October 2020 to March 2021. **Timeline:** For each month, until the 11th day of the month succeeding such month

**in the preceding financial year (FY) or the current FY*

ITRs of the company/ LLP from the date of incorporation or for last three financial years, whichever is less. The status of activity from the date of registration of all the bank account(s) linked to registration; the same may be taken through a letter/ undertaking from the applicant.

Phone numbers declared / linked to each of the bank accounts may also be obtained. Quantum of capital employed/ proposed to be employed. Whether out of own funds or loan funds.

In case of own funds, also check the audited balance sheet for the previous financial year, where available, in addition to the Income Tax Returns mentioned in (a) above. In case of loan funds check the proposal submitted to the Bank / FI for approval of the loan and the maximum permissible bank finance as per such proposal, where the amount is proposed to be borrowed from a Bank and / or FI.

extended:

The Central Board of Indirect Taxes and Customs (CBIC) had earlier extended the time limit for completion of compliance of any action by authorities under the anti-profiteering provisions under the GST law falling during the period 20 March 2020 to 29 November 2020 till 30 November 2020.

In this regard, the CBIC has now further extended the said time limit falling during the period 20 March 2020 to 30 March 2021 till 31 March 2021⁸.

CBIC waives recording of UINs on invoices for the months of April 2020 to March 2021 for UIN Entities:

The CBIC had earlier waived the recording of UIN on the invoices issued by retailers / other suppliers were given to UIN Entities⁹ till March 2020¹⁰. However, the CBIC has

⁸ Notification No. 91/2020 - Central Tax dated 14 December 2020

⁹ Embassy / Mission / Consulate / United Nations Organizations / Specified International Organizations

¹⁰ Vide Circular No.63/37/2018-GST dated 14th September, 2018 & corrigendum to the said circular dated 6th September 2019

Timeline for filing return in Form GSTR-3B for each of the months from October 2020 to March 2021

Category of taxpayers and new due dates:

1. Aggregate turnover of up to INR 5 crore in previous financial year having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep—**22nd of the next month.**
2. Aggregate turnover of up to INR 5 crore in previous FY having principal place of business in Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur—**24th of the next month.**
3. Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi with aggregate turnover of above INR 5 crore in previous FY—**20th of the next month.**

Declaration of HSN code in invoices and Form GSTR-1

Effective from 1 April 2021, taxpayers shall be required to declare Harmonised System of Nomenclature (HSN) Code for goods in invoices and in Form GSTR-1 as under:

1. **Aggregate turnover in preceding FY:** Up to INR 5 crore.

Number of digits of HSN

Code: Four. No requirement to mention HSN Code in tax invoice issued in respect of supplies to unregistered persons

2. **Aggregate turnover in preceding FY:** More than INR 5 crore.

Number of digits of HSN Code: Six.

Other key notifications

❖ Option to file annual return for small taxpayers: Annual return in Form GSTR-9 and reconciliation statement in Form 9C shall be optional for small taxpayers whose aggregate turnover is less than INR 2 crore and who have not filed the said return before the due date for FY 2017-18, 2018-19 and 2019-20.

❖ Provision for furnishing nil return in Form CMP-08 through SMS: In line with the facility to file nil return in Form GSTR-1 and GSTR-3B through SMS, a registered person who is required to furnish a nil statement in Form GST.

CMP-08 for a tax period can also furnish the same through a SMS using the registered mobile number. The return as well as the details of outward supplies or statement shall be verified by a registered mobile number based one-time password (OTP) facility.

Union Cabinet approves Production-Linked Incentive (PLI) Scheme for 10 key sectors:

The Union Cabinet has approved the PLI Scheme for enhancing India's manufacturing capabilities and exports. The scheme shall be implemented across 10 key sectors. It

aims to make Indian manufacturers globally competitive; attract investment in the areas of core competency, cutting-edge technology; ensure efficiencies; create economies of scale; enhance exports and make India an integral part of the global supply chain.

