

Query Log – Tax & Regulatory

April'24 – February'25

Only for EPCES and its members

#GTBharat
SHAPING VIBRANT INDIA

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01

Queries & Responses
April 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1	Parth Shah ASK Investment Managers Limited	LOA/BLUT	Request clarification regarding Form H for SEZ units established in the IFSC. While Rule 53A does not apply to IFSC units, they are still required to submit a false declaration to achieve a positive NFE through Form H (BLUT). Please guide if it's possible to modify Form H to eliminate the reference to maintaining a positive NFE. If the Ministry of Commerce and Industry (MoCI) could issue a clarificatory note or similar guidance on this matter, it would be greatly appreciated.	We acknowledge that the positive Net Foreign Exchange (NFE) condition specified in Rule 53 of SEZ Rules does not extend to IFSC units. Additionally, the format of Form H does not offer any exemption to IFSC units for amending the conditions mentioned in the said form. Therefore, it is advised that IFSC units adhere to the prescribed Form H as per SEZ Law. Further, EPCES will take up this issue with the MoCI to seek clarification on this matter.
2	Suhas Patil HCL Technologies Limited	APR/MPR	In SEZ APR Part II (Investment in zone since inception), there are two categories: (a) Building and (b) Plant & Machinery. Could you please confirm which value we should include in this table? Should it only account for duty-free assets acquired since the start, or should we also include duty-paid details?	Only duty free assets are required to be reported in Part II of SEZ APR.
3	Krishnamurthy Rangaswamy DHL Supply Chain India Pvt Ltd	Others	We seek your advice regarding the requirement for a Factory License to operate as an FTWZ unit. Our LOA permits operations like packing, repacking, and labeling, but there are concerns about whether a Factory License is necessary. The Factories Act defines "manufacturing process" to include a range of activities such as packing and treating substances for use, sale, transport, or disposal. We believe Section 51(1) of the SEZ Act, which overrides other laws, may exempt us from the Factory License requirement. Please guide.	We acknowledge that your understanding is correct regarding Section 51 of the SEZ Act 2005, which states that the provisions of the SEZ Act shall have effect notwithstanding anything inconsistent therewith contained in any other law. With regards to the aforementioned provisions, it appears that the provisions of the Factory Act are not inconsistent with the SEZ Act. Further, if any other law requires certain additional conditions to be fulfilled for obtaining a factory license, which seems to be a mandatory requirement for the unit, it is advisable to comply with such conditions to obtain the required factory license.

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4	Imran	Job-work	Could you please suggest if an advance authorisation (AA) holder wants to send raw materials for Job-work to EOU for manufacturing intermediate products and after completion of Job-work, the intermediate product is returned back to AA and then it is combined with other raw materials at AA premises and ultimately it is exported to overseas to end customer of AA.	An EOU is governed by the provisions of Chapter 6 of FTP and relevant notification under Customs law. As per Para 6.13(b) of FTP, an EoU can undertake job-work for a DTA unit only when such goods are directly exported from EOU. Therefore, response to your query is in negative.
5	Rahul Kalburgi Aequs SEZ, Belgaum	GST Law	<p>One of our SEZ unitholders has given corporate guarantee to banker in respect of loan taken by sister concerns (SEZ unit and DTA unit). The SEZ unit giving Corporate Guarantee does not charge any commission. In this connection, we would like to know the following in respect of corporate guarantee given by (a) SEZ unit to another SEZ unit & (b) SEZ unit to DTA unit.</p> <p>a. GST implications on the same</p> <p>b. Whether GST is payable onetime or every year in cases where commission is not charged</p> <p>c. How to declare these transactions in GST returns (GSTR1 and 3B) when commission is not charged</p> <p>d. Whether the company giving Guarantee needs to issue Tax invoice on the notional commission as stipulated in GST Law</p> <p>e. Can the receiving entity claim Input tax credit of GST charged on Guarantee</p> <p>f. Is this taxable retrospective or from the date of notification of valuation mechanism (i.e., October 2023 onwards)</p>	<p>Following is the point-wise response -</p> <p>a. As per Section 7 read with para 2 of the Schedule I of the CGST Act prescribes that the services provided to related persons in the course or furtherance of business even without consideration shall be treated as 'supply'. Further, CBIC vide Circular No 204/16/2023 dated 27 October 2023, has categorically clarified that providing guarantee on behalf of subsidiary company to bank/ financial institutions shall be 'supply of service' irrespective of consideration.</p> <p>b. Every renewal of contract shall be a separate taxable event.</p> <p>c & d. GST on Corporate Guarantee would be charged @1% of the guarantee offered in the absence of consideration and that would be reported accordingly in table.....</p> <p>e. Yes</p> <p>f. It will apply prospectively.</p> <p>Please note that zone to zone transaction of services is treated as zero-rated supplies subject to the condition that such service is covered under the uniform list of services. Since, corporate guarantee service is not included in the default list of services for authorized operations of SEZ units. Accordingly, the unit may reach out to the jurisdictional Deputy Commissioner's office for availing benefit of zero-rated supplies on such services. The DC may on merit of the case allow benefit to the unit.</p>

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6	Rahul Kalburgi Aequs SEZ, Belgaum	DTA Supplies	As part of the year-end book closure activity, we are considering writing off inventory and assets (such as tools, fixtures, etc.) with minimal book value. This accounting action would involve removing the value of these assets from the Balance Sheet and debiting it to the Profit and Loss statement. In light of this, we want to understand whether there are any duty implications related to the write-off of assets.	Duty implication in relation to assets arises when the assets are removed from the SEZ premises in accordance with depreciated value computed as per Rule 49 of SEZ Rules, 2006. Therefore, there would not be any duty implication, when assets are written off in books on achieving the minimum base value.
7	Samir Gokhale LTIMindtree Limited	DTA Supplies	Is there any provision in SEZ rule for transferring duty paid or duty exempted laptop after using the same in SEZ unit to employee's name. If yes, what will be the process.	<p>The process for removal of assets into DTA is outlined in Rule 49 of SEZ Rules, 2006. Moreover, the removal of old IT assets from a SEZ unit is only permissible under the conditions specified in paragraph 2.31 of FTP, 2023 read with Notification no. 56/2023.</p> <p>According to these provisions, the removal of laptops from the SEZ premises would be categorized as DTA Sales, which are allowable only when the importer possesses a valid import license. Therefore, we understand that the distribution of IT assets to employees may be permitted solely if the employees possess a valid import license, which is unattainable. Consequently, the transfer of laptops to employees is deemed invalid.</p>
8	Naveen Kainth	Export of Goods/Services	Kindly clarify if an SEZ unit can export used old machinery from SEZ.	As per Rule 34(1) of SEZ Rules 2006, SEZ units may export un-utilized goods out of India.
9	Viswanath	Import of Goods/Services	We received several small remittances from clients in USD or other currencies through the PayPal gateway. These transactions occur monthly, totaling no more than five transactions each month. All remittances are backed by invoices, but our bank (ICICI) has instructed us to stop accepting payments via PayPal. The bank is unable to clear these transactions from EDPMS report. Please suggest.	<p>It's important to note that in order to comply with RBI guidelines, remittances received by an exporter must be reconciled on the EDPMS portal by the bank. Based on the instructions provided by your bank (ICICI), we understand that they are encountering difficulties in reconciling PayPal remittances on the EDPMS portal. As a result, export invoices are being shown as outstanding on the EDPMS portal.</p> <p>Therefore, it is advised that in accordance with ICICI bank's instructions, PayPal payments should not be accepted. Instead, Company shall explore an alternative payment method in consultation with their bank. This will ensure smoother compliance and reconciliation processes moving forward.</p>

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10	Suhas Patil HCL Technologies Limited	Bond	We have two units in an EOU within the same customs jurisdiction. As we plan to exit one unit, we have decided to transfer all duty-free imported capital goods and raw materials to our other EOU unit. We seek your guidance on the following questions: 1. Do we need to debit the receiving unit's B17 bond. 2. Does GST apply to this transfer, given that both units are in the same jurisdiction.	Please find pointwise reply to your queries as below: 1. The receiving unit is required to debit its B17 bond with the value of goods transferred. 2. Such inter unit transfer is considered as supply for the purpose of GST and therefore attract GST on such transaction.
11	Anand-R DCUBE Ai Systems & Services Private Limited	Zero-rated supply	Please guide on IGST exemption status for health insurance premiums paid for our employees. Specifically, we are seeking information on: a. Whether health insurance premiums paid for our employees qualify for IGST exemption under the SEZ framework. b. If so, what steps or documentation are required to access this exemption? c. Are there any particular guidelines or regulations we must follow to qualify for exemption?	Uniform list of services specifically covers the services procured directly in relation to business of unit. Since health insurance for employees is not considered a service with a direct nexus to business activities of unit, it may not be allowed to be procured duty-free. Since, group health and medical insurance services are not included in the default list of services for authorized operations of SEZ units, consequently, the health insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
12	Mohan Rai Veer-O-Metals Private Limited	DTA Supplies	We have received a permanent SION approval letter issued by the Joint Development Commissioner, CSEZ, Bangalore, based on the Norms Committee, DGFT, Delhi. When disposing of scrap, do we need prior approval from EPC, or an intimation is sufficient. Please note our scrap percentage is within the limits set by the norms committee.	In case the disposal of scrap is within the fixed SION norms, the intimation to authority would suffice.
13	Krishnamurthy Rangaswamy DHL Supply Chain India Pvt Ltd	MOOWR	A client, which is an overseas entity associated with our unit, supplied capital goods to OEMs in India under the MOOWR scheme. These capital goods were utilized but have become obsolete due to technological changes. The OEMs now plan to export these goods back to our client at FTWZ. Our client will either re-export the goods or scrap them in India. FAQ on MOOWR (Q16) states that capital goods imported by a MOOWR unit can be exported back without paying customs duty. Once the MOOWR unit exports the goods to the overseas entity at FTWZ, can the goods be scrapped or destroyed by handing them over to SEZ recycling units according to Rule 39(1) of SEZ rule 2006. Please advice.	Rule 39 of SEZ Rules, 2006 specifies the provisions for destruction of goods by SEZ unit. From the definition under SEZ Act, FTWZ is also treated as an SEZ for the purpose of the Act. Accordingly, the units within FTWZ are permitted to dispose of goods in accordance with Rule 39.

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14	Samir Shah	Import of Goods/Services	Can SEZ unit procure gold and precious stone i.e. diamond from foreign customer.	SEZ unit can import Gold and precious metals for export purpose.
15	Samir Shah	Import of Goods/Services	In furtherance to above query, can we procure on loan basis also, since we are doing job work for certain order.	As per the amendment made in Rule 27 of SEZ Rules 2006, SEZ units may procure gold, silver, or platinum on loan basis from foreign buyers and subsequently export them to the same foreign buyers.
16	Vikram j n British Engines India	Export of Goods/Services	We need clarification on the process and documentation for GST and exports in the following scenario. We received an order from a UK customer (A) to supply parts. The purchase order is issued to us (British Engines India) with A as the buyer and the delivery address for B, a customer in India. The purchase order is in GBP. We will deliver the shipment to B in India and invoice in GBP as per the PO from A. In this transaction, A is the buyer and B is the consignee. We will receive the invoice payment from A in the UK after delivering the shipment to B in India. We need to understand whether this transaction is classified as a local sale or export. If it is an export, we are unsure whether we are allowed to receive payment in GBP from A without a shipping bill. If this transaction is a local sale, can we still invoice in GBP per the PO from A, charge IGST, and receive proceeds in GBP from A.	This bill-to-ship-to concept would not qualify as export. In this scenario, the goods need to be removed under BOE with applicable taxes. There is no restriction on raising the invoice to foreign client in GBP for such transaction.
17	Vikram j n British Engines India	Export of Goods/Services	In furtherance to above query: 1. Do we need to charge GST on the invoice and supply(value of the invoice will be equivalent to GBP). 2. Will the bank permit us to receive and credit funds in GBP to our account for a supply made to India, where the buyer is based in the UK, but without any shipping bill, bill of lading, or airway bill. Are there any circulars or references that address transactions like this.	1. All the taxes (including custom duty) would be paid on such local sales. 2. Payment is always acceptable in convertible foreign currency and GBP is considered as convertible foreign currency.
18	Vikram j n British Engines India	Export of Goods/Services	In furtherance to above query, can it be understood that, local invoice can be made in GBP with consignee as delivery address in India and buyer as UK and receive funds in GBP in our bank from buyer in UK.	Yes, your understanding is correct.

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19	CA Shraddha Solanki Labelkraft Technologies Limited	LOA/BLUT	Please guide on compliance procedures for sending goods from an SEZ trading unit to a unit registered under the MOOWR scheme for job work. What are the required documentation and whether formal notification to the Assessing Officer (AO) is necessary for these transactions.	An SEZ unit can send the goods for job-work under the provisions of Rule 41 of SEZ. Following are important points and documentation - - A permission for sub-contracting is required to be obtained from the Zonal DC office; - Goods need to be brought back within 120 days along with waste and remnants; - A temporary removal (TR) challan is to be issued from SEZ online portal for removal of goods; - From GST compliance perspective, a delivery challan and e-way bill is also required to be issued for effecting removal of goods. - Proper record for outward and inward of goods required to be maintained - Transaction shall also be disclosed in GST return (ITC-04)
20	K.P. Damodharan Deco De Trend	EPR	Our EOU unit has been importing PVC packing items for past 20 years without any issues. However, the customs authority is now requesting us to provide an Extended Producer Responsibility (EPR) certificate for our current import shipment, which has already arrived. We seek your guidance on whether this certificate is necessary for EOU units, given that, according to FAQ 26 from the Central Pollution Control Board (CPCB), EOUs are exempt from EPR registration.	As per the "Plastic Waste Management (Second Amendment) Rules, 2023" dated 30 October 2023, EPR guidelines shall not apply to the EOU, SEZ unit. However, the exemption does not apply to pre-consumer plastic packaging waste generated by such units. Accordingly, they are still required to comply with the EPR guidelines for pre-consumer plastic waste (if any). Further you may refer to Rule 9 read with clause 4 of Schedule II of Plastic Waste Management (Second Amendment) Rules, 2023" dated 30 October 2023, outlining the entities which are covered under the EPR obligations and provisions.
21	Shyam Sharma Ernst & Young LLP	DTA Supplies	We have some laptops which were lost by our employees, now we want to know the procedure and SEZ rule to de-bond or pay the applicable duty on the same.	In case a laptop is lost, the unit is required to immediately file a FIR. Such a transaction will be considered as transfer of a used asset into the DTA, falling under the regulations specified in Rule 49 of SEZ Rules, 2006. Consequently, the unit is obligated to inform the Customs Officer and settle the applicable duties calculated in accordance with Rule 49(1)(c) of SEZ Rules. Relevant documents such as procurement invoices, copy of FIR, Challan copy etc. are required to be submitted with the customs authorities.

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22	Manoj Nirmala Sukumaran ESC Utility services	Zero-rated supply	<p>We offer group medical health insurance (GHI) to our employees and their families to support their health and productivity. However, our supplier (Reliance) is refusing to provide the insurance premium without GST. They cite a notification from CBIC (Notification No. 27/2023 dated 31 July 2023), which states that, starting from 1 Oct 2023, only supplies intended for 'authorized operations' of SEZ units or developers qualify as 'Zero Rated Supply.'</p> <p>We request clarification on whether group medical insurance falls under the authorized operations list and if we can procure it without IGST for our operations.</p>	<p>An SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. Uniform list of services specifically covers the services procured directly in relation to business of unit. Since health insurance for employees is not considered a service with a direct nexus to business activities of unit, it may not be allowed to be procured duty-free. Further, group medical health insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the medical insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.</p>
23	Veerapandian. S Nanguneri AMRL Hi-tech city Ltd	Zero-rated supply	<p>We have received TWAD water tariff bill which includes a GST charge of 18%. According to SEZ Act, GST is exempt for all material supplies and services within a SEZ. We request that you provide a letter or reference to the relevant rule/act to obtain a GST exemption from the TWAD board for water supply.</p>	<p>As per exemption Notification No. 12/2017- Central Tax (Rate) dated 28 June 2017, services offered by government entities or local authorities concerning functions entrusted to a municipality under Article 243W of the Constitution are exempt from tax. You may refer the same for seeking GST exemption on water supplies. Rest assured, the water supply services provided by the TWAD board, for which GST is levied, fall under this exemption.</p>
24	Vivek Malik Milak Warehouse	Import of Goods/Services	<p>We are requesting clarification on whether SIMS applies to SEZ units in the following cases:</p> <ol style="list-style-type: none"> 1. When metal scrap from maintenance work originally sourced from Indian domestic suppliers is removed to scrap dealers. 2. When empty used metal drums, previously used for packing oil or liquid containers, are removed to scrap dealers in India. 	<p>In accordance with Policy Circular 29/2015-20 dated October 4, 2019, and Circular 30/2015-20 dated January 8, 2020, the SIMS certificate is applicable to imports of iron and steel into SEZs, while it does not extend to local procurements. Further, SIMS registration is mandatory for imports under Chapters 72, 73, and 86 of ITC (HS) 2017, whereas PIMS registration is required for importing paper and paper products under Chapter 48 of ITC (HS) 2017. These registrations are relevant only when the products are imported by the SEZ unit. Additionally, there is no need for SIMS registration again when supplying those items to DTA without processing. However, if the manufacturing in SEZ leads to a change in the HSN Code at the 8-digit level, the DTA importer must register under SIMS.</p>

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25	Thiagarajan TC	DTA supplies	<p>We have imported CNC machines that are about a decade old, and our unit maintains a positive NFE balance. All our input procurements are sourced domestically and subject to GST; we do not import any inputs. We would like to debond certain imported capital goods after applying the appropriate depreciation and paying any applicable customs duty and taxes. This proactive approach to partially debonding the imported capital goods will allow us to finalize a sale transaction as soon as we find a buyer. The debonded machinery will remain in our facility until the sale transaction is complete. We kindly request your guidance on the procedure we need to follow.</p>	<p>Rule 48 and 49 of the SEZ Rules, 2006, delineate the procedures governing the removal or sale of goods to DTA units. As emphasized, a DTA unit must file a Bill of Entry (BOE) containing a comprehensive description of the goods and/or services, including make, model number, serial number and specifications, along with the invoice and packing list with the Authorized Officers for the physical removal of goods from the SEZ premises before debonding them.</p> <p>Further, since there is no specific provision highlighting the possibility of debonding goods before identifying any DTA buyer and keeping them within the SEZ premises, we understand that, as highlighted in Rule 49(1)(a), duty computation for such DTA removal goods shall be conducted at the prevailing rate on the date of their removal. Hence, it can be inferred that duty computation, filing of the bill of entry and other documentations are only feasible in the presence of a confirmed DTA buyer for the goods. Consequently, we understand that debonding can only be executed once the SEZ unit has a confirmed buyer for undertaking all above said documentation and procedures.</p> <p>Upon receiving additional confirmation, we understand that the unit operates as an EOU. Further, building upon our previous communication and conjoint reading of Notification no. 52/2003 Customs dated 31.03.2003 and Para 6.14(b) of FTP 2023, the following steps are advised in relation to partial debonding of capital goods:</p> <ol style="list-style-type: none"> Obtain in-principle approval for the partial debonding of capital goods. This involves seeking formal consent from the relevant authorities for the partial removal of goods from a bonded area. Once the buyer is identified, reach out to customs authorities with the duty certificate to secure a customs NOC. <p>Further, it's important to note that in situations where the depreciated value of goods reaches zero, custom duty is waived and only GST is applicable on the transactional value.</p>

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26	MN Satyanarayana Natco Pharma Limited	LOA/BLUT	<p>We manufacture pharmaceutical formulations such as tablets and capsules within an SEZ. We seek your guidance on below:</p> <p>1. Destruction of various materials -According to rule 39 (1) & (2), we intend to destroy goods without paying duty. This includes goods procured from DTA, imported for authorized operations, as well as manufactured goods including rejects, waste, and scrap from regular manufacturing and packaging operations. Given these circumstances, can we proceed with the destruction of these materials without paying duty.</p> <p>2. Our final products are tablets and capsules. The product names vary based on the active pharmaceutical ingredient (API) used in manufacturing, reflecting the brand or generic name of the API. We have approval to manufacture up to 1000 million tablets and capsules per year. Do we need to include every product name in LOA even if they are just different versions of tablets or capsules.</p>	<p>Please find below the response to your queries mentioned in shared files:</p> <p>1. In response to your query related to destruction of goods, the SEZ unit may destroy goods including capital goods procured from DTA/ imported/ manufactured, without payment of applicable duties in line with Rule 39 of SEZ Rules, 2006. Further, same is required to be done after advance intimation to Specified officer of the unit.</p> <p>2. In response to your query related to broad-banding in LOA, we understand that the unit has already obtained approval of its LOA which includes manufacturing of tablets and capsules. Given that the only variation lies in the product name based on the active pharmaceutical ingredient (API) used, accordingly it is not warranted to include each product name in LOA of the unit.</p>
27	MN Satyanarayana Natco Pharma Limited	LOA/BLUT	In furtherance to above query, please see the initial LOA copy is for your reference and advice for broad banding.	While going through the copy of LOA shared, it seems that the unit has acquired approvals based on the specific names of the resulting products. Additionally, if there are modifications in the resulting product due to the utilization of different APIs, which are not included in the products for which approval has already been obtained, the unit may be required to seek new approvals for the inclusion of these new resulting products.
28	Rahul Kalburgi Aequs SEZ, Belgaum	Sub-contracting	Please confirm if an EOU requires prior permission of DC/UAC for sub-contracting abroad as we intend to ship the FG abroad for coating process. The FG after coating process will be directly shipped to the end customer by the overseas sub-contractor.	As per Para 6.13(b)(iv) of FTP 2023, the EOU may subcontract part of the production process abroad as mentioned in its LOP. No permission would be required when goods are sought to be exported from sub-contractor premises abroad. Prior intimation to concerned DC and Customs authorities is required only when goods exported are sought to be brought back.
29	Suhas Patil HCL Technologies Limited	Exit from SEZ	How to apply for in principle exit from SEZ scheme. What is application process and how to get approval.	As per Rule 74 of SEZ Rules, 2006 (Exit of Units), the unit may opt of SEZ with approval of DC subject to payment of applicable duties. The unit shall execute a legal undertaking in Form L.