A look at the key sectors

Priority sectors and Product lines

1. **Advance chemistry cell:** (ACC) battery ACC batteries
2. **Electronic/technology products:** Semiconductor fab, display fab, laptop/notebooks, servers, IOT devices, specified computer hardware
3. **Automobiles and auto components:** Automobile and auto components
4. **Pharmaceuticals drugs:**
Category 1: Biopharmaceuticals, complex generic drugs, patented drugs or drugs nearing patent expiry, cell based or gene therapy products, orphan drugs, special empty capsules, complex excipients
Category 2: Active pharma ingredients (APIs)/ key starting materials (KSMs)/ drug intermediaries (DIs)
Category 3: Repurposed drugs, auto-immune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and antiretroviral drugs, in-vitro diagnostic devices (IVDs), phytopharmaceuticals, other drugs not manufactured in India, other drugs as approved:
5. **Telecom and networking products:** Core transmission equipment, 4G/5G next generation radio access network and wireless

Equipment, access and customer premises equipment (CPE), internet of things (IoT), access devices and other wireless equipment, enterprise equipment: switches, router.

6. **Textile products: MMF segment and technical textiles**
Man-made fiber segment, technical textiles
7. **Food products:** Ready to eat/ready to cook (RTE/RTC), marine products, fruits and vegetables, honey, desi ghee, mozzarella cheese, organic eggs and poultry meat
8. **High efficiency solar PV modules:** Solar PVs
9. **White goods (ACs &LED):** Air conditioners, LED
10. **Speciality steel:** Coated steel, high strength steel, steel rails, ally steel bars and rods

The above are in addition to the already notified PLI schemes in the following sectors:

- ❖ Mobile manufacturing and specified electronic components
- ❖ Critical KSMs/DIs/APIs
- ❖ Manufacturing of medical devices

The PLI scheme will be implemented by the concerned ministries/departments and will be within the overall financial limits prescribed. The final proposals of PLI for individual sectors will be appraised by the expenditure finance committee (EFC) and approved by the cabinet. Savings, if any, from one PLI scheme of an approved sector can be utilised to fund that of another approved sector by the

empowered group of secretaries. Any new sector for PLI will require fresh approval of the cabinet.

GSTN provides online application for unblocking of E-Way Bill generation facility from 28 November 2020:

The E-Way Bill (EWB) generation facility of a taxpayer is to be blocked, in case the taxpayer fails to file their returns¹¹ for two or more consecutive tax periods. In this regard, the GSTN has now provided a facility to the taxpayers to file an application online for unblocking of their EWB generation facility¹² from 28 November 2020 onwards.

Steps for unlocking of EWB generation facility

- ❖ Login to the portal and navigate to Services> User services> My Applications
- ❖ Select application type as “Application for unblocking of E-way bill” and click New Application
- ❖ Submit application in Form EWB-05, with upload of up to four documents
- ❖ The tax official can issue a notice for personal hearing to the taxpayer. Further, the taxpayer can file their reply to the notice online, along with supporting documents.
- ❖ The Tax Officer shall issue an order (in Form EWB-06) approving the taxpayer application for unblocking the EWB generation facility.
- ❖ If the Tax Officer rejects the taxpayer’s application vide order in Form EWB-06, the EWB generation facility will remain

blocked and the taxpayer shall be required to file their pending returns (in Form GSTR-3B / Statement in Form CMP-08, so as to reduce the pendency to less than two tax periods), for restoration of the EWB generation facility.

- ❖ Notice(s)/ Order issued by the Tax Officer will be sent via SMS and mail to the taxpayer and will be made available on the taxpayer dashboard (Services > User Services > View Additional Notices/Orders option).

CBIC waives penalty for non-compliance of QR Code for B2C transactions till March 2021:

Based on the recommendations of the GST council, the CBIC has waived the penalty payable for businesses with turnover exceeding INR 500 crore on non-implementation of dynamic quick response code from 1 December 2020 to 31 March 2021.

The said waiver is subject to the condition that the said person complies with the aforesaid provisions from 1 April 2021.

CBIC notifies procedure for furnishing details of outward supplies in Form GSTR-1 effective from 1 January 2021:

Pursuant to the recommendations of the Goods and Services Tax (GST) Council from time to time, the Central Board of Indirect Taxes and Customs (CBIC) prescribed revised procedure for furnishing of details of outward supply in Form GSTR-1 effective from 1 January 2021 as under:

¹¹ in Form GSTR-3B or Statement in Form CMP-08

¹² in Form EWB-05

- ❖ The taxpayers filing quarterly Form GSTR-1 may furnish such details for the first and second months of a quarter, up to a cumulative value of INR 50 lakh in each of the months, using invoice furnishing facility (IFF) electronically on the common portal till the 13th day of the said month.
- ❖ The taxpayers intending to furnish return in Form GSTR-1 on a quarterly basis shall indicate their preference electronically, on a common portal, for furnishing of return on a quarterly basis from the 1st day of the second month of the preceding quarter till the last day of the first month of the quarter for which the option is being exercised.
- ❖ Once opted, the said registered person shall continue to furnish the return on a quarterly basis for future tax periods unless:
- ❖ The taxpayer becomes ineligible for furnishing the return on a quarterly basis as per the conditions and restrictions notified in this regard; or
- ❖ Opts for furnishing of return on a monthly basis, electronically, on the common portal
- ❖ The taxpayer whose aggregate turnover exceeds INR 5 crore during the current financial year (FY) shall opt for furnishing of return on a monthly basis from the first month of the quarter, succeeding the quarter during which the aggregate turnover exceeds INR 5 crores.
- ❖ The taxpayers who have furnished Form GSTR-1 for October 2020 on or before 30 November 2020 shall be deemed to have opted for the monthly or quarterly furnishing of return as under:
 1. Aggregate turnover in preceding FY: Upto INR 1.5 crore. Type of Form GSTR-1 filed in current FY: Quarterly. Deemed option: Quarterly
 2. Aggregate turnover in preceding FY: Upto INR 1.5 crore. Type of Form GSTR-1 filed in current FY: Monthly. Deemed option: Monthly
 3. Aggregate turnover in preceding FY: More than INR 1.5 crore and upto INR 5 crores. Deemed option: Quarterly

The default option can be changed electronically on the common portal during the period from the 5 December 2020 to 31 January 2021.

CBIC notifies revised timeline for filing return in Form GSTR-1 (details of outward supply) with effect from 1 January 2021:

Pursuant to the recommendations of the GST Council from time to time, the CBIC has notified revised timelines for filing return in Form GSTR-1 as under:

 1. Type of return: Monthly. Timeline: Eleventh day of the month succeeding such tax period
 2. Type of return: Quarterly. Timeline: Thirteenth day of the month succeeding such tax Period

GSTN issues advisory on auto population of e-invoice details into return in Form GSTR-1 (details of outward supply):

The GST Network (GSTN) has notified that the details of e-invoices available for auto-population along with status of auto-population can now be downloaded as excel file. To give effect to this change, certain tabs/labels are being added on the GSTR-1 dashboard and screens. In this regard, the GSTN has notified certain action points for the taxpayers as under:

 - ❖ **For the period of October 2020:** The e-invoice details would be processed incrementally from 13 November 2020. The processing of details of e-invoices/ IRNs generated till 31 October 2020 is expected to take up to 10 days.
 - ❖ **File GSTR-1 on their own:** The taxpayers are advised not to wait for the auto-population but file return in Form GSTR-1 for October on their own (if not filed already). However, there is an option to download the details of October-dated documents through excel file (download details from e-invoice (Excel) button available at the bottom portion of GSTR-1 dashboard).
 - ❖ **Verification of details downloaded in Excel:** Taxpayers are requested to verify the documents present in Excel and share feedback on GST Self Service Portal in respect of whether all documents reported to IRP are present in Excel, whether each e-invoice/IRN is correct and all the details of document are populated correctly.
 - ❖ **For the period of November 2020:** The e-invoices generated (i.e. the documents dated in the month of November) will be auto-populated into GSTR-1 in an incremental manner and the process for the whole month will be completed by 2 December 2020.

Auto-populated return in Form GSTR 3B in PDF available from October 2020 onwards:

In continuation of the return linkage project, the GSTN has now introduced an auto-populated Form GSTR-3B in the PDF format for the benefit of the taxpayers. This facility shall be available for taxpayers who are registered as normal taxpayer, Special Economic Zone (SEZ) developer, SEZ unit and casual taxpayer. Further, the same shall be made available in Form GSTR 3B dashboard from October 2020 tax period onwards.