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30	Ch.S.S.Sekhar RD VSEZ	EPCEG	Please share the necessary documents and the step-by-step submission process on DGFT portal for filling EODC by EPCG scheme user.	<p>On completion of an export obligation, the authorization holder (exporter) receives an Export Obligation Discharge Certificate (EODC) on providing an application in ANF 5B to the respective regional authority under the DGFT. After completing an export obligation, the exporter must provide documentary proof of the export transaction like shipping bill and bill of export to DGFT for closure of the advance license. The regional authority will issue an EODC to the said authorized holder after completing all advance license formalities.</p> <p>Below are the steps to apply for an EODC online:</p> <ol style="list-style-type: none"> 1. Visit the DGFT website. 2. Click on 'Advance Authorisation/DFIA' under the services tab. 3. Click on 'Redemption/Closure of Advance Authorisation'. 4. Login to the website by entering the required details. 5. Click on either of the two options displayed as suitable: 'Start the Application' or 'Proceed with an Existing Application'. 6. Fill in the mandatory requirements. Non-exchange data interchange (non-EDI) documents, including shipping bills, bills of entry, CA certificates and bank guarantees, are not automatically updated. The authorization holder must upload non-EDI documents to the relevant database before applying for an EODC. 7. Click the 'Export' tab to check export details and add them to the database. 8. Click the 'Input' tab to check input details. 9. Click the 'Redemption Matrix' tab for license redemption/surrender, regularizing duty paid and waiver of bond. 10. Click the 'Attachment' tab to attach non-EDI and related documents stated in step 6. 11. Click the 'Declaration' tab after checking all boxes and accepting the terms and conditions. Fill out the company particulars and sign the online EODC application via digital signature or Aadhaar card.

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				12. Click the 'Summary' tab and save it in PDF format. 13. Submit the online EODC application
31	Vijay Gujarathi (EOS Power)	SEZ set up	We plan to establish a new unit for assembling and manufacturing electronic products, which will be entirely exported to North America and Europe. We aim to lease a ready-to-move-in space of 100,000 to 200,000 sq. ft. As government SEZs may not offer the space we need, we are considering leasing factory sheds in private industrial parks. It is possible to set up an EOU in this private industrial park and receive the same benefits as a SEZ.	EOU and SEZ are two distinct business operating models in India. SEZs are eligible for more tax benefits as being treated foreign territory. On the other hand EOU's are eligible for duty free import of CG and inputs.
32	V. Muthuraman SUTHERLAND	EPCEG	We operate multiple SEZ, DTA, and STPI units within a single entity. Do we need to maintain separate books of accounts (P&L and TB) for each unit (whether SEZ, DTA, or STPI) according to SEZ and GST provisions? Please clarify.	Rule 19(7) of SEZ Rules 2006 states that if an entity operates both Domestic Tariff Area (DTA) and Special Economic Zone (SEZ) units, they are obligated to uphold two separate identities, each with their own distinct set of books of accounts.
33	Vinod Balan Ultra Laboratories Private Limited	Export of Goods/Services	Please guide on the documentation formalities for exporting of pharmaceutical products to Philippines.	Please find below list of documents required for export of goods: <ul style="list-style-type: none"> - Copy of Tax invoice; - Copy of bill of lading or airway bill; - Copy of Shipping bill - Copy of Insurance documents, if shipments are sent CIF; - Copy of Packing list; - Copy of Certificate of Origin (COO) - Copy of Export license - Any other (as specified)
34	Vinod Balan Ultra Laboratories Private Limited	Export of Goods/Services	In furtherance to above query, we need to know is there any kind of registration procedure to be done before taking up the export process to Philippines.	For export of goods from India, you must have a valid Import-Export Code (IEC), RCMC and Certificate of Origin for goods being exported. Shipping related information shall be provided by your CHA only.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
35	Solly Mathew Cocolatex Exports Pvt. Ltd	GST Law	<p>All EOU units and Advance Authorization (AA) holders who utilized the benefits of Notification No. 78/2017 or 79/2017 are now being asked to return collected refunds, with allegations of violating Rule 96(10). This demand is unjust and legally questionable. Our unit, located in Alappuzha, primarily exports rubber latex sheets but also engages in occasional local sales. As per FTP, the Customs department introduced Notification No. 52/2003 to establish the EOU scheme and AA scheme to boost exports, allowing imports without paying basic customs duty and other taxes under export obligations. With the introduction of GST, local taxes on EOU procurements were discontinued, requiring exporters to pay local taxes upfront and seek refunds using specific methods. Despite the new provisions, EOU and AA holders continued to receive benefits under Notifications 78/2017 and 79/2017, which allowed exemption from BCD, IGST, and compensation cess until 30 June 2022.</p> <p>However, since 2018, the introduction of Rule 96(10) under CGST Rules, 2017 have restricted exporters who utilized the aforementioned notifications from availing refunds by paying IGST on exports. This restriction contradicts the intent of zero-rated exports as outlined in Section 16 of the IGST Act. EOU and AA holders followed the law in utilizing tax refund methods, and there is no evidence of double benefits. The demand for refund repayments based on alleged Rule 96(10) violations puts undue strain on exporters and impedes their ability to compete internationally. We urge the relevant authorities to address these concerns.</p>	<p>As per Section 16(3) of IGST Act 2017, the taxable person may claim the refund of unutilized input tax credit on supply of goods or services or both, without payment of integrated tax under cover of LUT, in accordance with the provisions of section 54 of CGST Act, 2017 by filing a separate application under RFD-01, as highlighted in your email as well.</p> <p>However, we understand that the unit has opted to pay tax on export of goods and claim refund of tax paid under Rule 96 of CGST Act 2017. In this regard, there exists a restriction under Rule 96(10) of CGST Act 2017, which prohibits an EOU from claiming refund of IGST paid on exports of goods or services if the tax benefit were received on the import of goods under Notification 78/2017 - Customs dated 13 October 2017.</p> <p>Further, please note that the validity of Rule 96(10) CGST Act, 2017 has been legally challenged in various courts. Precisely, the Gujarat High Court has granted interim relief to petitioners directing adjudication authorities to halt coercive recovery in certain circumstances. You may consider filing a similar appeal with the jurisdictional authorities and seek a stay on further proceedings.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
36	Chandru Ramachandran Kanishka Granites	GST Law	<p>We require your clarification on the below cases under RCM:</p> <ol style="list-style-type: none"> Whether RCM under GST is applicable only for intra-state supply of services/goods or applicable for inter-state supply also. Whether RCM is payable under IGST Component (or) CGST/SGST Component by the unit in Tamil Nadu, having utilized transportation services from unregistered party in other state. As per Section 24 of CGST Act, compulsory registration is mandatory for persons engaging business in inter-state supply, irrespective of threshold value. In such case, I believe that the question of RCM does not arise when service is availed from inter-state supply. Please clarify. 	<ol style="list-style-type: none"> Please note that the place of supply for categorizing goods or services under GST is governed by the place of supply provisions under Sections 10 to 13 of the IGST Act, 2017. These provisions also apply to determining RCM liability, which means that RCM under GST could be applicable for both intra-state and inter-state transactions depending on the place of supply. Your question is not clear with reference to transportation of goods or passengers. Accordingly, you may refer to Section 12(9) of IGST Act, 2017 to determine the type of tax in relation to passengers' transportation services and Section 12(8) of IGST Act, 2017 for transportation of goods. Additionally, regarding your query on compulsory registration under Section 24, please note that under clause (iii) of this section, any person required to pay tax under RCM must obtain GST registration regardless of any threshold limit. It is also to be noted that RCM is levied on specific transactions regardless of nature of taxpayer.
37	Chandru Ramachandran Kanishka Granites	GST Law	<p>In furtherance to above query, Please clarify below points as well:</p> <ol style="list-style-type: none"> Regarding the query no.2, the unit registered in Tamil Nadu has engaged unregistered transporter in other state (Andhra Pradesh) for movement of goods from a Granite quarry in Andhra Pradesh to nearby seaport for export shipment. In such case, whether the payment of GST under RCM is to be paid under IGST or CGST/SGST by the recipient of service who has business premise registered in Tamil Nadu. Whether RCM applies only for the notified services and goods for which supply was made from unregistered party to registered party or is it applicable to all supplies received by registered party from unregistered party. Whether RCM ITC would auto appear in GST portal or should we need to manually add the value in eligible credit of GSTR-3B in subsequent month. 	<p>Please find pointwise reply to your query as below:</p> <ol style="list-style-type: none"> In accordance with Section 12(8) of the IGST Act, 2017, the place of supply for transportation of goods services provided to a registered recipient is the location of their registered premises, which in this case is Tamil Nadu. The supplier's location, i.e., the transporter, is also in Tamil Nadu. Therefore, under Section 7 of the IGST Act, the transaction is classified as an interstate supply and subject to IGST. Please note that the RCM applies to specific notified services and goods, regardless of the registration status of the supplier. ITC for RCM transactions must be entered manually in the GSTR-3B return in order to claim the benefit of ITC.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
38	Mangesh G Raskar Accenture Solutions Private Limited	Import of Goods/Services	Please clarify, as a 100% EOU under the STP scheme and SEZ Unit do we need to obtain Import Authorization from DGFT for import of Laptops, Tablets, All-in-one Personal Computers, Ultra small form factor Computers and Servers falling under HSN 8471 . We use these assets procured under said chapter heading for self consumption and our operations and it contradicts Policy circular no. 6/2023-24 dated 19.10.2023.	Policy Circular No. 9/2023-24 provides additional clarification regarding Notification 23/2023 dated August 3, 2023, which restricts the requirement for obtaining valid import authorizations for the import of goods in five specified categories. However, Circular No. 06/2023-24 extends the provisions of Notification 23/2023, exempting EOUs and SEZs from needing to obtain import authorization. As per Circular 6/2023-24, your EOU and SEZ unit are not required to secure import authorization or registration for the importation of IT hardware, which is restricted under Notification 23/2023 and intended specifically for captive consumption.
39	Sashi Varma XO Pack Private Limited	DTA Supplies	We want to sell a used vehicle to someone outside the SEZ which was bought in 2013. No tax exemptions were claimed. Do we need to pay customs duty on such sale. We understand that 18% GST on the difference between the sale price and the current value is required to be paid. Please confirm.	You may refer to Rule 34(iv) of SEZ Rules, 2006, read Rule 49(1) of SEZ Rules, 2006 for removal of used car from SEZ to the DTA, which may attract applicable IGST on this transaction. The concessional rate of GST on old and used vehicles may be applicable, as specified in Notification No. 9/2018 – Integrated Tax (Rate). Please note that it is important to verify the specific details and conditions mentioned in the notification.
40	Suresh Bonagiri Pilkington Automotive India Pvt Ltd	LOA/BLUT	We are 100% EOU with a valid LOP for production and sale of laminated windscreens, and we operate an in-house facility for manufacturing packing materials (wooden crates). We are considering using this facility to produce packing materials for sale to nearby SEZ units. Please help us address the following questions: 1. Can we produce and sell these packing materials to an SEZ unit? 2. If yes, do we need any additional permissions? 3. Do we need to notify anyone before starting this new business? 4. Are there any special instructions or additional requirements to fulfill? Please guide us on how to proceed with starting this new venture on the existing premises.	We understand that the EOU is venturing into a new operation of manufacturing wooden cartons, which is beyond their current authorized operations. It's important to note that EOUs are permitted to broaden their activities for similar goods and activities outlined in their LoP, or to establish backward or forward linkages to their existing line of manufacture, which doesn't apply in this scenario. Therefore, prior to incorporating a non-similar product into their LoP, the unit should carefully evaluate the regulatory requirements and seek approval from the jurisdictional officer.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
41	P. Kannan ATC Tires Pvt Ltd.	DTA Supplies	We have been manufacturing and exporting tires since 2008. We are selling manufacturing and packing scrap in the DTA market, paying full customs duty. Manufacturing scrap is handled by a pollution control board registered dealer, but non-manufacturing scrap like iron and aluminum is sold without registration due to small quantities. Customs officials insist on disposing of all scrap through pollution control registered dealers. Please clarify.	18
42	Samir Gokhale LTIMindtree Limited	DTA Supplies	Our customer in US had sent 1 No. Cisco Router to our SEZ unit. The same was cleared from customs under bill of entry and by paying applicable duty. Is there is any provision to transfer duty paid goods from one SEZ unit to another SEZ unit without payment of duty.	As per Rule 34 of SEZ Rules, 2006, the unit may transfer the goods imported into the zone to another unit without payment of duty on the same.
43	Rajasekhar VSF Projects Limited	LOA/BLUT	SEZ Developer is attempting to register with ICEGATE 2.0. The registration process requires us to upload a digitally signed Letter of Approval (LOA). Could you please provide guidance on this matter. Additionally, let us know if details about LO Code are applicable.	Digitally Signed LOA or other documents mean digitally signed by the unit only and not by the authorities who issued it. Further, at present , UAT is being carried out by SEZ and ICEGATE Customs authorities by registering a few units in each designated SEZ for User Acceptance Testing (UAT) in a controlled environment of ICEGATE (and not real live ICEGATE) and only when UAT is done , units in general can register on live ICEGATE and all details will be available on ICEGATE. More details will be available from the office of Development Commissioner. RD VSEZ , please be informed regular touch with DC office for the latest status and keep the units informed .
44	Rajasekhar VSF Projects Limited	LOA/BLUT	In furtherance to above query, please note that we are not the unit in a SEZ rather notified as developers of SEZ (Multi Product FTWZ). Do we need to register in ICEGATE , if so please let us the process.	If you want to import any goods or procure any goods from DTA , you may have to.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
45	Sahana G T J.P. Morgan services India Pvt Ltd	EPR	This is regarding EPR registration for plastic waste management for our 100% EOU under the STP and SEZ scheme, in accordance with the attached notification of the Plastic Waste Management (Second Amendment) Rules, 2023. We seek clarification on the condition stating, "pre-consumer plastic waste generated by such units is not exempt from the above provision." As an IT-ITES company, we import goods for our own use and not for resale. Please advise us on whether we fall under this condition and need to obtain EPR registration for plastic waste management.	<p>Rule 2 of Plastic Waste Management Rules was amended on 30th October 2023. As per the Plastic Waste Management (Second Amendment) Rules, 2023, Rule 9(1) i.e., EPR guidelines shall not apply to the EOU, SEZ units, and to other units manufacturing plastic packaging or on plastic packaging used for packaging products for export against an order for export (except for pre-consumer plastic waste).</p> <p>It is important to note that the said exemption provided is not applicable to pre-consumer plastic waste. Pre-consumer plastic waste has been defined under rule 3(ra) as 'means plastic packaging waste generated in the form of reject or discard at the stage of manufacturing of plastic packaging and plastic packaging waste generated during the packaging of product including reject, discard, before the plastic packaging reaches the end-use consumer of the product'.</p> <p>On preliminary reading, it may appear that a company in the service industry importing goods for captive consumption may not fall under the said definition. However, it is pertinent to note that based on the understanding shared by the Ministry if any plastic waste gets generated and dumped in India, then EPR guidelines are required to be complied with. Thus, in case any plastic waste is getting generated in India, you may consider raising the said query before the EPR helpdesk at epplastic.cpcb@gov.in.</p>
46	R. Sankara Subramanian Vishwa-Syntharo PharmaChem Private Limited	GST Law	Is there any timeline that has been stipulated as maximum for obtaining GST refunds from: 1. Centre (IGST) 2. State (RFD / LUT route)	According to section 54 of the CGST Act, 2017, taxpayers have the option to file refund under GST up to 2 years from the relevant date, as defined in the explanation following sub-section (14) of section 54 under both the scenarios i.e. applying refund under with payment of tax and under LUT mode.
47	R. Sankara Subramanian Vishwa-Syntharo PharmaChem Private Limited	GST Law	In furtherance to above query, please clarify what is the maximum date by which the department has to refund the amount due, from the date of filing of RFD-01 or filing GSTR-3B under IGST payment route.	There is a timeline of 60 days within which refund should be sanctioned after acknowledgment of RFD01 on the portal. Department has 15 days time to acknowledge or issue a deficiency note from the date of filing online refund application. Refer section 56 of CGST Act.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
48	Somappa Indic EMS Electronics Pvt. Ltd. EXIM	APR/MPR	What is the difference between GCA Exports & RPA Exports.	<p>In the context of international trade and finance, General Currency Area (GCA) and Rupee Payment Area (RPA) refer to two different zones for trade payments:</p> <p>General Currency Area (GCA):</p> <ul style="list-style-type: none"> - The GCA refers to countries with which a particular country (such as India) conducts trade and settles payments in freely convertible foreign currencies like the US dollar, the euro, or the pound sterling. - In the GCA, exports and imports are invoiced and settled in the currency agreed upon by the trading partners, usually a widely accepted international currency. - Trading in the GCA allows for flexibility in payment methods and is often chosen for ease of transaction and widespread acceptance. <p>Rupee Payment Area (RPA):</p> <ul style="list-style-type: none"> - The RPA is a zone where trade and financial transactions are conducted using the Indian rupee (INR) as the settlement currency. - RPA is typically used for trade between India and specific neighboring or partner countries where mutual agreements have been established for settling trade transactions in rupees. - This system can be advantageous for countries within the RPA as it minimizes foreign exchange risk and can facilitate trade by removing the need for currency conversion. <p>In summary, GCA exports are trade transactions conducted using internationally accepted currencies, while RPA exports refer to trade transactions settled in Indian rupees between India and certain partner countries within the Rupee Payment Area.</p>
49	Savitha Sripathi Stems N Leaves International	Merger	We are amalgamating with one of our sister concern to improve our company's financial health. We hold certificates and licenses such as LOP and Green Card for 100% EOU, permission for self-sealing of export cargo, One Star Export House certificate and RCMC from EPCES. We seek advice on whether the certificates and licenses can be transferred to the new company after amalgamation.	In case of merger of two or more companies sanctioned by an order of a High Court, Tribunal, or otherwise, where the acquiring company exists and the acquired company is required to transfer all its assets and liabilities to the acquiring company. After such an order is received, the change needs to be intimated to the jurisdictional officer and accordingly, the unit may be required to furnish the revised LOP and other certificates/licenses with the respective authorities.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
50	Namdeo Shelke	Import of Goods/Services	We imported free-of-cost (FOC) moulds from our German counterpart under procurement certificate/IGCRD, so we didn't pay for them. Now, our German partner wants us to buy the moulds and pay for them. Since we declared these moulds as FOC in our Import BOE, how can we remit payment to Germany. Normally, we need to submit the invoice and Import BOE to the bank for remittance. Do we need to pay any customs duty on this transaction. We're not planning any de-bonding as the moulds will stay in EOU premises. Around 50% of the entire moulds' warehousing period has expired (beyond 10 years). We seek advice on regularizing the moulds from FOC to payment and on how to pay for these older FOC moulds to Germany. What documents and approvals do we need, and from whom.	You will have to get the BOE amended basis the revised invoice provided by your German supplier. You should be able to make payment post amendment in BOE. Your CHA can help you through the process.
51	Sunder Iyer J.P.Morgan Services India Pvt. Ltd	Import of Goods/Services	Please clarify, as an 100% EOU under the STP scheme, do we need to obtain Import Authorization from DGFT for import of Laptops, Tablets, All-in-one Personal Computers, Ultra small form factor Computers and Servers falling under HSN 8471 . We use these assets procured under said chapter heading for self consumption and our operations and it contradicts Policy circular no. 6/2023-24 dated 19.10.2023.	Policy Circular No. 9/2023-24 provides additional clarification regarding Notification 23/2023 dated August 3, 2023, which restricts the requirement for obtaining valid import authorizations for the import of goods in five specified categories. However, Circular No. 06/2023-24 extends the provisions of Notification 23/2023, exempting EOUs and SEZs from needing to obtain import authorization. As per Circular 6/2023-24, EOUs are not required to secure import authorization or registration for the importation of IT hardware, which is restricted under Notification 23/2023 and intended specifically for captive consumption.
52	Binta Joby Sance Laboratories Pvt. Ltd.	Export of Goods/Services	Being an EOU, can we supply our goods to a company registered in SEZ. If so, how the shipment should be done as the goods are finally to be shipped to Ukraine. Will such shipments be considered as our export. Can we supply on the basis of LUT. Further, the purchase order be in USD and the SEZ unit is ready to settle the payment also in USD.	As per Notification no. 52/2003 read with Para 6.09 of FTP 2023, an EOU can undertake supply to the SEZ unit, provided that such goods are permissible for procurement as mentioned in Para 6.01 and the unit meets the conditions mentioned in Para 6.19 of HBP 2023. Additionally, Paragraph 6.08(c) of the FTP states that sales to a SEZ unit shall be included in the calculation of NFE by the EOU, provided payment for these sales are made in foreign currency. Further as per Section 16 of IGST Act 2017, supplies made to SEZ units for authorized operation would qualify as zero-rated supply, which can be made under the cover of LUT by the EOU.



02

Queries & Responses
May 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1	Hema Raokoneru Brookfield Properties	SEZ benefits	According to the West Bengal SEZ Policy, SEZ Developers are entitled to a 100% waiver on electricity duty. However, with the introduction of Rule 11B in the SEZ Rules, there may be implications from the Electrical authority – WBSEDCL for Developers who plan to demarcate a partial area for Non-Processing Area (NPA) in accordance with Rule 11B.	Yes, tax exemptions to developer/co-developer will not be available proportionate to space demarcated as non-processing area as per newly inserted rule 11B to SEZ Rules.
2	Hema Raokoneru Brookfield Properties	SEZ benefits	In furtherance to above query, if the developer chooses to go with NPA, what steps should be taken moving forward.	While procedure is defined in Rule 11B itself, however this being a task involving lots of groundwork, smart representation before various authorities is a specialized service that we can offer under separate commercial arrangement.
3	Samir Gokhale LTIMindtree Limited	Others	Please elaborate about IT and ITES services. Also, please specify which types of services fall under IT and which ones fall under ITES.	<p>There is no specific provision or rule which provides for definition of Information Technology (IT)/ Information Technology Enabled Services (ITES) under FTP/SEZ law.</p> <p>However, in general parlance, IT refers to the use of computers, software, networks, and other technologies to manage and process information. IT services involve various technologies and applications that support businesses, organizations, and individuals in their operations. Services under IT may include Software Development, Network Management, Cybersecurity, Infrastructure Management, Database Management, IT Consulting, Cloud Computing etc.</p> <p>While ITES refers to services that utilize information technology to support and enhance various business processes. ITES services are often outsourced to specialized companies and include services such as Business Process Outsourcing (BPO), Knowledge Process Outsourcing (KPO), Customer Support, Technical Support, HR Services, Back Office Operations, Content Management etc.</p> <p>In summary, IT services are primarily focused on the development and management of technological systems and applications, while ITES services use technology to enhance and support various business processes.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
4	Namdeo Shelke Schmalz India Pvt Ltd	Import of Goods/Services	In furtherance to query dated 28 April 2024, regarding the amendment of BOE for previously imported free-of-cost moulds from Germany, which are now to be billed to the party, we wish to note that some of these moulds date back to 2003 and 2004. Is it possible to amend the BOE in such cases. Additionally, what will be the value in amended BOE.	As per the procedure outlined in Chapter 3 (point 35) of Customs manual regarding the amendment of Bill of Entry (BOE), there is no time limit specified for modifying a BOE. The duty shall be payable as per current rate on the original invoice value. An alternate option in such scenario is that the unit may proceed to make payments to the German party based on the existing BOE. This must be accompanied by a declaration from the SEZ unit and the seller specifying the payment arrangement and agreement, along with a certificate from a chartered accountant confirming the current value of the goods. (Refer - RBI's Master Circular No. 7/2011-12 dated 1st July 2011).
5	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	SEZ benefits	Our SEZ unit imported goods that do not meet specifications and is selling them to a DTA unit under Rule 25 of the SEZ rules. If the goods were directly imported by the DTA unit, they would qualify for Nil Customs Duty under the Free Trade Agreement (FTA). Can the sale from SEZ to DTA still benefit from the FTA if the necessary documents are provided at the time of clearance from SEZ to DTA.	As per Rule 47 of the SEZ Rules 2006, SEZ units can clear goods into DTA by paying the relevant duty determined at the time of clearance. Additionally, please note that FTAs are considered while evaluating import/export permissions across different countries. However, when clearing goods from SEZ to DTA, FTAs are not applicable. Instead, the unit would be required to refer to the Customs Tariff Act 1975 for computation of custom duty at the time of clearance.
6	Rajalingam L&T Ltd- L&T Hydrocarbon	Zero-rated supply	Are the services for canteen maintenance, rework, and gardening upkeep eligible or covered under the authorized service operations for an SEZ unit for tax exemption utilization.	Both services are not forming part of default list of services. Accordingly, no tax exemption available to the SEZ unit.
7	Abhilash Zyxxware Technologies	Others	Whether interest equalisation scheme for promoting exports (MSME) is applicable to software exporters.	As per the RBI Circular no. RBI/2023-24/124 DOR.STR.REC.78/04.02.001/2023-24 dated 22 February 2024, the rate of interest equalization shall be 2% for Manufacturers and Merchant Exporters exporting under specified 410 HS lines and 3% to the MSME manufacturers exporting under any HS line. Accordingly, the scheme does not extend to service industry per se.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
8	Sridhar Divis Labs Ltd- SEZ Unit	Job-work	Please confirm whether SEZ unit can take up works contract(material + service) for EOU unit. If yes, please let us have rules / provisions.	Kindly refer to Rule 43 of SEZ Rules 2006, wherein SEZ units can undertake sub-contracting for an EOU unit.
9	Sridhar Divis Labs Ltd- SEZ Unit	Job-work	In furtherance to above query, whether the SEZ unit can give service to EOU unit along with goods. Please specify the procedure.	SEZ units may undertake sub-contracting on behalf of EOU. As per Rule 43 of the SEZ Rules, 2006, a SEZ unit is permissible to undertake job work from a DTA unit for export on the basis of annual permission. Such sub-contracting is permissible for the SEZ unit subject to the condition that the DTA exporter should supply all raw material including semi-finished goods and consumables including fuel etc and the finished goods are exported directly by the SEZ unit on behalf of the DTA exporter from the SEZ (except in case where the DTA unit is EOU/EHTP/STP/BTP unit wherein the export can take place from SEZ or the DTA unit). Export documents such as shipping bill and tax invoice in these cases are required to be filed jointly in the name of DTA exporter and SEZ unit in the SEZ. However, such exports are not counted for the discharge of export obligation including NFE of the SEZ unit.
10	Girish Kulkarni SMC Medical Manufacturing Pvt. Ltd.	GST Refund	Can you verify if our EOU's GST refund claims should be filed under Rule 8 (4B) instead of Rule 89 (4) of the CGST Act 2017, as per Customs Notification 78/2017, and confirm if other EOUs importing raw materials duty-free under Annexure III are following the same approach	Rule 89(4B) of the CGST Rules, 2017 specifies that if a unit is claiming exemption under Notification No. 78/2017 - Customs dated October 13, 2017, then the refund must be claimed according to this specific sub-rule. Consequently, the department's contention in this regard appears to be valid.
11	Girish Kulkarni SMC Medical Manufacturing Pvt. Ltd.	GST Refund	In furtherance to above query, Rule 89 (4B) lacks a defined formula and in the absence of a formula in Rule 89 (4B), we maintain that the formula should align with that prescribed in Rule 89 (4). However, the GST department is considering adopting an input-output formula, citing a recent court judgment which we believe may not apply uniformly. Please guide.	Rule 89(4B) of CGST Rules, 2017 specifies the refund process for cases where an EOU avails exemption under the notification mentioned in the rule. Further, the said rule provides the formula of one to one correlation of imported goods with the exports made during the relevant period. Accordingly, formula outlined in Rule 89(4) cannot be used for determining refund amount in above-mentioned scenario.
12	Shalini Jain The Revelations	Registration	We are a new startup. How can we register under EPCES as an exporter. We are into candle manufacturing & other related stuff.	You may apply for Registration-cum-Membership Certificate (RCMC) which is a membership certificate issued by EPCES at DGFT portal by using the below link: https://www.dgft.gov.in/CP/

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13	Bestin Babu Value Mentor	Compliances	Is it possible to delete the filed invoices in SOFTEX.	The invoices once filed in SOFTEX form cannot be deleted. The unit needs to cancel the said SOFTEX Form using cancellation of SOFTEX form feature available at SEZ online portal under SOFTEX functionality only.
14	P Ganesan Larsen & Toubro Limited	Export of Goods/Services	<p>Our DTA unit receives export orders from clients. The customer provides Free Issue Materials (FIM), which the DTA unit uses for manufacturing and supplies them to our SEZ unit for Final Assembly and Testing. Once completed, our SEZ unit prepares the final goods for export, and the DTA unit exports them from our SEZ unit. In this background, please clarify on below points:</p> <ol style="list-style-type: none"> 1. Can our SEZ unit import Free Issue Materials (FIM) duty-free on behalf of our DTA unit. 2. Is there any tax applicability on components supplied by the DTA unit to our SEZ unit, considering they are FIM. 3. What are the tax implications for the SEZ unit invoicing the DTA unit for value addition regarding Assembly and Testing such as GST payable only on the value addition or on the entire amount including FIM, is customs duty applicable on the value addition of the SEZ unit and whether an SEZ unit conduct this under merchanting by paying 0.1% IGST. 4. Can the DTA unit file the Shipping bill with the SEZ and clear the goods directly without payment of duties and taxes. 	<p>We acknowledge the unit's inquiry regarding subcontracting arrangements, where the SEZ unit conducts job work on behalf of a DTA unit. Please note that, according to Rule 43 of the SEZ Rules, 2006, a SEZ unit is permitted to engage in job work for export purposes on an annual permission basis from a DTA unit. This subcontracting is permissible under the condition that the DTA exporter supplies all raw materials, including semi-finished goods and consumables like fuel, and the finished goods are directly exported by the SEZ unit on behalf of the DTA exporter from the SEZ.</p> <p>Further, export documentation such as the shipping bill and export invoice must be jointly filed in the name of the DTA exporter and the SEZ unit. However, these exports do not count towards fulfilling the export obligation, including NFE, of the SEZ unit.</p> <p>The DTA unit supplying inputs to the SEZ unit is done under cover of delivery challan. Subsequently, the SEZ unit issues a service invoice only for the job work performed for the DTA unit.</p>
15	Sanjeev Infosys Limited	DTA Supplies	We seek clarification on whether Notification no. 56/2023 dated 1 January 2024, applies to donations made under Rule 49(4)(c) of SEZ Rules 2006, specifically regarding desktops that are older than 5 years from the manufacturing date.	As per the provisions of Notification 56/2023 - FTP read with rule 49(4)(c) is enabling provision and has to be complied with in a strict sense. Therefore conditions mentioned in the provisions are required to be satisfied for donating IT assets to avoid any non-compliance.
16	Sreemagal.R Zoho Corporation Private Limited	Zero-rated supply	We have been obtaining payment aggregator services from a supplier (similar to Razorpay) with HSN- 997158. This service is not explicitly listed among the approved 67 services. Could you please clarify whether a SEZ unit can procure this service with GST at 0%. If possible, kindly confirm under which category from the list of 67 services this can be classified.	We understand that the unit is procuring financial support service from the vendor. The service appears to be procured for authorized operations which may fall under entry no. 6 " Banking and other financial services" or entry no. 64 "Business Support service" under uniform list. You may approach the jurisdictional AO for precise categorization of said service under uniform list.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
17	Vikas Vadivel Group	Export of Goods/Services	What is ECGC. Please guide on the procedure to get ECGC insurance for my container to be exported.	<p>Export Credit Guarantee Corporation (ECGC) is a central government undertaking body, focused on boosting exports by offering credit risk insurance and related services to exporters. Over time, ECGC has created various insurance products tailored to the needs of Indian exporters. It functions as an export promotion body, aiming to enhance the competitiveness of Indian exports by providing credit insurance coverage.</p> <p>ECGC administers the National Export Insurance Account (NEIA) Trust, supporting significant project exports. It also offers a variety of export credit insurance schemes to help banks provide exporters with timely and adequate credit facilities. ECGC maintains optimal premium rates and provides three main services:</p> <ol style="list-style-type: none"> 1. Insurance for Indian exporters against non-payment due to commercial or political risks. 2. Credit insurance for banks and financial institutions to extend credit facilities to exporters. 3. Export factoring for MSME sector, which includes working capital financing, credit risk protection, and managing export receivables from international buyers. <p>Further, you may visit the ECGC website by using the below link to procure the relevant insurance product. https://main.ecgc.in/english/product-and-services/</p>
18	Payal Dhamane Portescap India Pvt. Ltd.	DTA Supplies	Is duty applicable on disposal of non-recyclable plastic scrap which is mandated by government as we are paying disposal charges for the same. In case it is not applicable, please let us know the process of such removal without duty.	SEZ law does not specify a particular procedure for handling non-recyclable waste. However, according to Rule 39 of the SEZ Rules 2006, SEZ units are permitted to dispose of manufactured goods/ rejects/ waste/ scrap within the SEZ without paying applicable duties. This process should be carried out after notifying the Specified Officer of the unit in advance and obtaining any necessary environmental clearances.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
19	Sajimon David Zerone Consulting	Zero-rated supply	Whether the membership subscription fee paid to Nasscom qualifies as authorized services and is eligible for GST exemption.	Membership service fees paid to Nasscom are considered to be for authorized operations and may be categorized under entry no. 67 - "Management and business consultant services" in the default list of services.
20	Venkatesh ZF Wind Power Coimbatore Private Ltd	Others	<p>One of our customers located in USA has requested us to issue an invoice in Indian Rupees and deliver the goods to USA. Also, the purchase order will be issued in Indian Rupees. We have the following queries:</p> <ol style="list-style-type: none"> 1. Is it permissible under FTP to conduct physical export transactions to the USA and invoice in INR. 2. Does this transaction to USA in INR qualify for NFE computation under the SEZ Act/Rules. 3. Are physical exports invoiced in INR eligible for claiming incentives under the RoDTEP scheme. 	<p>Please find below pointwise reply to your queries:</p> <ol style="list-style-type: none"> 1. Please note that RBI has allowed invoicing and payments for international trade in INR vide A.P. (DIR Series) Circular No. 10 RBI/2022-2023/90 dated 11 July 2022 read with Para 2.52(d)(ii) of FTP 2023. Further, the framework put in place by RBI for settlement of trade transactions in INR shall take place through the Special Rupee Vostro Accounts opened by AD banks in India for any partner country seeking to undertake trade with India in INR in terms of said circular. Accordingly, the unit needs to see if the partnering country falls under the list of such countries. 2. As per Rule 53 of SEZ Rules, 2006, export to overseas customers in INR cannot be taken for NFE computation. 3. As per Para 2.53(ii) of FTP 2023, exports proceeds realized in INR as per the above-mentioned Para 2.52(d)(ii) of FTP are eligible to avail the export benefits/incentives.
21	Vijay Zacharias Cloudium	Compliances	<p>We are facing a significant issue with our AD Bank (Kotak Bank) regarding SOFTEX reporting to the RBI. Despite providing all necessary documentation, the bank's backend team has processed several transactions inaccurately, resulting in incorrect matching of payments to invoices.</p> <p>As a result, most remittance balances are either unavailable or insufficient to offset against the original invoices. Our attempts to address this with the senior management at the AD Bank have been unsuccessful, and this issue has persisted for over two years.</p> <p>This has led to non-compliance with regulatory requirements, and we have started receiving automated notifications from RBI/EDPMS without any option to directly address the issue with them. We are dependent on the AD bank, which seems unable to resolve this.</p>	<p>It is mandatory for both the AD bank and the Company to maintain records of all remittances received or Foreign Inward Remittance Certificates (FIRCS) issued in connection with invoices. These remittances should be reconciled and knocked off against the invoices reported on the EDPMS portal. Any discrepancies found during this reconciliation process may result in non-compliance with FEMA guidelines. Additionally, we recommend that the Company may liaise with senior personnel at the AD bank to reconcile the past remittances and closure of any outstanding compliances on the EDPMS portal. In absence of this compliance, we do not see any alternative solution.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
			We would greatly appreciate any insights or examples of similar cases to help us navigate this situation with the AD Bank and the RBI.	
22	Naveen Kainth	DTA Supplies	<p>I would like to understand more about DTA sales (services). We are in the SIM card and Smart Card business, and our customer wants a software service in the DTA. Please guide:</p> <ol style="list-style-type: none"> 1. Can we provide this service to them. If yes, what documents need to be submitted to customs. 2. Are there any specific rules or notifications regarding DTA (service) sales. 	An SEZ unit may sell goods and services with the payment of Customs duties, according to Rule 47 of the SEZ Rules, 2006, in conjunction with Section 2(z) of the SEZ Act, 2005. These sales are subject to the terms and conditions outlined in Rule 47. Additionally, the revenue from the supply of services must be earned in foreign exchange.
23	Chandru Ramachandran VMC Business Services	EPR	The E-Waste Management Rules 2022 apply only to manufacturers, producers, recyclers, refurbishers, and dismantlers, not to end-users, consumers, or importers. The FAQ also states that registration is required only for these categories. However, customs officials are insisting on EPR Authorization for importing any electrical or electronic equipment. We request clarification on this requirement.	Your understanding is correct. The E-Waste (Management) Rules, 2022 apply to manufacturers, producers, refurbishers, dismantlers, and recyclers involved in the manufacture, sale, transfer, purchase, refurbishing, dismantling, recycling, and processing of e-waste or electrical and electronic equipment listed in Schedule I. However, please note that certain importers are classified as "producers" under Rule 3(t) of the E-Waste (Management) Rules, 2022. You may refer to this rule for the categorization of imports eligible for EPR Authorization.
24	Binta Joby Sance Laboratories Pvt. Ltd.	GST Law	We are involved in manufacturing of Antibiotic formulations. We are doing the licensing activities with Drug control department for our buyers and helps them in getting the required licenses for manufacturing the goods at our factory. We are reimbursing such costs from our clients through financial debit note. But while settling such debit notes our clients are deducting TDS. Is there any requirement of GST invoice in such cases.	According to Section 34(3) of the CGST Act, 2017, a registered person can issue a debit note for an undercharged tax invoice. However, for expense reimbursements, issuing a debit note is not permitted under GST regulations. Therefore, a GST invoice must be issued for such transactions. Further, please note that tax may be deducted at specified rates under Income Tax Act.
25	Binta Joby Sance Laboratories Pvt. Ltd.	GST Law	In furtherance to above query, please suggest whether we need to charge GST on different licensing fees paid to the treasury and on other expenses include travelling, printing and stationary, postage and courier etc. Also, please suggest the SAC code for raising the tax invoice.	With reference to Section 7 read with Section 15 of the CGST Act, 2017, reimbursement of license fee along with other charges, appears to be a taxable supply and applicable GST should be charged. The appropriate SAC code could be 998599 (Other support services).