The auto-populated PDF of Form GSTR-3B will consist of:

- ❖ Liabilities from Form GSTR-1
- ❖ Liability and Input Tax Credit (ITC) auto-drafted ITC Statement from Form GSTR- 2B

The taxpayers will be able to access their Form GSTR-3B (PDF) through: **Login to GST Portal > Returns Dashboard > Select Return period > GSTR-3B> System Generated 3B.**

Recent amendment to list of authorized operations for SEZ developer/approved Co-developer

The government has recently amended the consolidated list of default authorised operations which can be undertaken by the SEZ developer/ approved Co-developer by default effective from 2 November 2020.

As per the amendment, the office space for development commissioner, customs, IFSC authority, security and state government staff has been inserted to cover the same in list of authorised activities which can be undertaken by SEZ.

CBIC notifies various

recommendations of 42nd GST Council meeting:

Pursuant to the decisions taken by the 42nd GST council meeting, the Central Board of Indirect Taxes and Customs (CBIC) has issued various notifications for implementation of these recommendations.

Timeline for filing return in Form GSTR-1

1. Category of taxpayer: Person with aggregate turnover of up to INR 1.5 crore*. **Period:** October to December 2020. **Timeline:** 13 January 2021.

Period: January to March 2021.

Timeline: 13 April 2021

2. Category of taxpayer: Person with aggregate turnover of more than INR 1.5 crore*. **Period:** October 2020 to March 2021. **Timeline:** For each month, until the 11th day of the month succeeding such month

** in the preceding financial year (FY) or the current FY*

Timeline for filing return in Form GSTR-3B for each of the months from October 2020 to March 2021

1. Category of taxpayer: Aggregate turnover of up to INR 5 crore in previous financial year having principal place of business in Chhattisgarh, Madhya Pradesh, Gujarat, Maharashtra, Karnataka, Goa, Kerala, Tamil Nadu, Telangana, Andhra Pradesh, the union territories of Daman and Diu and Dadra and Nagar Haveli, Puducherry, Andaman and Nicobar Islands or Lakshadweep—22nd of the next month.

2. Category of taxpayer: Aggregate turnover of up to INR 5 crore in previous FY having principal place

of business in Himachal Pradesh, Punjab, Uttarakhand, Haryana, Rajasthan, Uttar Pradesh, Bihar, Sikkim, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya, Assam, West Bengal, Jharkhand or Odisha, the union territories of Jammu and Kashmir, Ladakh, Chandigarh or Delhi.—24th of the next month.

3. Category of taxpayer: Aggregate turnover of above INR 5 crore in previous FY—20th of the next month.

Declaration of HSN code in invoices and Form GSTR-1

Effective from 1 April 2021, taxpayers shall be required to declare Harmonised System of Nomenclature (HSN) Code for goods in invoices and in Form GSTR-1 as under:

- 1. Aggregate turnover in preceding FY:** Up to INR 5 crore. **Number of digits of HSN Code:** Four. No requirement to mention HSN Code in tax invoice issued in respect of supplies to unregistered persons
- 2. Aggregate turnover in preceding FY:** More than INR 5 crore. **Number of digits of HSN Code:** Six.

Other key notifications

- ❖ Option to file annual return for small taxpayers: Annual return in Form GSTR-9 and reconciliation statement in Form 9C shall be optional for small taxpayers whose aggregate turnover is less than INR 2 crore and who have not filed the said return before the due date for FY 2017-18, 2018-19 and 2019-20.

- ❖ Provision for furnishing nil return in Form CMP-08 through SMS: In line with the facility to file nil return in Form GSTR-1 and GSTR-3B through SMS, a registered person who is required to furnish a nil statement in Form GST. CMP-08 for a tax period can also furnish the same through a SMS using the registered mobile number. The return as well as the details of outward supplies or statement shall be verified by a registered mobile number based one-time password (OTP) facility.

Government issues clarification on Manufacturing and Other Operations in Warehouse Regulations, 2019:

The customs law provides that the owner of any warehoused goods may carry on any manufacturing process or other operations, in relation to such goods, in the warehouse. In this regard, the government had issued the Manufacturing and Other Operations in Warehouse Regulations, 2019 (MOOWR) prescribing the procedure, documentation and compliances to be followed by the owner of warehoused goods who carries on such process or operation in the warehouse.

The government has been receiving several representations and recommendations from the trade and industry with respect to certain practical challenges being faced due to the MOOWR. To address the challenges, the government has issued certain clarifications.

Goods sent on job work from customs bonded warehouse

It has been clarified that only 'inputs' are allowed to be sent out for

job work. Capital goods can be sent on job work for repair, with the permission of the bond officer.

Further, the job work shall be subject to the following conditions:

- ❖ Imported goods should be first deposited and duly accounted for in the customs bonded warehouse before sending for job work. Further, the goods sent on job work should be identifiable/correlated after sending on job work.
- ❖ After completion of job work, the goods can be brought back to customs bonded warehouse or exported/cleared to Domestic Tariff Area (DTA) from the job worker's premises. In case of clearance from a job worker's premises, the date of removal from the job worker's premises shall be deemed to be the date of removal from the warehouse.
- ❖ Scrap, waste or remnants generated during the job work shall be either returned to the customs bonded warehouse or cleared from the job worker's premises on payment of applicable duties.
- ❖ The procedure and timeline for return of goods sent on job work will be in line with the GST provisions.
- ❖ In such cases, bonds executed by the customs bonded warehouse stays in full force notwithstanding the removal of goods for job work.
- ❖ In case of violation of any provisions, the goods shall be deemed to be cleared for home consumption on the date of clearance of the goods for job work and the applicable duties, interest and penalties shall be computed accordingly.

The government has also decided to allow moulds, jigs, tools, fixtures, tackles, instruments, hangers, patterns and drawings to be sent to job worker's premises for use in job work subject to due accounting of such goods by the customs bonded warehouse.

Job work done at the customs bonded warehouse unit:

- ❖ It has been clarified that a customs bonded warehouse unit, being a GST registered unit, can perform job work operations and shall maintain due accounting of such job work as per the GST law.
- ❖ In case any imported warehoused goods are consumed during the job work process, duty shall be paid on such goods by filing an ex-bond bill of entry when such goods are returned to the principal/owner.
- ❖ In case the goods are exported after job work from the customs bonded warehouse, the import duty on the warehoused goods used for job work is not required to be paid.

Procurement of goods from Free Trade and Warehousing Zones (FTWZ)

It has been clarified that there are no restrictions on sourcing goods by a customs bonded warehouse unit. Accordingly, such units may source capital goods or inputs from a Special Economic Zone or a FTWZ following the applicable procedures.

Government issues FAQs on Manufacture and Other Operations in Warehouse Regulations, 2019:

The customs law provides that the owner of any warehoused goods may carry on any manufacturing process or other operations, related to such

goods, in the warehouse. In this regard, the government had issued the Manufacturing and Other Operations in Warehouse Regulations, 2019 (MOOWR) prescribing the procedure, documentation and compliances to be followed by the owner, who carries on such process or operation in the warehouse.

To address certain queries, the government has issued Frequently Asked Questions (FAQs). Some of the key aspects covered by the FAQs are as under:

- ❖ **Eligible persons:** A person who has been granted a license for operating a warehouse in accordance with Private Warehouse Licensing Regulations, 2016 shall be eligible to apply for manufacturing and other operations in a bonded warehouse. Such a person should be a citizen of India or have an entity incorporated or registered in India.
- ❖ **Eligibility of public bonded warehouse:** Currently, manufacturing, and other operations in a bonded warehouse are allowed only in a private bonded warehouse.
- ❖ **Physical control:** There is no physical control over a licensed unit on a day-to-day basis. Such units will however be subject to risk-based audits.
- ❖ **Validity of license:** The license and permission granted is valid unless it is cancelled or surrendered. Thus, no renewal of the license is required.
- ❖ **Import of goods without duty payment:** A licensed unit can import capital goods and

warehouse them without payment of duty.

- ❖ **Duty deferment:** Manufacture and other operations in a bonded warehouse is a duty deferment scheme. Thus, both Basic Customs Duty (BCD) and Integrated Goods and Service Tax (IGST) on imports stand deferred as under:

- **Capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption or are exported.

- **Goods other than capital goods:** The import duties stand deferred till they are cleared from the warehouse for home consumption, and no interest is payable on duty.

- **Finished goods:** In case finished goods are exported, the duty on the imported inputs stands remitted i.e. they will not be payable.