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
26	Sreemagal.R Zoho Corporation Private Limited	DTA Supplies	Please clarify if an import authorization is required for DTA units to transfer laptops from SEZ to DTA as a branch transfer, given the SEZ is engaged in IT/ITES, not laptop manufacturing. Additionally, we cannot select the SEZ port code in the DGFT portal for the port of import column. Can we transfer laptops from SEZ to DTA without import authorization.	Transferring of secondhand laptops between SEZ unit and DTA unit of the same legal entity, the DTA unit shall obtain import authorization for bringing secondhand laptops into DTA premises. The only exception to this requirement is provided under Notification No. 56/2023, read in conjunction with paragraph 2.31 of FTP 2023, which outlines specific conditions such as the number of years of use that must be met to qualify for the exemption. You may refer the same for further details. Further, regarding the issue faced on the DGFT portal related to the port code, we recommend raising a grievance on the DGFT portal. The relevant team should resolve the issue promptly.
27	Sreemagal.R Zoho Corporation Private Limited	DTA Supplies	In furtherance to above query, please note that we are not moving within the same legal entity. We are moving to 3rd party which is one of our group company. Please guide us on the process.	If the DTA unit fails to meet the conditions outlined in Notification no. 56/2023, they are obligated to obtain import authorization, even in cases of transfer to a third party. Further, to initiate the process for obtaining the import authorization, please refer to the link provided below - https://www.indiafilings.com/learn/dgft-online-module-for-import-authorization/
28	Kadhiravan K Godrej	Import of Goods/Services	Please guide, what are the QCOs that are released so far and its applicability to materials that are imported into SEZ and sold in DTA. Can you share references from where we can get the details.	To ensure the availability of quality products to consumers, Quality Control Orders (QCOs) are issued by various Ministries/Departments of the Government of India under the authority vested by section 16 of the Bureau of Indian Standards Act, 2016, mandating adherence to Indian Standards for products. Recent notifications specify that QCOs issued by the Ministries of Mines, Textiles, Steel, and DPIIT will not apply to imports made by SEZs and EOUs solely for export purposes. Consequently, the unit will need to obtain the relevant certificate at the time of imports, specifically for sales in DTA.
29	Caterpillar Signs Pvt Ltd.	SEZ benefits	Do we require to obtain any approval from SEZ authority for installation of personal Weigh Bridge (weighing capacity 60 MT), for our own exclusive internal usage. We request you to please guide us with the suitable notification/circular in this regard.	If the weighbridge is part of approved list of goods for authorized operations, it should be allowed. Alternatively, you may get the same included to the authorized list through approval by the Zonal DC. There is no need for a separate circular or notification.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
30	Uma Rani Anne Aragen Life Sciences Limited	Others	Kindly let us know the procedure how to do self certification with regards to Trade Notice 39/2023-24 for Exports.	We understand that the trade notice talks clarifies that Indian exporters are now directed to use origin declaration wording under the DCTS scheme instead of the previous GSP wording. This implies that exporters need to ensure compliance with the specific requirements outlined under the DCTS for their products. The notice provides URLs where detailed information on the DCTS can be accessed. These resources are essential for exporters to understand the new policies, requirements, and procedures involved in availing tariff concessions under the DCTS.
31	Uma Rani Anne Aragen Life Sciences Limited	Others	In furtherance to above query, please guide: 1. What is the format for issuing self certification. 2. What are compliance requirement to issue the same. 3. Which Tarif's are eligible. 4. How to process the above certification	With reference to your query related to self certification format, you may visit the given URL which includes the certain formats basis the product specification - https://www.gov.uk/guidance/using-a-suppliers-declaration-to-support-a-proof-of-origin
32	Vaibhav Parmar Navgrahaa Gems Pvt Ltd	Compliances	Please share a checklist for compliance to be done by SEZ unit on monthly / quarterly/ yearly basis.	Please find below the list of regular compliances along with their due dates: 1. Monthly Progress Report (MPR) - 5th of the following month 2. Service Exports Report Form (SERF) - 10th of the following month 3. Softex (For software exports) - Within 30 days from the invoice date / date of last invoice raised in a month 4. Half Yearly Performance Report (For Developers and Co-developers) - Within 30 days from the end of the Half Year 5. Annual Performance Report (APR) - Yearly within 180 days from the end of the financial year duly certified by CA 6. Registered Lease Deed Submission - Within 6 months from the date of LOA 7. Import Export Code Updation - Yearly updation prior to 30th June, even if no change.
33	Gilson.S.G.	Import of Goods/Services	The new DGFT notification no. 71/2023 have caused significant confusion and uncertainty in our organization. We need clear explanations and detailed procedures to understand and comply with the guidelines. Additionally, the policy change has led to unforeseen financial implications due to disruptions in scrap sales.	We understand it pertains to Notification No. 71/2023. Accordingly, we would like to mention that DGFT has introduced provisions for exempting inputs imported by SEZs from mandatory QCOs, subject to certain conditions. Notably, mandatory QCOs issued by four ministries, as listed in Appendix 2Y, are exempt. Additionally, SEZs are exempt from mandatory QCOs issued under the BIS Act, 2016, for inputs required solely for export production.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
34	V.Suresh Pradeep Cargo Services Pvt Ltd.	DTA Supplies	<p>We are manufacturers and traders of stainless steel and aluminum cut pieces for aerospace components under SEZ., import inputs approved by AS/AMS (approved by Boeing and Airbus). We cut these inputs into pieces according to OEM standards and sell them to DTA units for further manufacturing, with the final export product being executed by DTA unit.</p> <p>With the new Notification No. 71/2023 issued by DGFT imposing certain conditions, we need clarification on whether we are allowed to sell manufactured goods, scrap generated during the manufacturing process, and waste pieces without getting registration for QCO for SEZ (Ministry of Steel and Ministry of Mines).</p>	<p>DGFT has introduced provisions for granting exemption from mandatory QCOs for inputs imported by SEZs, subject to certain conditions. It is important to highlight that the mandatory QCOs which have been issued by 4 ministries as mentioned in Appendix 2Y are exempt. Further, exemption from applicability of mandatory QCOs issued under the BIS Act, 2016, shall be provided to SEZ on import of inputs which are required for export production only. Accordingly, exemption on import of goods which are supplied to DTA unit is not available.</p>
35	P Ganesan L&T - Modular Fabrication Facility	Import of Goods/Services	<p>Please clarify:</p> <ol style="list-style-type: none"> 1. Is import duty/ anti-dumping duty applicable on steel used in fabrication of Topside / Jacket delivered from various Country of origins (India/ Korea/ Japan etc) OR it will be applicable on fabricated structure (Topside/ Jacket) with country of origin – India as it will be fabricated by L&T in India. 2. What % of anti-dumping duty/ Import duty applicable in USA on fabricated structure (Jacket/ Topside) delivered from India 3. What % of anti-dumping duty/ Import duty applicable in USA for steel used in fabrication of Topside / Jacket delivered from India/ Korea/ Japan ? 	<p>Please find below reply to your queries:</p> <ol style="list-style-type: none"> 1. As per sub-section 2A of section 9A of Customs Tariff Act, 1975, Anti-dumping duty shall not apply to articles imported by a 100% EOU or an SEZ unit, unless,- <ol style="list-style-type: none"> (i) it is specifically made applicable in such notification or to such undertaking or unit; or (ii) such article is either cleared as such into the DTA or used in the manufacture of any goods that are cleared into the DTA, in which case, anti-dumping duty shall be imposed on that portion of the article so cleared or used, as was applicable when it was imported into India. 2 & 3. For accessing the applicability of Anti-Dumping Duty on exports to USA, you may refer the given link: https://legacy.trade.gov/enforcement/operations/scope/index.asp
36	Suhas Patil HCL Technologies Limited	Compliances	<p>Please let me know while filing SOFTEx utility there are two options:</p> <ol style="list-style-type: none"> 1. SOFTEx Contract (Gist of contract) Request I'd 2. Internal project code/Date <p>It is mandatory to file Gist of contract online or Internal project code / date is sufficient to upload SOFTEx.</p>	<p>The unit is required to submit a Gist of contract once for a particular project, post which the contract details would automatically be mapped for each SOFTEx.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
37	Selvakumar R. Workplace Fabric India Private Limited	Job-work	<p>We need your suggestions for the following cases:</p> <ol style="list-style-type: none"> 1. Can an SEZ unit give job work (export project) to a DTA vendor. 2. Can an SEZ unit perform job work for a DTA customer. 3. Can we return some defective imported goods to overseas seller. If yes, what is procedure. 4. Is an SEZ unit allowed to import refurbished items for further export. 	<p>Please find below pointwise response to your queries:</p> <ol style="list-style-type: none"> 1. As per Rule 41 & 42 of SEZ Rules 2006, the SEZ units are allowed to subcontract a part of their production or any production process to DTA unit. 2. As per Rule 43 of the SEZ Rules, 2006, a SEZ unit is permissible to undertake job work from a DTA unit for export on the basis of annual permission. 3. As per Rule 27 (9) SEZ Rule 2006, if the goods imported are found to be defective, unfit for use, or damaged, then it may be sent outside the SEZ without payment of duty, for repair or replacement. You may refer the said rule for procedure. 4. We understand that there is no separate provision in relation to import of refurbished goods. Accordingly, you may refer the general import policy under Rule 27 of SEZ Rules in this respect.
38	Selvakumar R. Workplace Fabric India Private Limited	Job-work	<p>In furtherance to above query, please also:</p> <ol style="list-style-type: none"> 1. We have a branch office in Mumbai (Non-SEZ). Are we (SEZ Unit) permitted to undertake job work from our Mumbai branch (not for export). If yes, what are the procedures, duties, and taxes involved. 2. Can we send material to an overseas vendor (outside the country) for job work. If yes, is it mandatory for the SEZ unit to get the material back within a specific number of days, or do we also have the option to deliver it directly to the client's location (outside India). 3. What is the general timeline for getting back the material from the job work vendor after the completion of the work. 	<p>Subcontracting provisions are outlined in Rule 41 to 43 of SEZ Rules, 2006. Basis the same, please find below pointwise reply to your queries.</p> <ol style="list-style-type: none"> 1. No, the SEZ unit cannot undertake job-work from any other premises. 2. Yes, the Development Commissioner may permit subcontracting of part of the production process abroad. In such cases, the goods can be exported directly from the subcontractor's premises abroad, subject to the following conditions: <ol style="list-style-type: none"> (a) Subcontracting charges must be declared in the export declaration forms, invoices, and other related documents. (b) The export proceeds must be fully repatriated in favor of the SEZ unit. (c) The goods can either be returned to the SEZ unit or sold directly to buyers in the subcontractor's country or any third country. 3. Goods need to be brought back within 120 days along with waste and remnants.
39	Gedala Venkata Satish Laurus Bio Pvt. Ltd.	SEZ benefits	<p>Please guide whether Star export house holders are exempted for providing bank guarantee against B-17 Bond.</p>	<p>As per Para 1.29(c) of FTP, 2023, a status holder is exempt for furnishing bank guarantee for any scheme under FTP.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
40	Ram Kumar Jha Carewell Flyjet IFSC Pvt Ltd	DT	<p>We are getting the below message from Income Tax authorities: "Dear Reporting Entity, GET SFT READY. The due date for filing SFT in Form 61A for the Financial Year 2023-24 is 31/05/2024. Kindly make the necessary compliance. Pl ignore if already filed. -Income Tax Department "</p> <p>Please guide on applicability of SFT.</p>	<p>As per the provision of section 285BA of the Income Tax Act, 1961 ("Act") read with Rule 114E of the Income Tax Rules, 1962 an assessee being a "company" shall be required to file Form 61A (Statement of Financial Transactions) for reporting specified financial transactions carried out during FY 2023-24. Following table summarizes various specified financial transactions, which may be applicable to a company, which would require mandatory reporting in Form 61A:</p> <ol style="list-style-type: none"> 1. A company or institution issuing bonds or debentures- Receipt from any person of an amount aggregating to ten lakh rupees or more in a financial year for acquiring bonds or debentures issued by the company or institution (other than the amount received on account of renewal of the bond or debenture issued by that company). 2. A company issuing shares- Receipt from any person of an amount aggregating to INR 10 lakh or more in a financial year for acquiring shares (including share application money) issued by the company. 3. A company liable for audit under section 44AB of the Act- Receipt of cash payment exceeding INR 2 lakhs for sale, by any person, of goods or services of any nature. 4. A Company paying dividend- Details of the dividend(s) paid to the shareholder(s)
41	S. KALYANI RD MEPZ SEZ	Export benefits	<p>Please clarify if Russia's export payment can be received in INR as my supplier is facing issue in USD payment recently.</p>	<p>As per Rule 45(2) of SEZ Rules, 2006, a unit may export to Russia and receive payment in Indian Rupees. The buyer can make the payment through the State Credit or Escrow Rupee Account, subject to approval from the Reserve Bank of India if required.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
42	Praveen Purohiit BSL	Job-work	<p>We are in an SEZ area, and a domestic premium customer is ready to place a job work order, with goods to be shipped directly to a foreign party from the SEZ unit. As per Rule 43 of SEZ Rules 2006, sub-contracting to DTA unit for export is allowed. However, the customer needs to know the exact procedure, and we have not found any precedent in other SEZs.</p> <p>We request guidance on the following points:</p> <ol style="list-style-type: none"> 1. Specimen documents (if possible). 2. A short write-up on the steps involved in executing job work at SEZ for a DTA unit. 3. Who will be the exporter of record on the shipping bill: SEZ or DTA unit. 4. Whose IEC and AD code should appear on the shipping bill. 5. Should the currency on the shipping bill be USD or INR. 6. Should the SEZ unit receive payment in INR or USD for job work from the DTA unit, or will we raise a separate invoice in INR for job work. How does this affect shipping bill filed at SEZ customs. 7. Will the process change for LCL and FCL movements from the SEZ. 8. What is the process for supplying raw materials to SEZ unit for job work: on a challan or through a tax invoice. 9. Can the DTA unit claim any export incentives like DBK or ROSCTL/RODTEP on the export product and raw materials supplied to the SEZ unit for job work. 	<p>Please find below pointwise reply to your queries:</p> <ol style="list-style-type: none"> 1. The transaction by the SEZ unit would be export of goods and therefore, export documents required for regular export would suffice i.e. export invoice and shipping bill. 2. As mentioned under Rule 43 of SEZ Rules, 2006, a SEZ unit may on the basis of annual permission from the Specified Officer, undertake sub-contracting for export on behalf of a DTA exporter subject to the condition that all the raw materials including semi-finished goods and consumables including fuel shall be supplied by DTA exporter. Further process is answered in below replies. 3. Export documents shall be jointly in the name of the DTA exporter and the SEZ unit. 4. The IEC and AD code of both the DTA exporter and SEZ unit will be mentioned in the Shipping bill. 5. The currency on the shipping shall be USD. 6. The SEZ unit will raise a service invoice of job-work done to the DTA unit. The same shall be made in USD as per section 2(z)(iii) of SEZ Act 2005. 7. No. 8. Supply of goods from DTA to SEZ unit would be made under cover of delivery challan. 9. The DTA exporter shall be eligible for refund of duty paid on the inputs by way of brand rate of duty drawback as per rule 43(d) of SEZ Rule 2006.
43	Praveen Purohiit BSL	Job-work	<p>In furtherance to above query, we need to know if approval through LOA is mandatory for subcontracting for a DTA under Rule 43 of the SEZ Rules 2006. Can customs authorities reject our subcontracting request for a DTA unit on this basis.</p>	<p>Any new activity undertaken by the unit must be approved and included in its Letter of Approval (LOA). Therefore, the authority will not permit subcontracting unless this activity is specifically included in the LOA.</p>



03

Queries & Responses

June 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1	Shyoji Ram Prajapat Manor & Mews Pvt. Ltd.	DTA Procurement	We are a furniture manufacturing unit and need the finished furniture product from DTA Unit. Can we purchase the finished product from DTA. If not, then can we purchase finished product as a sample. Please also confirm that we have another one unit in DTA of furniture manufacturing, can we purchase the raw material from our DTA unit to SEZ Unit under LUT.	As per Rule 27 of the SEZ Rules, 2006, an SEZ unit is allowed to procure various types of goods, including raw materials, semi-finished goods, and capital goods, from a DTA unit without paying duty, provided it is for authorized operations. The DTA supplier must have a valid Letter of Undertaking (LUT) and ensure that the supply is for authorized operations to benefit from zero-rating supplies without tax payment. Note that the SEZ unit can purchase finished goods for trading purposes only if the trading activity is explicitly stated in the Letter of Approval (LOA).
2	Supriya P Regional Director, EPCES CSEZ - Cochin Region	Others	Any assistance on EUDR, DDS documents (Due Diligence Statement) by any government agencies.	In our limited knowledge on the subject, we understand that the European Union Deforestation Regulation (EUDR) aims to minimize the EU's contribution to global deforestation and forest degradation by regulating the availability and export of certain commodities and products linked to these issues. Effective from 29 June 2023, with main prohibitions starting on 30 December 2024, the EUDR mandates that relevant products (such as palm oil, soya, wood, cocoa, coffee, cattle, and rubber) must be deforestation-free, legally produced, and accompanied by a Due Diligence Statement (DDS). The DDS requires EU operators and traders to provide traceable and verifiable information about the origin of these commodities, ensuring compliance with the regulation.
3	Jayalakshmi Zen Linen International Pvt Ltd	Export benefits	Our company operates in MEPZ-SEZ and also has a DTA unit in Bhiwandi. We imported machinery for the Bhiwandi unit under the EPCG License Scheme and need to fulfill the export obligations. Due to insufficient export orders for Bhiwandi unit, we are unable to meet these obligations. We propose using the machinery for job work for our SEZ unit, which has sufficient export orders. The manufacturer would be DTA unit and exporter would be SEZ unit. We seek your advice on whether this job work can fulfill our export obligations and if deemed exports can be treated as third-party exports.	Para 5.04 of the FTP-2023, which outlines the conditions for fulfilling export obligations to qualify for EPCG authorization benefits, specifies that an EPCG Authorization holder can meet their export obligation by exporting goods directly or through third parties. Additionally, as per Rule 41 and 42 of the SEZ Rules 2006, SEZ units are permitted to subcontract part of their production or any production process to DTA units, and the SEZ unit must include the name of the DTA unit in all export documents. Based on these provisions, an SEZ unit may subcontract its operations to a DTA unit, and the DTA unit may count this subcontracted work towards its export obligation under the EPCG scheme.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
4	Rangaswamy	Zone to Zone Transfer	We have imported duty-free raw materials as advised by our foreign customer. However, the project has been cancelled. Now, the customer is insisting that we sell the raw materials to a SEZ unit. Please advise if we can sell the duty-free raw materials from our EOU to SEZ unit without paying duty.	As per para 6.14 (a)(i) of FTP, 2023 read with Notification No. 52/2003, an EOU may transfer unutilized raw material to SEZ units under zero-rated benefit.
5	Sahana G T J.P. Morgan services India Pvt Ltd	Import of Goods/Services	This is regarding the Notification No. 13/2024-25 dated 20 May 2024. We need clarification on point 3, policy condition no. 2 (chapter 84), and policy no. 5 (chapter 85) of the import policy. Is the STP unit exempt from the requirement of compulsory registration for importing electronics and information technology goods for production.	The notification is issued to highlight the amendments in light of re-notification of "Electronics and Information Technology Goods (Requirement of Compulsory Registration) Order, 2012 as Electronics and Information Technology goods (Requirement of Compulsory Registration) order, 2021 under BIS Act 2016. According to Para 3 of said notification, the import of electronics and IT goods, whether new or second-hand, is prohibited unless they are registered with the BIS and comply with labeling requirements. Specific exemptions may be granted by the Ministry of Electronics and Information Technology (MeitY) for certain consignments. Goods not meeting these requirements will either need to be re-exported or will be deformed beyond use and disposed of as scrap by Customs Authorities, with notification to MeitY. Accordingly, the unit needs to check its eligibility basis the type of goods imported and the new Electronics and IT goods order, 2021.
6	Sahana G T J.P. Morgan services India Pvt Ltd	EPR	This is regarding EPR registration for battery waste management. Is EPR registration mandatory for bulk consumers (such as STP units). As an IT-ITES company, we import goods for captive consumption and not for resale. Please guide whether we fall under this condition and need to obtain EPR registration for battery waste.	Battery producers and manufacturers must obtain EPR via the CPCB's (Central Pollution Control Board) online centralized portal. STPI units importing battery-containing equipment for self-use are included in Annexure 1 of the CPCB's Standard Operating Procedure, making EPR registration compulsory. For further details, please refer to the link below. https://cpcb.nic.in/openpdffile.php?id=UmVwb3J0RmlsZXMvMTUxMF8xNjc5MzkzMzc1X21lZGlhcGhvdG8yNDc1OC5wZGY=

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
7	Rajiv Pandya Apex Fincore LLP	Others	While referring to “Section 11 of Chapter V – SPECIAL ECONOMIC ZONE DEVELOPMENT COMMITTEE” of Gujarat SEZ Act, 2004, we understand that Gujarat Shops and Establishment Act (as amended) is not applicable to those units which are, set-up and registered in SEZ demarcated area since area of the zone falls outside the purview of municipality limits. Please confirm whether the Gujarat Shops and Establishment Act applies to SEZ-registered units.	There seems to be no specific exemption for SEZs under the Shops & Establishment Act. Therefore, the unit would be required to obtain registration if it meets the conditions outlined in the Act.
8	Naveen Kainth	Export of Goods/Services	We have regular merchant export shipments from Subco China to other countries, and as an NSEZ unit, we pay freight charges to a forwarder in India. The forwarder issues freight invoices with IGST at 18% based on the services provided abroad. Please confirm whether we can receive a zero-rated IGST invoice from the forwarder and if the NSEZ customs will endorse this on the invoice.	Procurement of forwarding agent service is appearing in the default list of services at entry no 11 "Clearing & forwarding agents services" and thus appears to be eligible to get zero rated benefit.
9	Naveen Kainth	Export of Goods/Services	In furtherance to above query, please note that we are located in NSEZ and regularly handle merchant export shipments from Subco China to other countries, paying freight charges to a forwarder in India from our SEZ. The Indian forwarder issues freight invoices with IGST at 18% based on services provided in China. We would like to know if our unit is eligible for zero-rated benefit.	Since the service is procured by the SEZ unit from the Indian forwarder, it falls under the scope of Section 16 of the IGST Act, which pertains to supplies made to SEZ units. Consequently, the default list of services for authorized operations must be consulted to determine if the service is considered an authorized service. The procurement of forwarding agent services is included under entry no. 11 as "Clearing & forwarding agents services." Therefore, the service invoices received by SEZ units for forwarding agent services qualify for GST exemption.
10	Sheriff NCR Atleos Corporation	Others	We manufacture and export Automated Bank Note Dispensers (CDs), ATMs, Self-Serve Checkouts (SSCO), and their parts to numerous countries. To meet global customer demands for "LIVE CURRENCY TESTS" on ATMs before export, we plan to import foreign currency notes and coins valued between \$500 and \$2000 for testing purposes. We seek advice on the procedure for importing foreign currency into India.	We understand that the unit intends to use foreign exchange for testing purposes. In this context, please note that the unit can obtain foreign currency from any passenger permitted to bring any amount of foreign currency into India without limit. However, a Currency Declaration Form (CDF) must be completed if the total value of foreign currency notes exceeds US \$5,000 or its equivalent. Alternatively, you may obtain the foreign exchange from any authorized forex exchanger and use it for testing purposes.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
11	Ch.S.S.Sekhar R.D-EPCES-VSEZ	APR/MPR	As per notification dated 21st November 2016 (G.S.R. 1094(E)), SEZs can submit the APR within 180 days. This notification was issued under the powers conferred by section 55 of the SEZ Act, 2005, and further amends the SEZ Rules, 2006. Is there a similar notification that allows EOUs to file their APR within 180 days.	According to Appendix-6E (Form of Legal Agreement for EOU/EHTP/STP/BTP) point no. 6, EOUs must file their Annual Performance Report (APR) within 90 days following the end of the financial year. For your convenience, the relevant section is provided below for quick reference. 6. The Unit shall after the commencement of production/operation, submit to the concerned Development Commissioner, quarterly performance report in the prescribed format at ANNEXURE-III for the period ending March/June/September and December every year within 30 days of the close of quarter through e-mail giving details of the imports/exports effected and purchases made from the Domestic Tariff Area by the Unit during the period. An annual performance report shall also be submitted in the prescribed format given at ANNEXURE-IV within a period of 90 days following the close of financial year failing which further imports and DTA sale will not be permitted. Annual Performance Reports shall be certified by a Chartered Accountant/Cost Accountant. In case of wrong submission of such information or failure to submit such information within the stipulated time, DC may withdraw the permission granted to the unit for operation. They shall also submit a copy of QPR/APR to Jurisdictional AC/DC of Customs/GST.
12	G.Venkataraman Deco De Trend	Others	Is an EOU exempt from making MSME supplier payments within 45 days. If payment is made after 45 days, will it be disallowed in current FY expenses.	The requirement to make payments to MSMEs within 45 days is specified in Section 15 of the MSME Development Act, 2006. The Act does not provide any separate exemption for EOUs. Additionally, as per Section 43B(h) of the Income Tax Act, deductions for payments made to MSMEs are only permitted when the payment is actually made.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13	M/s. Tuf metallurgical Pvt. Ltd	Import of Goods/Services	We are proposing to procure/import chrome concentrate from Afghanistan/Pakistan/Oman. Please clarify on duty Implication for SEZ unit.	In accordance with Section 26 and Rule 27 of SEZ law, duty exemptions apply regardless of the country of import, to carry on the authorised operations of the unit. However, to obtain the duty implications for a specific product from a particular country, you should refer to Schedule 1 under "Import Policy - ITC(HS), 2022" available on the DGFT online portal. The same is enclosed for your ready reference from where you may check if your product is categorized as permissible or restricted for import. Additionally, according to ICEGATE, there appear to be no restrictions on importing the product from Pakistan, Afghanistan, or Oman.
14	Suhas Patil HCL Technologies Limited	DTA Procurement	We have a unit in SEZ Mumbai and have decided to set up a data center in this SEZ unit, which will also be used by our DTA units in Pune. It is permitted by the Development Commissioner to share the data center from an SEZ unit to DTA units in other cities. Please clarify under which rule does this fall and what must the DTA unit and SEZ unit comply with.	<p>As per Rule 27(5) of SEZ Rules 2006, an SEZ unit may import or procure from DTA, all types of goods and services, without payment of duty, taxes of cess for creating a central facility for use by Units in SEZ and where such facility is created for software development, the same may also be accessed by software exporters of DTA. This rule permits sharing of infrastructure facilities subject to conditions.</p> <p>Further, as per Rule 15 of SEZ Rules, 2006, it is advisable to inform the Approval Committee about sharing of common infrastructure facilities between SEZ and DTA units, as part of SEZ operations. Additionally, the Approval Committee supervises SEZ units and might ask for reports on SEZ's operations, including use of shared facilities. To be compliant, it is suggested to keep the Committee updated on the use of shared facilities.</p>
15	Dhruti Shah Kaytes Consulting	APR/MPR	Kindly guide us on the reporting requirements with regards to "Investments made" in MPR by an Alternative Investment Fund set up in GIFT SEZ.	Investments made by units (both FDI and Non-FDI) within the zone must be reported under the investment details of the MPR. Accordingly, it is advised that the unit may assess the nature of Alternate Investment Funds and report them under the appropriate category.
16	R Raja Krishnan Akshayam Corporate Advisors Private Limited	Others	Whether fees paid to IFSCA qualifies for GST exemption.	We understand that the unit is an IFSC unit intending to pay applicable fees to the IFSC Authority. Since these fees are used for authorized operations, the benefit of zero-rating may be availed for this service under entry no. 67 - "Management and business consultant services" of the default list of services.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
17	Satish Gedala Venkata Satish	APR/MPR	Could you please share the format of filing APR.	The format of APR for EOUs has been prescribed in the LUT at Appendix-6E to HBP, 2023 as Annexure IV. The same was enclosed.
18	Rahul Kalburgi Aequs SEZ, Belgaum	Import of Goods/Services	<p>Refer to notification no. 71/2023, granting SEZ unit exemption from the applicability of QCO issued under the BIS Act on import of inputs, subject to Para 2.03(c) of FTP. We are a manufacturing SEZ unit importing steel and other inputs for manufacturing export products and selling to EOUs. The scrap generated from manufacturing is sold in DTA. We currently do not have BIS licenses due to this exemption. We seek your advice on the following points:</p> <ol style="list-style-type: none"> 1. Can Customs authorities stop scrap sales in DTA, if so, does it mean SEZ units must obtain QCO (BIS licenses) for the import material. The notification states that SEZ units are exempt from mandatory QCOs provided no DTA clearance of such inputs or goods manufactured from them is allowed. Since we are selling scrap, not imported inputs or finished goods, we believe this restriction should not apply. 2. Can Customs authorities stop FG sales to EOU units. 	BIS exemption is allowed only to physical exports and not to deemed exports. In case the unit is importing goods for any supply other than physical export is liable to obtain BIS certification on imports.
19	Rahul Kalburgi Aequs SEZ, Belgaum	GST Law	<p>We have an EOU unit where we have purchased goods for use in our manufacturing activity under two scenarios:</p> <ol style="list-style-type: none"> 1. The supplier agreed to claim the deemed export refund of GST shown on their invoice. 2. The supplier did not agree to claim the deemed export refund, so the purchasing EOU unit will claim the deemed export refund. <p>We have identified quality issues with the purchased materials and would like to return the defective items (Purchase Return). We need to know whether GST should be applicable and charged on the Purchase Return document (Debit Note) to be raised by us in both scenarios. Additionally, please advise if raising a debit note is correct or if we need to raise another type of document.</p>	The recipient may issue a financial debit note/ purchase return document to the supplier which would be without GST. As per Section 34 of CGST Act, 2017, only the supplier can issue credit note for sales return. Further, in case GST was charged on the original invoice, the same would be charged on the credit note issued by the supplier.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
20	Rahul Kalburgi Aequs SEZ, Belgaum	Job-work	<p>We have a manufacturing SEZ unit and have received an order from an overseas customer for manufacturing services. The customer will supply raw materials on a Free of Cost (FOC) basis. We will import these materials, convert them into finished products, and export the finished goods. The import Bill of Entry for the raw materials will be filed under FOC mode. After converting the raw materials, we will raise a service invoice for the job work/manufacturing services and ship the goods by filing a Shipping Bill. We have the following queries:</p> <ol style="list-style-type: none"> 1. Can an SEZ unit undertake this activity. Are there any restrictions under SEZ law. 2. Does this activity require prior approval from the SEZ department. 3. Will GST apply to the service invoice raised for the overseas customer, and will this qualify as an export of services. 4. Will the import of raw materials on an FOC basis be considered for NFE computation. 5. Are there any other implications under Customs and FEMA law. 	<p>Please find pointwise reply to your queries as below:</p> <ol style="list-style-type: none"> 1. As per Rule 18(6) of SEZ Rules, the SEZ unit may undertake manufacturing services for overseas entity. 2. Any new activity undertaken by the unit must be approved and included in its Letter of Approval (LOA). So please ensure the LOA is updated with specific activity before undertaking such activity. 3. The export of services by SEZ unit is permitted without payment of taxes under cover of LUT, upon fulfilment of conditions outlined in Section 2(6) of the IGST Act, 2017. 4. As per Rule 53(B)(c) of SEZ Rules, 2006, the CIF value of goods/services received free of cost would be included in calculation of NFE.
21	K's Jewellery & Co. Apurva Jhaveri	Import of Goods/Services	<p>Notification No. 17/2024-25 restricts Plain & Studded Gold Jewellery imports. We seek clarity if this applies to 100% EOUs. Our EOU relies on importing jewellery for repair/remaking, allowed under customs exemptions (Annexure-VI Sr. No.10 & 11, customs notification no. 52/2003).</p>	<p>Notification no. 17/2024 is issued to implement relevant changes in import policies, specified in Schedule 1 of ITC (HS) which outlines the Import Policy regime for all goods. All importers are required to comply with this schedule, irrespective of the scheme in which it is operating. Accordingly, this notice would be applicable on EOUs.</p>
22	Sashi Varma XO Pack Private Limited,	GST Law	<p>From when does the recommendations of 53rd GST Council Meeting come into force.</p>	<p>Recommendations made in GST Council meetings regarding rate changes generally come into force on a date specified in the official notification issued by the Government following the meeting.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
23	Vishwanath G. Hublikar H. K. Designs	Import of Goods/Services	Referring to Notification No. 17/2024 dated 11 June 2024, which restricts the import of plain and studded gold jewelry, please confirm whether this restriction apply to 100% EOUs and SEZs.	The Notification no. 17/2024 is issued to implement relevant changes in import policies, specified in Schedule 1 of ITC (HS) which outlines the Import Policy regime for all goods. All importers are required to comply with this schedule, irrespective of the scheme in which it is operating. Accordingly, this notice would be applicable on EOUs and SEZs.
24	Rahul Kalburgi Aequs SEZ, Belgaum	Import of Goods/Services	<p>We, as an SEZ unit, plan to import Chrome Concentrate Ore (ITCHS Code No. 26100040/26100000) from Afghanistan, Pakistan, and Oman for manufacturing Low Carbon Ferro Chrome (LCFC – ITCHS Code No. 72024900). Currently, we import from China, but switching sources would reduce costs.</p> <p>As per Rule 27(1) of the SEZ Rules, 2006, and Section 26(1)(a) of the SEZ Act, 2005, goods imported for SEZ operations are exempt from customs duties. We seek confirmation that importing Chrome Concentrate Ore from these countries will be duty-free under SEZ status.</p>	As per Section 26 and Rule 27 of SEZ law, duty exemptions apply regardless of the country of import, to carry on the authorised operations of the unit. However, to obtain the duty implications for a specific product from a particular country, you should refer to Schedule 1 under "Import Policy - ITC(HS), 2022" available on the DGFT online portal. The same is enclosed for your ready reference from where you may check if your product is categorized as permissible or restricted for import. Additionally, according to ICEGATE, there appear to be no restrictions on importing the product from Pakistan, Afghanistan, or Oman.
25	Rahul Kalburgi Aequs SEZ, Belgaum	Job-work	In furtherance to above query, Kindly clarify on below mentioned point: "The export of services by SEZ unit is permitted without payment of taxes under cover of LUT, upon fulfilment of conditions outlined in Section 2(6) of the IGST Act, 2017" – Here we would like to know whether our transaction qualifies as Export of services and whether GST will be payable on our invoicing to overseas customer for manufacturing services provided in respect of Raw materials supplied by overseas customer.	<p>As per the definition of export of services under Section 2(6), five conditions must be met to qualify as an export of services:</p> <ul style="list-style-type: none"> (i) The location of the supplier must be in India. (ii) The location of the recipient must be outside India. (iii) The place of supply of the service must be outside India. (iv) Payment must be received in convertible foreign exchange. (v) The supplier and recipient of the service must not be merely establishments of the same person as defined in Explanation 1 of Section 8. <p>The first two conditions appear to be satisfied. The place of supply would be the location of the recipient of the service as per Section 13(2) of the IGST Act, 2017. Please ensure the remaining two conditions are met to fulfill all the criteria for export of services.</p> <p>Regarding the chargeability of GST, once the supply qualifies as an export, the unit may make a zero-rated supply of services based on a valid LUT as per Section 16 of the IGST Act, 2017.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
26	Vishnu M Nair BE FATHIMA ENTERPRISES	GST Refund	<p>We purchased machinery to boost production and applied for an ITC refund for exports without IGST payment. However, GST authorities did not consider ITC related to capital goods for this refund. As an EOU focused solely on exports, we believe we are entitled to ITC refund on capital goods. We seek guidance on:</p> <ol style="list-style-type: none"> 1. Eligibility of ITC on capital goods for refund under the export without IGST payment scheme. 2. Procedure to claim ITC refund on capital goods. 3. Specific forms or documentation needed to support our claim. 4. Precedents or successful case references for similar refunds. 	<p>Based on a conjoint reading of Section 2(59) of the CGST Act, 2017, and Rule 89 of the CGST Rules, 2017, the manner of claiming a refund for zero-rated supply of goods or services without payment of tax (i.e., refund of accumulated input tax credit) is computed as follows:</p> <p>Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover</p> <p>Where 'Net ITC' refers to the input tax credit availed on inputs and input services during the relevant period. As per Section 2(59), 'Input' means any goods other than capital goods used or intended to be used by a supplier in the course or furtherance of business.</p> <p>Accordingly, the formula clearly includes only 'input' and 'input services' for Net ITC, thereby implying that the refund of capital goods is specifically excluded.</p>
27	S Manohar Naidu Inlogic Technologies	Export of Goods/Services	<p>We export software and receive Softex attestation from ADC, MEPZ manually. However, bankers refuse to accept physical Softex forms for setting off inward remittances and require eBRC numbers instead. The absence of eBRC numbers results in significant penalties imposed by bankers.</p>	<p>To reconcile the foreign inward remittance on the EDPMS portal, the bank may request a copy of the online filed Softex forms and the invoice copy. Additionally, the e-BRCs are generated on the DGFT portal once such payments are settled by the bank. Consequently, setting up Softex forms and issuing e-BRCs are two separate processes on two different platforms. Therefore, it is advisable for the Company to consult with senior bank personnel to discuss the issue and clarify the exact requirements. Separately we would want to understand if you are a manufacturer and also providing services. If you are only IT/ITes service providers, ideally STPI should be the governing body instead of DC-MEPZ.</p>
28	Rajalingam L&T Ltd- L&T Hydrocarbon	Sub-contracting	<p>Every time we transfer subcontracted materials from our unit to the DTA unit vendor, customs officers request and query us to provide invoices for the value of the movable goods. In this regard, please clarify whether is it necessary for unit to submit invoices for subcontracted moved goods. Additionally, what types of documents are mandatory for movement to DTA unit during regular or daily movements of subcontract materials, after receiving Movement ID approval from the SO.</p>	<p>As per Rule 42 of SEZ Rules, 2006, a unit shall remove goods for subcontracting under pre-authenticated serial-numbered challans, ensuring that a complete description of the goods is provided on the challan.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
29	Ajit S Parab	APR/MPR	<p>We require clarification on the following regarding the APR submission for our 100% EOU unit:</p> <ol style="list-style-type: none"> 1. How should we accurately calculate the imported goods value for APR reporting. Should this be derived from the Bill of Entry filed. 2. What is the basis for computing the consumption value that must be reported in the APR. 3. If the imported goods value is taken from the Bill of Entry, can we revise the previous year's APR filed for FY 2022-23. 	As per Appendix-6F of HBP-2023, which outlines the guidelines for monitoring the performance of units, the value of imported raw materials consumed during the year, including consumables and spares, is considered when calculating the NFE achieved. You may refer to the Annexure mentioned in said Appendix for detailed computation formula. Accordingly, the imports computation mentioned under the said Annexure is to be followed and the bill of entry value would not be the basis for reporting imports under the APR for the current year.
30	Suresh	Import of Goods/Services	We intend to replace our company's main gate and, consequently, demolish the existing stormwater drain on the service road to construct a stronger one that can accommodate heavy container vehicles smoothly. During this project, we will procure construction materials. Please advice on whether tax exemptions apply to these purchases and services. Please note that the existing stormwater drain was built by SIPCOT, and we have obtained approval to make necessary modifications.	As per the proviso to Rule 27 of the SEZ Rules, 2006, duty exemption is available for all goods and services required for setting up or maintaining an SEZ unit. The proviso states that exemptions from payment of duty, taxes, or cess are available for all types of goods and services necessary for the establishment and maintenance of the factory building for a unit. However, endorsement of invoices are subject to SEZ Officer approval, it is advisable for the SEZ unit to approach the jurisdictional Development Commissioner to seek approval for the procurement of such inputs and services without payment of duty before commencing any maintenance activities.
31	M G Radhakrishnan Unipower Transformers Pvt Ltd	Import of Goods/Services	If you can confirm that whether Export Obligation Discharge Certificate (EODC) on imported capital goods are applicable to EOU units.	The EODC is not applicable to EOUs for imported capital goods. The EODC is issued to EPCG authorization holders upon submission of proof of export obligation fulfillment. Further, EOUs are exempted from duty on imported capital goods vide Notification No. 52/2003-Customs, dated 31 March 2003. Consequently, EOUs are not required to register under the EPCG scheme or fulfill any export obligation to avail of these exemptions.
32	Hema Chandra Rao Brookfield Properties	DTA Supplies	The developer plans to dispose of Electrical & Electronic Waste/scrap once the applicable Custom duty & IGST have been paid under HSN code 85499900 as per relevant laws. Please guide.	The developer may remove the scrap to the DTA unit after paying the applicable duties on transaction. Further, in case the goods are IT assets specified in Notification 56/2023, then such removal is permissible subject to conditions specified in paragraph 2.31 of FTP, 2023.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
33	Manish Jain Bafna Nishant Export	Others	We hold a 3-Star Export House Certificate and export various Spice & Spice Products globally, particularly to the USA and Europe. There's confusion about the Minimum Value addition requirement for EOUs. Previously, it was 15%, but Policy Circular No. 07/2023 dated 21 December 2023 states that now it is 25% as per Para 4.09 (v) of FTP 2023. We seek clarification on whether this circular applies to EOUs, as it seems directed at Advance Licence holders.	<p>Circular No. 07/2023 clarifies that the condition of Minimum Value Addition (MVA) for spices under Para 4.09 (v) of the FTP 2023 is only applicable when both the export and import items fall under Chapter 9 of the ITC HS Code. Furthermore, Para 4.09 is relevant only if the unit holds an Advance License.</p> <p>Additionally, it is clarified that Appendix-6B, which outlines Sector-Specific Requirements for EOUs, is applicable to EOUs. According to Para 10(ii) of the said Appendix, an MVA of 25% must be fulfilled when both the export and import items pertain to Chapter 9 of the ITC HS Code. For all other cases, the MVA percentage is 15%. For more clarity, please refer to Appendix-6B.</p>
34	Southern Online Bio Technologies Limited	Export of Goods/Services	Please clarify whether processed Used Cooking Oil can be exported. If so, please provide the relevant notification for free of export of processed UCO.	<p>We understand that the unit seeks permission to procure Used Cooking Oil (UCO) for the further export of processed UCO. Please note that as per Schedule 2 of ITC (HS), 2018, oils are listed under the tariff heading of Chapter 15. According to this schedule, oils are categorized under both free and prohibited categories across various tariff headings. The unit needs to assess the eligibility based on the specific product description. The Schedule 2 is enclosed for your ready reference.</p> <p>Even if the goods fall under the prohibited category, they may still be allowed for export with prior approval from the Board of Approval as per Rule 45 of the SEZ Rules, 2006. However, it is important to note that such prohibited items cannot be procured from the Domestic Tariff Area.</p> <p>Accordingly, if the processed UCO to be exported falls under prohibited category under Schedule 2, then procurement for such exports would not be allowed to be made domestically.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
35	Chandru Ramachandran	Export benefits	<p>Regarding Customs & Excise Duty Drawback Rules 2017, please clarify on below points:</p> <ol style="list-style-type: none"> 1. Is a manufacturer eligible for drawback if they export finished goods incorporating duty-paid imported inputs or any excisable materials. 2. Can a manufacturer claim drawback if they have not used any duty-paid imported items but used petroleum products like diesel 3. Many manufacturing exporters claim drawback when filing Shipping Bills, regardless of whether diesel is used for captive power generation or in manufacturing. 4. Are there any barriers for exporters claiming duty drawback, regardless of diesel usage, and will Customs conduct audits post drawback claims. 	<p>According to Notification No. 98/2013 - CUSTOMS (N.T.) dated 14th September 2013, exports from EOU/SEZ units are ineligible for Duty Drawback benefits. Additionally, it is important to note that the payment of VAT and Excise Duty on diesel procurement is considered part of the RoDTEP scheme and is available to EOU/SEZ units.</p>
36	Chandru Ramachandran	Export benefits	<p>In furtherance to above query, please clarify whether all Manufacturer Exporters are automatically eligible for duty drawback, assuming their HSN code is listed in the annual All Industry Rate Notification by Customs. Additionally, we inquire if exporters using the IGCR scheme for importing inputs can also avail duty drawback.</p>	<p>If the HSN code is notified under All Industry rate then the manufacturer would be eligible to claim the specified drawback irrespective of whether they use imported goods or not.</p>
37	Chandru Ramachandran	Export benefits	<p>In furtherance to above query, please further clarify if Manufacturers using IGCR scheme for import of inputs for export product is also eligible for duty draw-back.</p>	<p>There is no denial under either rule for claiming dual benefits. However, manufacturers using the IGCR scheme to import inputs at a concessional rate for export products can also be eligible for duty drawback, provided they comply with specific conditions to avoid double benefits. This includes maintaining detailed records, proving that imported inputs were used in exported goods, and adjusting the duty drawback claim by the amount of concessional duty already availed. Proper documentation and adherence to regulatory requirements are essential for claiming both IGCR benefits and duty drawback.</p>
38	Chiranjeevi Fysolate Technologies	SEZ/Icegate portal related	<p>We have gone through well the modules of billings in ICEGATE but we could not find the category under which the EOU to SEZ BOE will come. Please provide step by step procedure.</p>	<p>Filling of bill of entry module has not yet been uploaded to ICEGATE portal. For any assistance regarding this matter, you may contact the ICEGATE helpdesk</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
39	Vishnu Satheesan LoreMine Technologies Private Limited	Import of Goods/Services	We need CTH code of Laptop to initiate BOE and fullform of Item type column while filling BOE.	The CTH for importing laptops in India is 84713010. Further, please find below abbreviations used in BOE: Manufactured Goods - M Capital Goods - CG Raw Material - R Consumables - C By Product - B Waste/Scrap - W Spares and Accessories - S Remaking - RM Repair - RE Packaging Material - P Capital Goods-Building - CB Capital Goods-Plant & Machinery - CE Capital Goods-O & M - CO Traded Goods - TG Others – IO
40	Vishnu Satheesan LoreMine Technologies Private Limited	Import of Goods/Services	In furtherance to above query, the CTH details shows for purchase of shows that it is restricted item as per DGFT notification.	Notification 23/2023, dated August 3, 2023, imposes restrictions on obtaining import authorizations for five specified categories of goods, including laptops. However, Circular No. 06/2023-24 extends the provisions of Notification 23/2023, exempting EOUs and SEZs from this requirement. Therefore, as per Circular 6/2023-24, an SEZ unit is not required to secure import authorization or registration for the importation of laptops, provided they are intended specifically for captive consumption.
41	Balasubramaniyan.V Haxagon Nutrition	GST Law	Kindly clarify, can we file the DTA procurement in SEZ online for zero-rated supply made by DTA unit under LUT taken after invoice date. As per Circular No. 8/8/2017-GST dated 4 October 2017, LUT shall be valid for whole financial year in which it is tendered.	As per Rule 96A of the CGST Rules 2017, which outlines the procedure for exporting goods or services under an LUT (Letter of Undertaking), specifies that the registered person must furnish LUT before exporting goods or services without payment of tax. This LUT, once furnished, remains valid until the end of the financial year for which it is filed. Consequently, the unit cannot avail zero-rated benefit if the supplier does not have a valid LUT in place on the date of the invoice.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
42	R.B. INDUSTRIES	GST Law	<p>A new notification (No. 08/2024 GST) mandates the submission of SRM-1 for registration and disposal of packing machines for panmasala and tobacco products by all tobacco manufacturers. Our SEZ unit focuses solely on 100% exports, with no domestic sales. Our production of tobacco products like Gutkha and Panmasala varies based on buyer specifications, ranging from 2Gms to 4 Gms.</p> <p>We seek clarification on whether SEZ units exclusively engaged in exports need to comply with Form SRM-1. Additionally, due to irregular operation, our factory may remain idle for extended periods, leading to potential damage and downtime for packing machinery components due to dust and fungus buildup.</p>	<p>As per Notification No. 4/2024 - Central Tax dated April 10, 2024, amended vide notification no. 8/2004, all registered persons engaged in the manufacturing of goods listed in the attached schedule (including tobacco products like Pan Masala containing tobacco and Gutkha) must provide details of the packing machines used for filling and packing packages in FORM GST SRM-I. This requirement applies to every registered person, including SEZ units, and FORM GST SRM-I must be filed within 30 days of the notification date.</p> <p>Additionally, registered persons must submit a special monthly statement detailing the inputs used and the final goods produced in FORM GST SRM-II. This statement must be filed electronically on the common portal by the tenth day of the month following the reporting month. If the unit operates on a project basis and has no data to report in FORM GST SRM-II, it may submit the form as NIL.</p>
43	Prashant Ghayal Piramal Pharma Limited (PPS)	Others	<p>We submitted an LUT without affixing a Common Seal, citing the Companies Act 2015 allowing non-adoption of a Common Seal. However, VSEZ insists on Common Seal affixation, contrary to legislative provisions allowing authorized signatures of Directors and the Company Secretary. We seek clarification on following:</p> <ol style="list-style-type: none"> 1. How to proceed without a Common Seal as per the Companies Act 2015. 2. Is compliance with the Companies Act mandatory for EPZs. 3. Are there notifications allowing LUT acceptance without a Common Seal for EOUs. 4. Your detailed guidance will help resolve our compliance issue with VSEZ effectively. 	<p>The Companies (Amendment) Act, 2015 has made the use of a common seal optional. Consequently, companies are no longer required to mandatorily possess such a common seal. It is recommended that the Company should inform the relevant jurisdictional authorities of this change in Companies Act.</p>
44	Vishnu K S EXL	Others	<p>As per the Karnataka state law we are bound to pay stamp duty for lease registration/renewal. Do we have an option to get exemption for this stamp duty.</p>	<p>The government of Karnataka vide its order no. No.CI 282 SPI 2001, B'lore dated 25 February 2002, exempted all the industrial units located in the SEZ shall be fully exempted from payment of Stamp Duty & Registration Fees.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
45	Krishnamurthy Rangaswamy DHL Supply Chain India Pvt Ltd	Export benefits	A foreign client of our FTWZ unit imports devices to India for testing. Under SEZ Rule 50, the goods are temporarily removed to a DTA contractor's facility for testing, ensuring no change in their identity. After testing, within 120 days (SEZ Rule 51), the goods return to our FTWZ unit. The DTA contractor bills the testing services to our foreign client. We seek clarification on how remittances from our foreign client to the DTA contractor for testing services can be facilitated.	As per Section 2(n) of the SEZ Act 2005, Free Trade and Warehousing Zone(FTWZ)" means a Special Economic Zone wherein mainly trading and warehousing and other activities related thereto are carried on. Further, the definition of SEZ as per Sec 2(za) includes a FTWZ. Additionally, supply of service by the DTA unit to Foreign client in FTWZ would be considered as export of service. The DTA unit must raise a service invoice to the FTWZ unit (foreign client) and this invoice should be made in USD, as specified in section 2(z)(iii) of SEZ Act 2005.
46	Shyam Vyas DBS Technology India Services Private Limited	DT	We operate two SEZ units under separate LOAs, each availing 10AA benefits with separate books of accounts. Unit 1 is nearing completion of its 10-year tenure in the upcoming financial year, while Unit 2 is in its 5th year this financial year. Considering creating a SEZ reinvestment reserve for Unit 1 to continue availing 10AA benefits through investments in plant and machinery. We seek clarification on whether the reserve created for Unit 1 can be used to purchase plant and machinery for Unit 2.	<p>The issue revolves around the interpretation and utilization of the SEZ Reinvestment Reserve under Section 10AA of the Income-tax Act, 1961. This provision mandates the creation of a SEZ reinvestment reserve to support the business activities. However, question arises regarding whether this reserve can be utilized by any undertaking of the taxpayer, specifically whether it should be restricted to SEZ units or can extend to other business undertakings, or the utilization should be restricted to the SEZ unit with respect to which the reserve is created.</p> <p>Section 10AA(1)(ii) mandates the creation of the SEZ Reinvestment Reserve, while subsection (2) outlines its utilization for acquiring machinery and plant for the business of the undertaking. The crucial point of contention is the interpretation of "business of the assessee" versus "business of the undertaking," which could imply different scopes of application for the reserve.</p> <p>The term "undertaking" is pivotal in this context and is defined variably across different statutes and judicial interpretations. It generally encompasses any identifiable unit or division of the assessee's business that operates independently and conducts business activities.</p> <p>On the other hand, "unit," specifically under the SEZ Act, refers to entities set up within SEZs, eligible for special benefits and tax exemptions.</p> <p>..(Contd..)</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
				<p>..(Contd..)</p> <p>Three distinct interpretations emerge from the analysis:</p> <p>Wide interpretation: This view suggests that the SEZ Reinvestment Reserve can be utilized for any business undertaking of the assessee, irrespective of whether it is located within an SEZ or not. It leans on a liberal interpretation favouring the taxpayer's benefit, as supported by judicial precedents that advocate for broad interpretations of tax exemptions.</p> <p>SEZ unit specific interpretation: According to this perspective, the reserve should only benefit SEZ units of the assessee. This aligns with the original intent of the SEZ Act, which seeks to promote development within SEZs through targeted incentives. The nomenclature and purpose of the reserve account, along with Circular No. 7/2003 (which stated that the object of creating a reserve was to utilise the same for promotion and development of SEZ units and not for any other business of the assessee), reinforce this interpretation by emphasizing reinvestment within SEZs.</p> <p>Original SEZ unit interpretation: This view takes a narrower stance, positing that the reserve can only be utilized by the specific SEZ unit that initially generated the profits used to create the reserve. It draws support from the statutory Form 56FF, which requires declarations that the reserve was used exclusively by the SEZ unit for purchasing new plant and machinery.</p> <p>In conclusion, the diverse interpretations of "undertaking" and the legislative intent behind Section 10AA necessitate clarity for consistent application and to mitigate potential litigation.</p> <p>Each viewpoint reflects varying degrees of alignment with the SEZ policy objectives and broader tax principles. Resolving this ambiguity will require a careful consideration of statutory language, legislative history, and administrative guidelines to ensure equitable application across taxpayers and uphold the intended benefits of SEZ incentives.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
47	Abha Gupta	Exit from Scheme	Can you please share the checklist for surrendering SEZ license or exiting from SEZ scheme for a SEZ unit.	<p>Please find below the documents required for exit application:</p> <ul style="list-style-type: none"> - Duly Notarized Legal Undertaking on Rs. 100 Non-Judicial Stamp paper in Form L; - Status of pending foreign exchange realization along with CA certificate; - RBI/AD Bank permission for extension of time in realization of pending foreign exchange, if any; - Copy of all the APRs filed till date; - Realization certificate duly authenticated by the banker of the unit regarding realization of foreign exchange since inception; - Board Resolution for exit of unit from SEZ scheme; - Board Resolution in favor of authorised signatory for signing such exit application. <p>No Objection Certificate/No Dues Certificate</p> <ul style="list-style-type: none"> - No objection certificate & No dues from Specified Officer w.r.t. exit of the unit; - No objection certificate / No dues from SEZ developer; - No Dues from UPFC/Bank/Financial Institutions regarding payment of their dues, if any; - No Dues Certificate for Softex Filing till the date upto which unit remained in operation; - No Dues Certificate from jurisdictional GST authorities; - No Dues in respect of Form-I (CST exemption) issued to the unit; - Affidavit to declare clearance of all applicable labour dues; - No Dues Certificate from Labour Department; - Certificate of independent valuer in respect of total value of assets.
48	Abha Gupta	Exit from Scheme	In furtherance to above query, can you please also share compliances and checks which needs to be carried out for SEZ exit other than the documents.	You may refer to Rule 74 of the SEZ Rules, 2006, which outlines the provisions for the exit of units. As per this rule, a unit may choose to exit the SEZ with the approval of the Development Commissioner (DC), subject to the payment of applicable duties, and must execute a legal undertaking in Form L.