Extension of validity of Rebate of State and Central Taxes and Levies Scheme (RoSCTL):

The goods imported into India against a duty credit scrip issued under the Scheme for Rebate of State and Central Taxes and Levies (RoSCTL scheme) have been granted exemption from Basic Customs Duty (BCD) and additional duty¹³ leviable under the Customs Tariff Act, 1975 where the order permitting clearance and loading of goods for exportation¹⁴ has been made till 31 March 2020.

In this regard, the Central Board of Indirect Taxes and Customs

(CBIC) has notified that such exemption shall be available till 31 March 2021 or until such date the RoSCTL scheme is merged with the Remission of Duties and Taxes on Exported Products Scheme (RoDTEP scheme), whichever is earlier.

IEC registration on newly revamped DGFT platform:

With an objective to provide paperless, digital, efficient and transparent services to the exporters and importers, and to further the overall goal of Trade facilitation and Digital India, various revamped Directorate General of Foreign Trade (DGFT) services are being planned to be introduced in to the new DGFT IT platform. The platform would be accessible through the existing website: <https://dgft.gov.in>.

The online processes relating to the entire lifecycle of Advance Authorisation scheme, Export Promotion Capital Goods scheme (EPCG) and Duty-Free Import Authorisation scheme (DFIA) including their paperless Exports Obligation Discharge (EODC) to be rolled out soon. In addition to these processes, Norms Fixation, Free Sale & Commerce Certificate, Steel Import Monitoring System (SIMS), Import Licensing and some other processes have also been proposed to be rolled out soon.

Among other services, the new online system will have a two-way communication between the DGFT and the exporter / importer and would allow the applicant to apply, monitor the status of applications, reply to deficiencies, raise queries, etc.

¹³ Sub-sections (1), (3) and (5) of Section 3 of Customs Tariff Act

¹⁴ Section 51 of the Act

In this regard, the DGFT has announced certain action points for the trade and industry as under:

- ❖ **User ID creation:** All Import Export Code (IEC) holders are required to create login IDs in advance through an online registration process using mobile number/email ids. The same will be authenticated by the process of OTP/email-based authentication process.
- ❖ **Linking of login IDs to IEC:** Users would be required to link their login Ids to their specific IEC. The process of linking would be available post login through an authentication process using a Digital Signature Certificate or Aadhaar based e-Sign.

- ❖ **IEC auto validation process:** Post linking of the IEC, the IEC holders are requested to complete the IEC auto-validation process by using the 'Modify IEC' process after logging in.
- ❖ **Profile updation:** IEC holders are further required to update the Profile details using the 'Manage Profile' option.
- ❖ **Help:** For further guidance, the IEC holders can refer to the Help Manuals & FAQs available under <https://dgft.gov.in> > Learn > Application Help & FAQs. For any further assistance they can raise a ticket for complaints, suggestions or feedback using the feature under <https://dgft.gov.in> > Services or call the toll-free Helpline number

1800-111-550 or email to dgftedi@nic.in.

Duty drawback or other benefits available for supplies from Domestic Tariff Area (DTA) to foreign suppliers in Free Trade and Warehousing Zone (FTWZ):

The Central Board of Indirect Taxes and Customs (CBIC) has recently amended the Special Economic Zones Rules, 2006 effective from 23 October 2020. As per the amended rules in case of supplies from Domestic Tariff Area (DTA) to foreign suppliers in Free Trade and Warehousing Zone (FTWZ), the drawback or any other similar benefit Scheme shall be available where the payments are made in foreign currency by the foreign supplier to DTA. ■

Contd. from Page 64

Members Queries Answered

1 October 2020 to 31 December 2020

DIRECT TAX

SI No	Member details	Member Region	Query from Member	Response by GT Spoc
				the declaration wherein the transaction involves replacement of goods exported free of charge in accordance with the provisions of the FTP for the time being in force. Further, as per Para.2.48 of the Foreign Trade Policy 2015-20, goods or parts thereof on being exported and found defective/damaged or otherwise unfit for use may be replaced free of charge by the exporter and such goods shall be allowed clearance by Customs authorities, provided that replacement goods are not mentioned as restricted items for exports in ITC (HS). However, kindly note that the aforesaid positions may need detailed review and analysis basis facts of specific case in hand
5	B.D. Joshi Sr. Manager - Liaison Golden Tower Infratech Pvt. Ltd. (IT/ITES SEZ) Plot No. 8, Sector-144, Noida-201304 (UP), India Mobile: +91 9871965244	North	We request you to kindly confirm if TCS under section 206C(1H) of Income Tax Act applicable w.e.f. 1st October 2020 is applicable or not to supply of goods and services made by DTA suppliers to SEZ Developer/units for their authorized operations	Prima facie, supply of goods from DTA to SEZ will not be covered under the exemption (export out of India) provided under the aforementioned section. Therefore it appears TCS will be applicable on supply of goods from DTA to SEZ.