04

Queries & Responses
July 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1	Selvakumar R. Workplace Fabric India Private Limited	DTA Supplies	<p>Our business model involves sending our products to client on subscription basis without transferring ownership. After the contract period, the client will return the goods to us and pay only service charges for usage. We will issue a tax invoice for supply of services and not for sale of goods. Please clarify on below points:</p> <ol style="list-style-type: none"> 1. What documents are required to send products to SEZ client. Is a tax invoice (for services) and delivery challan sufficient. 2. What documents are required when the SEZ client returns the products to us. Is a delivery challan along with copies of the inward documents sufficient. 3. Are we eligible to send the product to a client located in DTA. If yes, what will be the customs duties applicable and what are the required documents to send and bring back the product from the DTA client. 	<p>We understand that the goods are transferred to clients for right to use the asset without control over the asset. Accordingly, you may refer to Rule 50 and Rule 51 of the SEZ Rules, 2006, for transfers to a DTA unit, and Rule 38 of the SEZ Rules, 2006, for transfers to another SEZ. Such transfers require prior approval from the Authorized Officer. The necessary documents for the transfer of goods include the delivery challan, non-returnable gate pass, and any other documents as suggested by the Specified Officer.</p>
2	Balasubramaniyan.V Haxagon Nutrition	DTA Supplies	<p>Please clarify whether BCD is applicable on domestically procured raw material to DTA unit.</p>	<p>As per Rule 38 of SEZ Rules, 2006, supply from SEZ unit to the DTA recipient is treated as an import in the hands of DTA recipient. Accordingly, BCD and IGST will be charged on such supplies. However, the SEZ unit may supply the goods duty free to the DTA recipient having special status as advance license holder, EOUs, STPs, EPCG holders etc. Further, Rule 49(4) of SEZ Rules, provides certain situations where goods may be removed to normal DTA units without payment of tax.</p>
3	EPCES	DTA Procurement	<p>Whether training services received from an advocate will fall under the scope of legal services as per definition given in Para 2(zm) of Notification No.12/2017 – Central Tax (Rate) dated 28th June 2017. Additionally, whether RCM will be applicable to training services received from advocates.</p>	<p>Given the ambiguity in legal definitions concerning the phrase “in any manner” within the context of legal services, the training service in question could be classified under either legal services or training services. Further, both categories are listed under the default services in SEZ Law. Therefore, irrespective of the classification, the unit would not be required to pay GST under reverse charge.</p>
4	Naveen Kainth	Export of Goods/Services	<p>Please guide if there is any provision to export packing material on regular basis as per SEZ rules & regulations.</p>	<p>There is no specific provision under SEZ Law for export of packing material. You may refer to normal export provisions and ensure that such activity is duly approved in LOA of unit.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
5	S. KALYANI RD MEPZ SEZ	DTA Supplies	Is there any notification available for allowing DTA sales without payment of duty for goods produced from indigenously procured material	As per Rule 38 of SEZ Rules, 2006, supply from SEZ unit to the DTA recipient is treated as an import in the hands of DTA recipient. Accordingly, BCD and IGST will be charged on such supplies. However, the SEZ unit may supply the goods duty free to the DTA recipient having special status as advance license holder, EOUs, STPs, EPCG holders etc. Further, Rule 49(4) of SEZ Rules, provides certain situations where goods may be removed to normal DTA units without payment of tax.
6	Lakshmi K. S. Owari Precision Products (India) Pvt. Ltd.	RoDTEP	Our IEC has two branches. Please clarify whether RoDTEP benefit claimed in one branch can be used for the bill of entry filed in another branch.	As per Public Notice No. 01/2021, dated 04 January 2021, the RoDTEP ledger is maintained at IEC level. Accordingly, it appears that the benefit may be utilized for another BOE reflecting on ledger.
7	Abha Gupta	Exit from Scheme	Please clarify if there is provision for conversion of SEZ unit into STPI. If yes, please share relevant rules and provision.	A unit can exit from the SEZ and register under the STPI scheme. There are no special rules or procedures specifically for converting from SEZ to STPI. The unit needs to follow the standard SEZ exit procedures, clear any obligations, and obtain necessary approvals from the Development Commissioner. Further, it may apply for registration with the STPI by meeting its requirements and submitting the appropriate documentation.
8	Anshul Srivastava Global Logic	SEZ/Icegate portal related	Our customer sends their goods to us on loan basis for the testing and R&D purposes and sometimes these items attract BIS or WPC or import authorisation from DGFT. As on date there is no such requirement for SEZ imports but what shall be the situation after introduction to the ICEGATE. Whether the import restrictions shall be applicable for the SEZ imports as well.	ICEGATE is designed with separate functionalities specifically for SEZ-related activities. As such, the import restrictions and requirements applicable to SEZ imports are addressed within this system. Currently, SEZ imports are exempt from requirements such as BIS, WPC, or DGFT import authorizations for items sent on a loan basis for testing and R&D purposes. Post-integration with ICEGATE, it is expected that SEZ imports may continue to be managed distinctly, ensuring compliance with the current exemptions and any new regulations seamlessly.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
9	Rameshwar Choukhada Yash Technologies Private Limited	GST Refund	<p>We have SEZ & Domestic unit with separate registration under GST act. We do also have Input Service Distributor registration for common services. We are distributing common ITC with filing GSTR 6. SEZ unit also receiving such common ITC based on turnover ratio. As we only have export of services from SEZ unit under LUT/Zero rated supply u/s section 16 of IGST act, we are unable to utilize ITC in SEZ unit hence applying for refund of ITC against zero rated supply.</p> <p>At Telangana state, Central GST authority denied for refund stating that as per Section 16(1) of the IGST Tax Act, 2017 the supply of goods and / or service to SEZ unit is zero-rated and thus, the SEZ unit is not eligible for refund under Section 54 of the CGST Act, 2017. Further stating that the supplier of goods or services or both to SEZ Developer or SEZ Co-Developer or SEZ Units is eligible for claim of refund and there is no provision for granting of refund to SEZ unit under IGST Act, 2017. It is mentioned that ISD is distributor only not the supplier to file refund under GST. Please clarify.</p>	<p>Under the GST regime, supplies to SEZ are considered as zero-rated supplies. The supplier is given two options to undertake zero-rated supplies - either pay IGST and take refund of said IGST paid or obtain LUT and supply without payment of tax. Under both the options, the tax burden would not go to the recipient of supply. However, in case the supplier charges tax to recipient SEZ, then said SEZ may claim ITC subject to fulfillment of prescribed conditions.</p> <p>There is no provision under the GST law which restricts a SEZ unit /developer to claim refund of ITC on GST paid to the vendors with respect to supplies received. There is only a procedural provision which specifies that the supplier is required to file a claim of refund in case of supplies made to the SEZ unit or developer. Please note that in our view, said procedure would not deny the benefit or opportunity of refund claim to SEZ unit or developer.</p> <p>You may approach the GST authority or file an appeal against the rejection order.</p>
10	Southern Online Bio Technologies Limited	Export of Goods/Services	In furtherance to query dated 24 June 2024, it is once again requested to re-examine whether DTA procurement of UCO can be exported after processing the same with reference to the latest ITC (HS) under HSN 15180039.	As per Schedule 2 of ITC (HS), 2018, read with Notification no. 01/2015-2020 dated 6 April 2020, all varieties of edible oils, except mustard oil can be exported under HSN code 15180039. The same have been made 'free' for export without any quantitative ceilings, pack size etc. Accordingly, the unit may procure the UCO from the DTA unit after verifying that the edible oil is not mustard oil.
11	Ch.S.S.Sekhar R.D-EPCES-VSEZ	Export of Goods/Services	What is the procedure for exporting human hair through Customs notified bonded warehouses in China.	The procedure for export by the EOU unit is outlined in Para 6.01 of FTP, 2023. You may refer the same.
12	Pavithra	APR/MPR	Please confirm the due date for submission of SEZ APR for the financial year 2023-24.	The due date for APR is 30th September.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13	Sreemagal.R Zoho Corporation Private Limited	Others	We have procured certain input and input services relating to construction of parking space and a hall for seating arrangements for vendor of SEZ company. The parking space and hall is situated outside the SEZ zone and adjacent to SEZ Zone. Since the parking space and hall has been located outside the SEZ Zone, all the expenses relating to such parking space and hall has been made by paying the necessary taxes. Shall we continue to retain these expenses in SEZ books of accounts itself, as these expenses were incurred only for the operational convenience of SEZ company. Further, we have procured it only with taxes. Should we move all these expenses to our DTA books of accounts, as the same is outside the zone.	Since the goods and services used in the construction of the parking space have not entered the SEZ premises, we understand such expenses should not be considered as utilized for SEZ purposes. Therefore, these expenses would not be accounted for in the SEZ books of accounts.
14	Prakash Thakur GIFT SEZ	Others	Is it permissible for an IFSCA unit to transfer or redeploy existing manpower from a DTA unit to a new IFSC SEZ unit. Specifically, does this allowance extend to activities such as splitting up, reconstruction, or shifting of an existing business within the IFSC unit.	The unit may transfer employees from a DTA unit to an SEZ unit, provided that the SEZ unit accounts for the resulting products or services. Further as per Circular No. 12/2014 dated July 18, 2014 (as amended) issued by CBDT, the transfer or redeployment of technical manpower from existing units to a new SEZ unit in its first year of business will not be considered as splitting or reconstructing an existing business. This is valid if the transferred technical manpower does not exceed 50% of the total technical manpower engaged in software or IT-enabled product development in the new unit by the end of the financial year.
15	ASLAM BASHA FCAIT Automotive India pvt. Ltd.	DTA Supplies	Please clarify, if there is any provision to seek extension for LOA period for a one or two month. However, we have initiated the LOA renewal process and submitted application with MEPZ but we foresee the approval for renewal could exceed beyond the validity.	As per Rule 19(6A) of SEZ Rules, 2006 a unit seeking to renew its LOA must submit the application in Form F1 at least two months before the LOA's expiry. However, any delay in submitting the application will be evaluated based on the merits of the case. In reference to this provision, the unit should contact the jurisdictional Development Commissioner to address the delay in filing the application and expedite the renewal of the LOA at the earliest possible.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
16	Apoorva Jain IVIK Securities IFSC Private Limited	APR/MPR	For the FY 23-24, we have incurred trading losses, which we have consistently reported in monthly SERF. We understand that the APR filing does not allow for reporting negative loss figures directly. We have two potential approaches: Option A: File the trading loss as zero (certified by a CA) and submit an annexure letter detailing the specifics of the trading loss. Option B: Show exports as zero (since it cannot be negative) and report the trading loss in the "Other FE outflow" category, resulting in cumulative NFE being negative. Please guide.	The unit may report the actual imports along with zero exports in APR, which will automatically compute the negative NFE. Further, the unit needs to comply with positive NFE condition at the earliest possible, as required by LOA.
17	Gedala Venkata Satish Laurus Bio Pvt. Ltd.	Job-work	We intend to import certain capital goods which will further be sent to a third-party premises for assembling. With this background, please clarify the following: 1. Is such transaction allowed. 2. What are the documentation required. 3. Do we need to deposit any taxes with government and how much. 4. Will the deposited amount refunded once we receive product back.	An EOU is allowed to send duty free imported goods for job-work subject to conditions as prescribed under para 6.14 of the FTP and Rule 7 of the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2022 (IGCR). Key points - - An advance permission to be obtained from Customs (EPC) - Records to be maintained as mentioned in Rule 7 of IGCR
18	Mrs. Mullai Zen Linen International Pvt Ltd	DTA Supplies	We intend to send our goods to our DTA factory (Warehouse) after payment of customs duty and GST. Can we raise an invoice to Customer from DTA Factory when the goods are in transit and direct the goods to the customer place. Kindly advise on the procedure to be followed.	The unit may issue an invoice to the DTA customer under the Bill to Ship to model. The invoice should include the billing address of the DTA warehouse or factory and the shipping address of the DTA customer.
19	Jplawania	Export of Goods/Services	In furtherance to above query, please clarify whether we need to contact NSEZ or any other govt body to allowing us license for this product. This product will be manufactured under organic farmers products by a farmer. Further, please clarify , the procedure to bring these goods to NEZ for export. Can such products be allowed to export directly from farmers' place.	As per Notification No. 51/2023 dated December 8, 2023, only oil cake and other solid residues under Chapter 2306 are prohibited from export. It appears that the unit wishes to export Mustard Oil (HSN 23069012), which can be exported without any prohibition as per Schedule 2 of ITS (HS Code). Further, the unit can procure goods from a DTA supplier (farmer) following the procedure outlined in Rule 30 of the SEZ Rules, 2006. Such products could be exported from the SEZ unit only.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
20	Jplawania	Export of Goods/Services	Whether any export registration needed for Export of Edibles oil Mustard oil (refined) having HSN code 23069012. Further, kindly share documents required for export by a farmer Kota.	<p>As per Schedule 2 of ITC (HS), 2018 read with Notification No. 51/2023 dated 8 December 2013, export of De-Oiled Rice Bran under ITC HS code 2306 is prohibited till 31 July 2024.</p> <p>Even if the goods fall under the prohibited category, they may still be allowed for export with prior approval from the Board of Approval as per Rule 45 of the SEZ Rules, 2006. However, it is important to note that such prohibited items cannot be procured from the Domestic Tariff Area.</p> <p>Please find below list of documents required for export of goods:</p> <ul style="list-style-type: none"> - Copy of Tax invoice; - Copy of bill of lading or airway bill; - Copy of Shipping bill - Copy of Insurance documents, if shipments are sent CIF; - Copy of Packing list; - Copy of Certificate of Origin (COO) - Copy of Export license - Any other (as specified)
21	Sai Vamsi Kukkadapu Vijayakrishna Spices Pvt Ltd	GST Refund	We have an 100% EOU and Non EOU unit for manufacturing of spices under same GST. For doing exports under 100% EOU, we must procure some local material along with imported material where GST is applicable. As both the EOU and Non – EOU are under same GST, the refund of IGST is getting scrolled for all the inputs under the GST which includes domestic purchase made under EOU. Is there any specific rules or guidelines on how to claim that input purchases under EOU.	<p>Rule 89(4B) of the CGST Rules, 2017 specifies the refund process for cases where an EOU avails exemption under the Notification No. 78/2017- Customs, dated 13 October, 2017 mentioned in the rule. The said rule provides the formula of one to one correlation of imported goods with the exports made during the relevant period.</p> <p>However, in case the unit is not availing exemption under above-mentioned notification, then it may claim refund under Rule 89 under the category of "ITC accumulated in lieu of export of goods without payment of tax".</p>
22	Mani Qualcomm India Private limited	DTA Supplies	We have procured the materials locally for our authorised operation under the zero rated. Now we would like to ship the material to DTA location. Since we have availed only IGST benefits, do we need to pay the customs duty as well (BCD and SWS).	<p>You may refer to Rule 34(iv) of SEZ Rules, 2006 for removal of unutilized goods from SEZ to the DTA, on payment of applicable duties and taxes. Please note that procurement of goods from SEZ unit is considered as import by the DTA unit and accordingly, applicable custom duty would also be leviable.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
23	Litty Simon Armia Systems P Ltd	Import of Goods/Services	As per the rule 13/24-25, second-hand import is restricted unless there is an import authorization or BIS registration. Since we are importing from the US, the laptop only has US labeling. Please confirm whether these items comply with the regulations.	With respect to BIS Certification, the DGFT has exempted SEZs from the applicability of mandatory QCOs issued under the BIS Act, 2016, for the import of inputs required solely for export production. Further, Notification 23/2023, dated 3 August 2023, imposes restrictions on obtaining import authorizations for five specified categories of goods, including laptops. However, Circular No. 06/2023-24 extends the provisions of Notification 23/2023, exempting EOUs and SEZs from this requirement. Therefore, as per Circular No. 06/2023-24, an SEZ unit is not required to secure import authorization or registration for the importation of laptops, provided they are intended specifically for captive consumption.
24	Sai Vamsi Kukkadapu Vijayakrishna Spices Pvt Ltd	Job-work	<p>We have an 100% EOU and Non EOU unit for manufacturing of spices under same GST. As we have a smaller facility at EOU, for completing the export orders we have taken a job work permission for the Non – EOU unit to facilitate the processing and export by sending the goods under job work.</p> <p>1. Can we process the goods in job work location more than 50% of sales.</p> <p>2. As both the EOU location and Job work location are under same GST, we are not able to raise a 3. GST invoice for the job work processing charges. In that case, how can we record the expenses in EOU books.</p> <p>4. In some case, due to material shortage for EOU export orders, we are utilizing the raw material of the job work location (Non -EOU unit). We are not able to raise a GST invoice for raw material utilized. In that case, how can we record the stock in EOU books.</p>	<p>Please find below pointwise reply to your query:</p> <p>1. As per Para 6.19(a)(ii) of FTP-2023, an EOU is allowed to subcontract upto 50% of its previous year production to DTA unit subject to permission of Custom authorities.</p> <p>2 & 3. Please note that since both EOU and non-EOU are registered under the same GSTIN, there would not be any tax invoice raised for goods/services supplied. The movement of goods would be made under the cover of delivery challan and the same shall be recorded in EOU books of accounts accordingly.</p>
25	G Nagaraju Bosch Global Software Technologies Private Limited	Import of Goods/Services	We are looking to import 500 SIM cards from a supplier in Singapore. Kindly provide the procedure and list all necessary documents, licenses, and approvals.	<p>Para 2.06 of FTP-2023, specifies the mandatory documents required for import of goods into India as under:</p> <p>1. Bill of Lading/Airway Bill/Lorry Receipt/ Railway Receipt/Postal Receipt in form CN-22 or CN 23 as the case may be.</p> <p>2. Commercial Invoice cum Packing List</p> <p>3. Bill of Entry</p> <p>Further, Blank Sim Card duly classifiable under HSN 85235210 and as per Schedule 1 of ITC HS code, it is freely importable goods.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
26	Hema Chandra Rao Brookfield Properties	DTA Supplies	We understand that supply of services to DTA unit is not subject to custom duties and only IGST applies. Please confirm whether same applies to sale of scrap.	As per Rule 47 of SEZ Rules, 2006, the SEZ unit may remove scrap/remnants to the DTA unit on payment of applicable Customs duty including BCD, if applicable.
27	Hema Chandra Rao Brookfield Properties	DTA Supplies	The developer procures oil filters for DG Set, paying IGST to DTA supplier. After using filters, the developer must remove them from zone and send them to a registered vendor. This removal follows a specified test under Rule 5(3) of SEZ Rules. Please confirm whether Developer shall pay IGST at the time of removal from Zone and if yes, please elaborate the process with rules.	We understand that the developer intends to remove the spares for the purpose of testing. In this regard, the developer may remove the goods without payment of duty as per Rule 50(3) read with Rule 14 of SEZ Rules, 2006, on giving an undertaking to the authorized officer for the return of such goods.
28	Hema Chandra Rao Brookfield Properties	DTA Supplies	In furtherance to above query, please guide if material will be destroyed during the standard test, and as a result, it will not be returned to Zone. Consequently, will the developer be responsible for paying the relevant taxes.	As per proviso to Rule 50(3) of SEZ Rules, 2006, if these goods would be destroyed in the process of testing/ R&D, a certificate from the laboratory or institution to that effect shall be furnished to the Specified Officer.
29	N.Kailash Zen & Classic Group	DTA Supplies	We have two factories in different states with same IEC. We intend to transfer three machineries and had filed the invoice with depreciated value (zone to zone transfer with no duty). Kindly advise whether we need to proceed with assessable value or depreciated value.	As per Rule 30(15) read with Rule 38 of SEZ Rules 2006, a SEZ unit may transfer goods/ services to another SEZ unit. However, there is no specific provision for valuation in relation to depreciation of said goods. Further, we understand that valuation of said goods may be considered as per its value in books of accounts on the day of transaction. Hence, depreciated value of such goods may be considered.
30	Somappa Indic EMS Electronics Pvt. Ltd.	LOA/BLUT	We have purchased new plant near our EOU and done warehouse facility for EOU with permission from CSEZ. For additional warehouse we got registration from GST department. How can we add the address in our IEC /LOP/ Green cards.	We understand that the entity has a warehouse which is to be used as an additional warehouse outside the EOU unit for storage of material. In this regard, as per para 6.34 of HBP 2023, inclusion of additional space may be granted by the development commissioner. We would like to inform you that there is no explicit provision or document prescribed in the FTP/HBP for inclusion or deletion of the space. You may approach the Zonal Development Commissioner along with the written application, map of the warehouse along with property ownership documents for approval of additional space. Further, for addition of warehouse address in IEC, you may add the details under branch details. Green card is required to be updated with DC office and post that the DC would update it in customs records

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
31	Gedala Venkata Satish Laurus Bio Pvt. Ltd.	APR/MPR	Please clarify, whether at the time of filing QPR, we need to provide investment details on cumulative basis or only for quarter. Also, please clarify if we need to disclose all types of purchases i.e. duty-free imports, local purchases with and without payment of GST.	We understand that the unit is registered as an EOU. Accordingly, please note that the QPR is reported by the EOU according to the format prescribed under Annexure III, which does not appear to request investment details. Additionally, the QPR requires information solely for the current quarter, including opening and closing balances where necessary.
32	Samir Gokhale LTIMindtree Limited	Others	Is there guideline given by ministry of commerce or SEZ customs for issuance of SEZ gate passes for visitors, vendors and customers.	As per Rule 70(3) of SEZ Rules, 2006, DC is authorised to issue temporary ID cards to casual visitors. You may refer the same.
33	Nagarjuna	MOOWR	We intend to export fixtures and components to MOOWR unit in Bangalore from our EOU. In this regard, we wish to know the following: - Whether taxes/duties are exempted on sale of goods from EOU unit to MOOWR unit. If yes, kindly provide reference of section/notification. - Whether MOOWR unit can issue any duty entitlement certificate to supply goods from EOU unit to MOOWR unit. - If not, kindly let us know applicable taxes/duties on supply of goods from EOU to MOOWR unit. - Documentation and procedure to be followed by EOU unit to ship goods from EOU to MOWR unit.	There is no specific exemption on supply of goods from EOU to MOOWR Unit. The procurement from EOU would be treated similar to normal procurement made from DTA unit. Accordingly, GST would be paid on procurement of goods from EOU. For documents and procedure to be followed, you may refer to "Manufacture and Other Operations in Warehouse (no. 2) Regulations, 2019"
34	Shailesh Wadiker Global Insurance Brokers Pvt Ltd.	APR/MPR	Global Insurance Brokers Pvt. Ltd. (GIB), a composite reinsurance broker with a branch office in GIFT City SEZ, provided reinsurance services to GIC, Mumbai HO. They received a brokerage payment in US dollars. Please clarify whether the earned brokerage (USD 10) should be reported in the APR as exports or domestic supplies.	Such income could be reported under Table 3(B) of APR i.e. Value of supplies made under Rule 53A ('a' to 'k'). Such transaction would come under clause 'h' of Rule 53A of SEZ Rules, 2006.
35	Sanjay Kumar Workplace Synergies Pvt Ltd	Warehousing	We are suppliers of goods to SEZ unit from Custom Bonded warehouse. Please clarify whether we can supply under LUT.	You may refer to Rule 46(13) of SEZ Rules, 2006, which outlines the procedure and conditions for supply of goods from SEZ to bonded warehouse. According to said rule, goods are transferred to a Unit based on a Procurement Certificate issued by the Customs Officer. The EOU would file a Bill of Entry for Home Consumption with the Authorized Officer. Additionally, the EOU must submit a signed document as per procedures laid down under Rule 46(12)(iii) within 45 days from the goods' clearance date.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
36	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	Export of Goods/Services	We intend to export thru a merchant exporter under Rule 46(10)/45(11) and will send the goods directly to port. As per rule 46(11)(i) of SEZ Rules, the export is considered as “as if these were movement of goods from one warehouse to another”. Please clarify: 1. Whether 0.1% IGST would be applicable for this transaction. 2. Whether we can report these invoice in Table 6A of GSTR-1. 3. Any other matter which the SEZ unit should take care.	Please find pointwise reply to your queries as below: 1. As per "Notification No. 41/2017-Integrated Tax (Rate)," goods dispatched from an SEZ unit to another registered entity for export purposes must be cleared under the bill of entry filed by the recipient unit. The notification sets the Integrated Tax rate at 0.1% for inter-State supply of taxable goods from a registered supplier to a registered recipient for export, subject to specified conditions. 2. The recipient unit is obligated to report this transaction in its GST returns as an import from the SEZ unit. 3. You may refer to above mentioned notification and Rules 45 and 46 of SEZ Rules, 2006.
37	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	Export of Goods/Services	In furtherance to above query, please clarify, whether Customs Duty should be payable where we are filling BOE. Further, these goods are moving from one custom bonded area to another custom Bonded area, hence where is the need to file Bill of Entry.	As per Rule 46(11) of SEZ Rules, 2006, read with Notification no. 41/2017-Integrated Tax (Rate), the goods shall move from the registered supplier premises directly to the port of export. In that case there is no requirement of filling BOE. However, such supply shall attract the IGST of 0.1% on the deemed supply of goods from registered supplier to registered recipient/merchant exporter.
38	Bharat Bhushan Teva API	Re-import/re-export	Please clarify. We imported equipment under a duty exemption certificate as a 100% EOU. One part (the probe) became defective and couldn't be repaired in India. Consequently, we sent the part to a vendor in Switzerland for repair after obtaining the GR Waiver from the bank. The initial value mentioned during export differed from the value associated with the repaired probe upon re-import. Now, while approaching the bank to close the GR Waiver, they point out this value mismatch. Could you guide us on how to proceed.	As per the Master Circular No. 10/2011-12 dated July 1, 2011, issued by the RBI, an exporter may request AD banks for GR approval when goods are exported for re-import after repair, testing, maintenance, etc. Please refer to paragraph B.10 of the said circular. Additionally, this paragraph requires the submission of the Bill of Entry filed at the time of re-import of the exported item from India within one month. There is no specific provision under the law that allows any percentage of mismatch allowance. Further, you may reach out to your AD bank to explain them the situation and seek further course of actions for closure of GR Waiver.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
39	Shyoji Ram Prajapat Manor & Mews Pvt. Ltd.	DTA Supplies	We are a furniture manufacturing unit intending to make DTA Sale of Iron/Metal Scrap which was generated during manufacturing process and activities. Now after the filing of DTA Sale, Bill of Entry, Custom officer asking for SIMS Registration required of DTA Unit as per Circular no. 30 issue by DGFT for scrap sale from SEZ Unit. However, as per Para 2.33 of FTP-2023, no authorisation is required for scrap sale from SEZ Unit. Please clarify.	We understand that the company wants to understand if SIMS registration is required at the time of clearance of steel scrap from SEZ to DTA. In the above backdrop, it is to be noted that Circular No. 30/2015-2020 dated 8 January, 2020 issued by DGFT has clarified that in case an item of steel gets registered under SIMS at the time of entry into SEZ, there is no need to seek SIMS Registration again at the time of supply of such item into DTA. However in the case of Scrap, the nature of the steel might undergo a change resulting in change in HS Code at 8 digit level as well. We are of the concise view that SIMS registration is required as there is change in 8 Digit level HS Code. Further, Para 2.33 addresses the provisions concerning the disposal of metallic scrap generated during manufacturing or processing activities.
40	Shyoji Ram Prajapat Manor & Mews Pvt. Ltd.	DTA Supplies	In furtherance to above query, reiterating the query, please confirm that whether SIMS registration is required on generation of iron/metal scrap during production activities and selling it to DTA.	The goods moved from a SEZ to a DTA Unit are considered imports by the DTA Units. In case the scrap is classified under an HSN category that necessitates SIMS registration, the DTA Unit must secure this registration. Additionally, if the scrap produced falls under HSN code 72041000, which pertains to waste and scrap of alloy steel, SIMS registration becomes compulsory for the DTA supplier.
41	Somappa Indic EMS Electronics Pvt. Ltd.	Job-work	<p>We are involved in job work activities and exported to same supplier. We have not paid the material cost to supplier and exported to our customer in Ireland, on a job work basis. Only the labor cost has been added in the shipping bill (SB). Please advise.</p> <ol style="list-style-type: none"> 1. Do we need to obtain Job work approval from EPC Customs for the foreign supplier. 2. Could you confirm the IDPMS/EDPMS RBI compliances for closing, considering that we have not paid the raw material cost to the customer, and the SB reflects only the labor cost under EOU. 3. Regarding raw material clearance, the BE was cleared under EOU-DF, and the amount was debited in the B-17 bond. How should we proceed to take the re-credit in this case. 	Based on the documents shared, it appears that the unit has not explicitly mentioned that the filing is related to job work. In the case of job-work transactions, the unit is required to file a BOE with a declaration as “Free of Cost” (FOC). Additionally, if the FOC value is specified but the AD (Authorized Dealer) Code is missing in the Bill of Entry or shipping bill, the EDPMS/IDPMS system will not register such a transaction. To address this, the unit should amend the Bill of Entry and shipping bill accordingly.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
42	Somappa Indic EMS Electronics Pvt. Ltd.	Job-work	In furtherance to above query, we mentioned AD Code on BOE. Kindly clarify how we need to go about this issue.	For job-work transactions, mentioning the AD Code is optional. You can choose not to include the AD code on the SB/BOE to avoid any impact from the EDPMS/IDPMS portal.
43	Supriya P Regional Director, EPCES CSEZ - Cochin Region	RoDTEP	Does this amendment in Notification no. 50/2024-Customs (N.T.) dated 19 July 2024 make sez units supplying to 100% EOU and other sez units, deemed exports, which are eligible for RoDTEP.	The amendment in this notification seeks to allow RoDTEP benefit against goods exported by an SEZ Units. Supply of deemed exports is not allowed for RoDTEP benefit. Therefore, supply by SEZ unit to EOU/SEZ Unit is not eligible for RoDTEP benefit.
44	Suhas Patil HCL Technologies Limited	Zone to Zone Transfer	At the time of movement of bonded goods from STPI to SEZ unit under LUT on filing of BOE, do we still need to submit an intimation to DC office as per instruction - 11.	Instruction 11 talks about movement of Capital goods from DTA/STPI unit to SEZ Unit. According to said instruction, no second hand capital goods will be allowed to be moved into the Zone without prior approval from the Development Commissioner. Further, STPI may supply goods to SEZ units in accordance with the provisions outlined in Rule 30(14) read with Rule 30(12) of SEZ Rules, 2006.
45	Sudha HCLTech	DTA Procurement	Can we claim IGST benefits for event organized for awarding employees on their achievements. An event was organized by the company to recognize employees for their achievements. This event was organized outside of SEZ zone.	The invoice copy provided has already been issued under the benefit of zero-rated supply to the SEZ unit. We understand that these employee convention services fall under entry no. 21 of the uniform list of services, categorized as "Convention services." Therefore, the unit may avail the zero-rated benefit for these services based on the default list. However, please note that the endorsement of this invoice must be done by the jurisdictional Authorised Officer. We recommend reaching out to the Authorised Officer to confirm its eligibility for endorsement to avoid any potential disputes at later stage.
46	Dr. Neelam Purey Purple Sigma IFSC Pvt Ltd.	DTA Procurement	Request you to kindly confirm the process of procuring second hand laptops, systems from office in DTA. Also please clarify process for getting the GST refund in such a case.	An SEZ unit may procure second hand laptops, systems from the DTA unit without payment of duty as per Rule 27 of SEZ Rules, 2006. You may refer to Rule 30 of SEZ Rules, 2006 which outlines the procedure in this regard. With respect to refund query, please elaborate the context with which refund application is required to be filed.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
47	Chandra GE Oil & Gas India Pvt. Ltd	DTA Procurement	Our DTA unit received free of cost imported goods for software testing purpose from UK. They want to shift few material on permanent basis to SEZ unit for project work. Please confirm if it is possible to move (on permanent basis) free of cost material DTA to SEZ. Further, please confirm this movement can be made basis tax invoice or against deliver challan.	The supply of goods from a DTA unit to an SEZ unit will be considered a separate transaction. This transfer must be documented with a tax invoice reflecting the transaction value. Additionally, the zero-rated GST benefit will only apply if the goods are used for authorized operations by the SEZ unit.
48	B D Joshi Golden Tower Infratech Pvt. Ltd.	Others	<p>We used imported goods and goods/services procured from DTA for developing two buildings in our SEZ. Now we are demarcating three built-up floors as Non-Processing Area from one building under SEZ Rule 11B. We request your guidance and clarification regarding below mentioned points:</p> <ol style="list-style-type: none"> 1. How the repayment of duties/taxes should be done, should duty related to imported goods be paid under TR-6 and goods/services procured from DTA under DRC-03 or total amount be paid against TR-6 only. 2. Do SEZ Developers need separate GST registration for business related to built-up Non-Processing Area in SEZ. 3. Which tax (SGST+CGST or IGST) will be applicable for goods/services procured from DTA for built-up Non-Processing Area, other common infrastructure & facilities by the SEZ Developer. 	<p>Please find point wise reply to your queries below:</p> <ol style="list-style-type: none"> 1. The duty on imported goods would be paid by TR-6 challan while the duty on domestically procured goods would be paid through DRC-03 challan. 2. Separate GST registration for Non-processing area is to be obtained 3. Since, separate registration as DTA unit would be obtained, tax would be paid in accordance with general inter/intra state provision as per Section 7 & 8 of IGST Act, 2017.
49	Hema Raokoneru Brookfield Properties	DTA Procurement	A Developer utilized services for authorised operations from a service provider in 2017 (post GST) and 2018, but customs endorsement was not carried out in accordance with regulations. Can the Tax Invoices be endorsed by Customs now.	As per Rule 30 of SEZ Rules, 2006 endorsement of invoices for services procured from DTA is also required to be completed by the SEZ unit and shared with the vendor within 45 days of procurement. However, the unit may approach and request the Authorised Officer for endorsement of old invoices, on providing him sufficient reasons for such delay in non-endorsement of pending invoices. Please note that endorsement of old invoices are at discretion of the authorities.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
50	B D Joshi Golden Tower Infratech Pvt. Ltd.	Others	<p>In furtherance to above query, we have concern regarding "Separate GST registration for Non-processing area is to be obtained" because according to Section 6 of SEZ Act 2005 -"The areas falling within the Special Economic Zones may be demarcated by the Central Government or any authority specified by it as -</p> <ul style="list-style-type: none"> a. the processing area for setting up Units for activities, being the manufacture of goods, or rendering services; or b. the area exclusively for trading or warehousing purposes; or c. the non-processing areas for activities other than those specified under clause (a) or clause (b). <p>We have not de-notified any part of our SEZ, therefore even after demarcation of partial built-up area of a building as Non-Processing Area we will remain as notified SEZ including processing and non-processing areas.</p> <p>Therefore, we request further clarity regarding:-</p> <ol style="list-style-type: none"> 1. Whether the NPA will not be treated as part of SEZ 2. If NPA will be treated as part of SEZ, can a developer take two different registration for same SEZ (one for processing area and other for NPA) 	<p>The area demarcated as non-processing area under Rule 11B shall be approved by BOA only. For all technical/practical purpose this non-processing area shall not form part of SEZ.</p>
51	R.Ramesh Fourrts	Re-import/re-export	<p>We have imported a capital goods 15 months back, but the same is not meeting our requirements and the supplier could not rectify the problem. Now they are ready to give replacement and agreed to share the re-export proof too. Please clarify if it is allowed as per Para 6.16 of FTP 2023 and Customs Notification 52/2003.</p>	<p>As per para 6.16 of the FTP-2023, general provisions of FTP relating to export /import of replacement/repair of goods would also apply equally to EOUs. Further, referring to PN 25/2021 issued by Customs Commissionerate Bangalore, in case the imported goods are found defective or otherwise unfit, may be returned and replaced. In the event of replacement, goods may be brought back from foreign suppliers or their authorized agents in India or indigenous suppliers. Units shall take a prior approval from the jurisdictional EPCs before re-export.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
52	R.Ramesh Fourrts	Re-import/re-export	<p>In furtherance to above query, please confirm the process as below:</p> <ol style="list-style-type: none"> 1. To get the Consent letter from the Supplier 2. Then to submit the papers with DC MEPZ for approval (Consent letter of the supplier with copy of the Bill of entry under which the subject goods are initially imported) with covering letter declaring that re-export proof will be submitted. 3. To get approval from DC MEPZ office 4. To submit the papers with Customs, Facilitation centre (Consent letter of the supplier, copy of the Bill of entry under which the subject goods are initially imported and copy of the DC, MEPZ approval) with covering letter declaring that re-export proof will be submitted. 	Your understanding is correct. You may proceed with your understanding.
53	Samir Gokhale LTIMindtree Limited	DTA Procurement	During COVID period we had procured networking material for SEZ unit without payment of IGST. However somehow, we forgot to file DTA procurement form on SEZ online. In such case, is there any provision/ concession available for SEZ unit to file DTA procurement form for the material which was procured in COVID or can unit transfer such material (where DTA procurement form has not been filed) from one SEZ to another SEZ by paying applicable duty. Please advise.	During the pandemic, zonal DC have issued several clarifications as regard to relaxation from physical filings of documents. However, we have not come across any specific relaxation from online filing of DTAP Form. Further, as per Rule 30(15) read with Rule 38 of SEZ Rules 2006, an SEZ unit may transfer goods/ services to another SEZ unit without payment of tax subject to the condition that it is being used for authorised operations of the receiving SEZ
54	Kavitha Kanthan WeRoute Global	DTA Procurement	We are planning to buy Group Medical Insurance for our employees based at GIFT City. Please confirm can we ask for an Invoice from the Vendor without GST since we are exempted from GST and other statutory levies in SEZ unit and we have the exemption certificate too. Please provide clarity on the same.	<p>An SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. Uniform list of services specifically covers the services procured directly in relation to business of unit. Since Group insurance of Employees is related to individuals and not related to authorised operations of the SEZ Unit, the actual beneficiary of the said service is an individual and not the unit, it may not be allowed to be procured duty-free.</p> <p>Further, group medical health insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the medical insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
55	Chandru Ramachandran Kanishka Granites	DTA Supplies	<p>Please guide:</p> <ol style="list-style-type: none"> Whether unit under EOU scheme is required to get prior permission from Development Commissioner & Customs for DTA sale of finished goods. As per para 6.07 (a) of FTP and sub-clause (d) of Appendix-6G, only intimation is enough to the concerned authorities, subject to positive net foreign exchange achieved. Also, as per para 6.39 (g) of HBP, EOU with status holder certificate, no prior permission from MEPZ/Customs is required, but prior intimation has to be given. In the event of sale of unutilized goods, as per para 6.14 of FTP, from one EOU another EOU, whether Customs duty exempted at the time of import is to be paid or only applicable GST of the product is payable. Should EOU need to get prior permission from Customs/Development Commissioner for the sale of unutilized duty free goods to another EOU or only prior intimation is enough to Customs. As regards value to be declared in Tax Invoice for sale of duty exempted goods from EOU to another EOU, whether it should be as per value mentioned in Bill of Entry at the time of import or the saleable market value of the respective product. 	<p>Please find point wise reply to your queries below:</p> <ol style="list-style-type: none"> On sale of goods to DTA unit, only prior intimation to Custom authorities is required. As per Para 6.14 of FTP- 2023, on sale of unutilized material from EOU to DTA unit, intimation is required to be made to the Custom authorities on payment of applicable duties and taxes. Further, transfer of manufactured goods from one EOU to another is allowed on payment of GST with prior intimation to concerned Development Commissioners of the transferor and transferee units as well as concerned Customs authorities.
56	Chandru Ramachandran Kanishka Granites	DTA Supplies	<p>In furtherance to above query, we request you address the below query also:</p> <ol style="list-style-type: none"> In the event of sale of unutilized goods, as per para 6.14 of FTP, from one EOU another EOU, whether Customs duty exempted at the time of import is to be paid or only applicable GST of the product is payable. Should EOU need to get prior permission from Customs/Development Commissioner for the sale of unutilized duty free goods to another EOU or only prior intimation is enough to Customs. As regards value to be declared in Tax Invoice for sale of duty exempted goods from EOU to another EOU, whether it should be as per value mentioned in Bill of Entry at the time of import or the saleable market value of the respective product 	<p>As per Para 6.14 read with Para 6.12 of FTP, 2023, transfer of goods from an EOU to another EOU is allowed and would be treated as import by the receiving unit. Such transaction would not attract any custom duty, however, applicable GST is to be discharged on transaction value.</p>