ADVERTISE IN EPCES PUBLICATIONS

Export Promotion Council for EOUs & SEZs (EPCES) has been setup by Ministry of Commerce & Industry to service the export promotional needs of EOUs & SEZs in the country. Over the years, EPCES has made an endeavour to facilitate consultations between different stakeholders including industry, policy makers, bank, financial institutions and multilateral agencies to facilitate greater competitiveness in the Indian EOUs & SEZ sector



EPCES published many publications to facilitate its members like EPCES News, Book on Notification, SEZ Act & SEZ Rules, Success Stories, FAQ, etc. EPCES Publications are widely distributed to members, non-members EOUs/SEZ Units/SEZ Developers, senior government officials of different ministries, State Governments, important trade associations, Indian missions overseas & overseas missions in India, in trade fairs & exhibitions in India & abroad where EPCES participates, to potential new members etc. EPCES publications have constantly and continuously been bringing up and highlighting the issues and problems relating to the EOU & SEZ community. EPCES publications are an ideal platform to advertise your products & services as it reaches the concerned within India & Abroad. In case you are interested to publish an advertisement in any of the EPCES publications kindly contact EPCES Head Office at epces@epces.in or call 011-23329766-70.

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- Fully functional SEZs with world class internal infrastructure like Roads, ETPs, Storm water drains.
- Electricity, Water and Telecommunication.
- Pro-active State Governments, Attractive Incentives & Industrial Friendly Policies.
- Availability of Trained and skilled manpower in the vicinity.

Advantages of SEZ

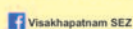
Save Money (Duty Free Procurement)

- Capex(Import/Indigenous).
- Operational Expenditure.
- Savings over entire project life cycle
- Low rentals
- Low Labour Cost.

REDUCED RISKS

- Secure environment with 24X7 CCTV Surveillance
- Continuous cash flow owing to access to DTA/Export market.
- Time to build brand image.
- Inter-SEZ and Intra SEZ Linkages available.
- Minimal outside regulatory interference.

For further details contact:
The Zonal Development Commissioner,
Visakhapatnam Special Economic Zone Govt. of India,
Ministry of Commerce & Industry.
Administrative Building, Duvvada, Visakhapatnam - 530 046.
Tel: 0891-2708255, Fax:0891-2587352.
E-mail:devcomm.vsez@gov.in Web: www.vsez.gov.in



Visakhapatnam SEZ



Development Commissioner



@dcvsez



devcomm.vsez.visakha

ACHIEVEMENTS

- Outstanding exports to the tune of Rs.74747 Cr. during 2018-19
- Highest growth rate of exports among all SEZs in the country during 1st half of 2019-20
- Growth rate of 34% in exports in the half year of 2019-20 in VSEZ.
- Direct employment of 3,64,500 nos.

INCENTIVES

- Exemption from duty on imports/ domestic procurement of goods for development, operation and maintenance of SEZ units.
- Exemption from Income Tax.
 - **100% for first 5 years on income earned from exports.**
 - **50% for next 5 years on income earned from exports.**
 - **50% of the ploughed back export profit for the next 5 years.**
- Sales to SEZ are Zero rated under IGST/CGST.
- Exemption from Stamp Duty.
- MEIS/SEIS benefits.
- Exemption from Registration Charges.
- Tailor made benefits for mega projects from State Government.

INVEST IN SEZs

- Single Window Mechanism.
- Fully operational facilitation centre for handholding.
- No routine Checks - Clearances on Self Certification.
- Large Land Bank in Possession with the Developers.
- All SEZs are strategically located with multi mode connectivity.
- Availability of Talent Pool and workforce.
- Round the clock security.



Sri A.R.M.Reddy, I.F.S.,
 Zonal Development
 Commissioner