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Queries & Responses
August 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Gedala Venkata Satish Laurus Bio Pvt. Ltd.	SEZ benefits	We executed a Bank Guarantee (BG) against B-17 on 12 May 2023, and received the status holder certificate from DGFT on 10 October 2023. As per Para 1.29(c) of FTP, 2023, we requested the EPC authorities to cancel and return the BG, citing our new status holder status. However, the authorities denied the request, stating that the BG cannot be returned as it was executed before obtaining the status holder status. We seek clarification on whether there are provisions allowing the authorities to retain the BG for this reason.	Please note that there is no specific provision under which the officer can retain the bank guarantee. You may reach out to Senior jurisdictional authorities seeking the possible resolution.
2.	R. Sankara Subramanian Vishwa-Syntharo PharmaChem Private Limited	DTA Supplies	What is the criteria for selling goods in the DTA. Is there a percentage of the ceiling as per FTP.	As per Para 6.07 of FTP-2023, sale of Finished Products / Rejects / Waste/ Scrap / Remnants and By-products to DTA would be subject to payment of excise duty (if applicable), GST and compensation cess (as applicable) along with reversal of duties of Customs availed as exemption on inputs utilized in manufacturing process. You may refer the same for specific percentage on your product.
3.	R. Sankara Subramanian Vishwa-Syntharo PharmaChem Private Limited	DTA Supplies	In furtherance to above query, please clarify if there is no ceiling on the amount of DTA sales as long as the NFE is positive.	Please refer to the relevant provisions under Para 6.07. This paragraph outlines the conditions and limits on DTA sales for different categories of goods and services. For example, Gems and Jewellery units are permitted to sell only 10% of their exports to DTA units. It specifies that EOUs can sell to DTA, subject to certain conditions and restrictions detailed in the paragraph. Accordingly, the unit need to access their product classification and seek relevant conditions (if any, applicable on the product) from the above mentioned para.
4.	Somappa Indic EMS Electronics Pvt. Ltd.	LOA/BLUT	We obtained permission for additional premises from CSEZ. However, due to a downturn in business, we now wish to de-bond these premises. Could you please confirm if we need to obtain de-bonding permission from CSEZ again and if we also need to notify EPC Customs.	We understand that the entity is an EOU and want to de-bond certain portion of premises. In this regard, as per para 6.34(g) of HBP 2023, deletion of space may be granted by the jurisdictional Development Commissioner. You may approach the Zonal Development Commissioner along with the written application and intimate the customs officer of the change.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
5.	Hariharan E-con Systems	MOOWR	<p>We are planning to sell goods from our SEZ unit to a customer in MOOWR unit under duty-free status. Could you please provide us with the following:</p> <ol style="list-style-type: none"> 1. The relevant SEZ rule number and customs notifications that apply to the transfer of goods from SEZ to MOOWR under duty-free provisions. 2. A step-by-step procedure for executing this transfer, including any necessary documentation, approvals, and compliance requirements. 	As per Rule 46(13), an SEZ unit can clear the goods to a bonded warehouse without payment of duty. Further, the detailed procedure in this regard is stated in the Public Notice No.16/2021 dated 5th April, 2021 enclosed herewith for your reference. Please note that the responsibility to follow the procedure shall be of the Licensee.
6.	Samir Gokhale LTIMindtree Limited	FTWZ	We are transferring networking material from FTWZ to SEZ unit. SEZ unit has filed bill of entry for completing in bond movement. However, duty apprising officer of SEZ unit is demanding approval from the Specified Officer of FTWZ. Please let us if there is any recent amendment in this regard where provision of approval from the Specified Officer of FTWZ is made.	There is no change in respect to transfer of goods from FTWZ to SEZ units. Rule 30(12) of SEZ Rules provides that the SEZ unit is required to file a BOE and basis the assessed BOE customs officer of FTWZ will allow the movement of goods.
7.	Gurudeva.R ALPHA EXIM MANAGEMENT PVT LTD.	Import of Goods/Services	<p>We seek your clarification regarding the import and procurement of used laptops and IT assets for refurbishment and subsequent sale/export. We are establishing a unit to procure used laptops and desktops (IT assets) from SEZ/STPI units, refurbish them without changing any parts, and then export them out of India or sell them in the domestic market as per received orders. We understand that this activity can be conducted under the EOU/SEZ scheme with duty exemption benefits.</p> <p>Please confirm if our intended purpose can proceed under the EOU/SEZ scheme. If not, kindly advise which scheme we should consider for duty exemption benefits.</p>	<p>As per Rule 34 of the SEZ Rules, 2006, the SEZ unit may sell the unutilized goods to SEZ unit /EOU for refurbishment without paying duty, provided these goods are used for authorized operations. Both the EOU and SEZ schemes are suitable for your operations.</p> <p>Further we understand that the unit specifically wants to avail the duty benefit on removal of laptop/IT assets. Accordingly, you may opt for any of the two options.</p>
8.	P Ganesan L&T - Modular Fabrication Facility	Export of Goods/Services	Our SEZ AO is demanding us to pay the applicable export duty on the steel procurement made by from DTA suppliers for the period May 22 to Nov 22. Please advise whether our SEZ Unit need to pay.	As per the proviso to Rule 27, supplies from DTA to SEZ will attract export duty if the items are subject to export duty.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
9.	Verabhadra Rao Batta Maersk Global Service Centres (India) Pvt Ltd	DTA Procurement	<p>We seek your opinion on distributing employee goodies. Our SEZ Unit held an event for knowledge sharing and brainstorming, involving employees from our SEZ Unit and Group entities (virtually). Our SEZ Unit procured goodies, paying GST, to distribute to employees of the SEZ Unit and Group entities who participated virtually from outside India.</p> <p>Please clarify</p> <ol style="list-style-type: none"> 1. What is the process for sending goodies to employees of Group entities located outside India. 2. We plan to send these goodies via courier, with a value less than Rs. 1 lakh. 	As per Rule 46(5) of the SEZ Rules, 2006, SEZ units are permitted to export goods via couriers only if the courier is an authorized entity registered with the Commissioner of Customs overseeing the gateway airport. The procedures outlined in the Courier Export and Import (Clearance) Regulations, 1998 must be adhered to. Additionally, the custodian is allowed to hand over the goods to the courier following the procedure specified by the Specified Officer.
10.	Sharath Chandra Prasad Kumar Organic Products Limited	LOA/BLUT	The Unit is running for several years on the land allotted by KIADB. We have fulfilled all the lease conditions and sale consideration to KIADB. Now KIADB would like to register the land in Company name. Please let us know whether the registration of sale deed in favour of Company by KIADB requires any clearance from SEZ. If so, what are the formalities for obtaining SEZ Approval.	There is change in the existing nature of land ownership, and going forward the SEZ unit would be the land owner instead of lessee of the land. Accordingly, such changes do not warrant any further clearances from SEZ authorities. However, such change in the nature of land ownership of the SEZ unit is required to be intimated to SEZ authorities.
11.	Selvakumar R. Workplace Fabric India Private Limited	Import of Goods/Services	Please clarify, are we allowed to import materials from Mr. X for value addition on a contract basis and then send the finished product to Mr. Y, who is Mr. X's client located in a different country. If so, could you please provide the specific rules or guidelines to understand the process.	The proposed transaction is on a principal to principal basis. Therefore, the Company need to mention the details of the bill to ship to in export documents.
12.	MN Satyanarayana Natco Pharma Limited	LOA/BLUT	Please clarify on including every product name in the LoA even if it is tablets or capsules. If required, kindly advise how to overcome the difficulties in providing the quantities in the product inclusion application. Does this means broad banding.	We understand that the unit is going to get the new APIs incorporated in their existing LOA, by obtaining approval from the DC office. Further, the projection required for product quantification may be calculated based on the tentative quantities of such products procured in the past.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13.	Rahul Kalburgi Aequs SEZ, Belgaum	Import of Goods/Services	We have some packing material scrap to be disposed in local market. The nature of packing material scrap is plastic scrap, wooden scrap, corrugated boxes which were received along with purchase of capital goods/raw materials and not manufacturing scrap. In this regard, kindly advise the tax implications on sale of aforesaid items and if customs duty is to be paid on DTA sale of above items.	Generally, as per Para 6.14(d) of FTP-2023, the disposal of used packing materials is permitted upon payment of duty based on the transaction value. However, as per Para 4(c) of Notification No. 52/2003, dated March 31, 2003, a Customs officer may authorize the clearance of used packing materials, such as cardboard boxes and polyethylene bags, without duty payment, provided the jurisdictional Development Commissioner grants permission. Consequently, there would be no requirement to pay Customs duty, and only GST would be applicable.
14.	Raghupathy v Kanam Latex Industries Pvt Ltd	DTA Supplies	Request your clarification on the following lines wrt SEZ :- 1. SEZ produces their final product by using only domestic material and its final product clears in the DTA market attracts BCD & SWS ? 2. CAN SEZ return a rejected material or return to the DTA supplier for any reason? if so whether attracts BCD & SWS ? 3. If material is imported by SEZ under common notification against the benefit of a certificate of Origin or any other notification other than SEZ Rule and clearing as such will it attract BCD & SWS ?	Please find a pointwise reply to your queries as below: 1. As per Rule 47(1) of the SEZ Act 2006, a unit is permitted to sell goods and services, including rejects, wastes, scraps, or remnants, to the DTA upon payment of customs duties and taxes as specified in Section 30. 2. As per Rule 30(9) of the SEZ Rules 2006, goods or parts imported or procured from the DTA that are found to be defective or damaged after procurement can be returned to the supplier without payment of duty for repairs or replacement. 3. Similar to response 1, the sale of goods to a DTA unit, whether imported or procured domestically, requires payment of customs duties.
15.	Vijay Balu Gopalan Concentrix	DTA Supplies	The SEZ unit purchased batteries on IGST paid invoice, and after three years, the batteries are no longer required and we want to scrap/dispose of them. Please confirm if we are required to make payment, including customs duty and IGST, for the removal of the batteries from the unit to the scrap vendor by filing the DTA BOE.	The sale of used batteries to DTA would attract applicable duties of customs and IGST. The CTH for waste and scrap batteries is 8549 and it attracts BCD @10%.
16.	Somappa Indic EMS Electronics Pvt. Ltd.	LOA/BLUT	As per LOP sanctioned by CSEZ for the period 2019 to 2024 import of capital goods envisaged as 400.50 Lakhs. However, we have imported more value of capital goods without intimation to CSEZ approval. Please clarify.	You need to submit additional projections to the Zonal DC and based on the approval, need to file additional BLUT and B-17 bond.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
17.	Supriya P Regional Director, EPCES CSEZ - Cochin Region	Job-work	<p>Doubt regarding jobbing documentation in icegate</p> <ol style="list-style-type: none"> 1. While going out the material for jobbing boe generating against supporting document of delivery chalan 2. BOE for dta clearance m type generating in icegate - in this document igst is there and it is shown as input in supplier gst. 3. While returning the goods we are arranging shipping bill summary 4. BOE and Shipping bill summary submitting in gate and there after SB let export copy is generating. Means closed the job. <p>Please clarify, how to remove supplier account appearing unwanted input.</p>	<p>An SEZ unit can send goods for job-work as per Rule 41 of the SEZ Rules, 2006. Further, the goods may be transferred from SEZ premises to job-worker premises duty-free on the basis of delivery challan and e-way bill. There is generally no requirement for a Bill of Entry (BOE) or Shipping Bill (SB) for such transfers. However, in the current situation, we understand that BOE and SB documents have been generated, and tax has been charged. Accordingly, the unit may file a BOE with a declaration as “Free of Cost” (FOC) for job-work transactions. To address this, the unit should amend the Bill of Entry and shipping bill accordingly.</p>
18.	JEBPO Services LLP (Just Energy)	Compliances	<p>We do not directly export software but offer services facilitated by information technology. We provide end to end business support to our parent companies located in United State of America and Canada. Could you please confirm if the Business Process Outsourcing listed as above falls under the purview of IT Enabled Services.</p>	<p>As per Regulation 6 of the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, the SOFTEx form must be submitted for the export of computer software. Additionally, Regulation 2(viii) defines ‘software’ as any computer program, database, drawing, design, audio/video signals, or any information, regardless of the medium, except for physical media. Based on this, it can be interpreted that any company engaged in IT/ITES exports/ BPO through data communication links is required to submit the SOFTEx form to the Designated Authority for certification.</p>
19.	Somappa Indic EMS Electronics Pvt. Ltd.	SEZ/Icegate portal related	<p>As per Circular No.11/2024 dated 25 August 2024, we are not able to generate in IIN in ICEGATE portal. Please clarify.</p>	<p>The necessary developments notified by CBIC vide Circular No. 11/2024-Customs dated 25 August 2024 will be implemented in the IGCERS Rules for EOUs starting from 1 September 2024. So you may wait and recheck, post 1 Sep 2024.</p>
20.	Rajul Mehta Sonic Biochem Extractions P Ltd.	APR/MPR	<p>If good purchase the goods on high seas basis from Indian company & payment made in INR is treated as import or domestic purchase for APR purpose. In this case no out flow of foreign currency</p>	<p>Since the goods are procured from a domestic supplier and the payment is made in INR, the transaction would not tantamount to import for the unit.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
21.	Samir Gokhale LTIMindtree Limited	DTA Supplies	We have SEZ units where in some cases we procure laptops by paying applicable duty / taxes and in some cases, we avail exemption. Please let us know, whether SEZ unit can sell the laptops to their own employees after completion of 5 years. If they can sell, please let us know the which SEZ custom formalities to be completed before selling it to employees	<p>The process for removal of assets into DTA is outlined in Rule 49 of SEZ Rules, 2006. Moreover, the removal of old IT assets from a SEZ unit is only permissible under the conditions specified in paragraph 2.31 of FTP, 2023 read with Notification no. 56/2023.</p> <p>According to these provisions, the removal of laptops from the SEZ premises would be categorized as DTA Sales, which are allowable only when the importer possesses a valid import license. Therefore, we understand that the distribution of IT assets to employees may be permitted solely if the employees possess a valid import license, which is unattainable.</p>
22.	Sashi Varma B.Sc: XO Pack Private Limited,	GST Law	One of our customers in DTA have claimed that they have not received input credit for supplies covered under two invoices during 23-24. They received credit for the other 8 invoices which we had raised during the year. We had paid customs duty and IGST upfront at the time of filing the invoices with the concerned authorities. As per the IGST act, we do not show the DTA sales in our GST returns. The customer has withheld payment of these invoices citing non receipt of input credit. We need your advise as to what we should do for the customer to get credit of the input tax.	<p>We understand that the recipient has not received input credit for supplies covered under captioned 2 invoices during FY 2023-24, while credit for the other 8 invoices raised during the same period were available to the recipient. We assume that duty payment and filing of all the 10 invoices were done in the same manner.</p> <p>Since the eight invoices are visible on the recipient's portal while the two in question are not, there may have been a technical glitch or clerical error during the filing of the Bill of Entry (BOE). We suggest revisiting the BOEs for these two invoices to gain better clarity.</p>
23.	G R Naidu Deepsea Technologies (India) Pvt Ltd.	DTA Supplies	<p>We are manufacturers and exporters of engineering components from an EOU, using imported raw materials (Stainless Round Bars) to produce components for the oil and gas industry. The Development Commissioner has set ad hoc norms for scrap/waste.</p> <ol style="list-style-type: none"> 1. If scrap from the manufacturing process, within the ad hoc norms, is disposed of in the DTA, will it attract only GST, or are import duties also applicable. 2. We understand that if the scrap sale is outside SION or ad hoc norms, import duties are payable. 3. What is the relevant customs notification for this scenario 	As per Para 3 of Notification No. 52/2003-Customs, dated 31 March 2003, if the waste and scrap generated during production are within the specified norms, the exemption on the imported or procured goods available in said notification would continue to be available to the unit. Accordingly, only GST would be payable if scrap generated is within the threshold set under SION/Ad-hoc norms.



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Queries & Responses
September 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Samir Gokhale LTIMindtree Limited	Zone to Zone Transfer	<p>We had procured networking equipment in STPI unit under import duty exemption. Now we wish to transfer the same to SEZ unit. We need your advice on the following points:</p> <ol style="list-style-type: none"> 1. Can we transfer import duty exempted material from STPI unit to SEZ unit on value after depreciation or it must be transferred on original value. 2. Is there any SEZ rule or custom notification where it says that material can be transferred on value after depreciation. 	<p>An STPI unit may supply goods to SEZ units as per Rule 30(14) and Rule 30(12) of the SEZ Rules, 2006, allowing duty-free transfers between zones. Although SEZ Law does not explicitly address depreciation for such transfers, Instruction 11 (dated 29 May, 2009) clarifies that the value of used or second-hand capital goods transferred from STPI to SEZ should be calculated using the depreciation rates specified in the Income Tax Act and its Rules.</p>
2.	PRAVEEN PUROHIT Banswara syntex limited	DTA Supplies	<p>We manufacture readymade garments and has leftover raw materials. Please guide:</p> <ol style="list-style-type: none"> 1. Whether we can sell unused materials in India and overseas under Rule 34 of SEZ Rule 2006. Do we need special permission for this or for trading activities in LOA. 2. Can the DTA unit buy from the SEZ unit under 'Advance Authorization' if both have the same IEC number. 3. Can they sell unused goods to the domestic market on a DFIA license. 	<p>Please find below pointwise response to your queries:</p> <ol style="list-style-type: none"> 1. As per Rule 34 of the SEZ Rules, 2006, a unit can sell unutilized goods to either a DTA or a foreign party without needing specific permission or adding this activity as trading in the LOA. 2. A DTA buyer can obtain goods from an SEZ unit under Advance Authorisation. These supplies will be considered for NFE calculation under Rule 53A of the SEZ Rules, 2006. 3. An SEZ unit can supply goods to a DFIA license holder.
3.	PRAVEEN PUROHIT Banswara syntex limited	DTA Supplies	<p>In furtherance to above query, please clarify against point 2, whether our DTA unit can procure duty free goods from our SEZ unit (both DTA and SEZ units are operating under the same IEC) under Advance Authorisation.</p>	<p>A DTA buyer can obtain goods from an SEZ unit under Advance Authorisation. The DTA and SEZ unit operating under a common IEC does not restrict it from procuring goods from another unit.</p>
4.	Samir Gokhale LTIMindtree Limited	DTA Procurement	<p>We want to procure 6 desktops under SEZ developer for SEZ custom officers' use. As per Rule 12(2) of SEZ Rule 2006, we need to apply to the DC office with a list of goods certified by a Chartered Engineer for approval. Please advise under which authorized activity we can procure these desktops.</p>	<p>You may acquire these desktops under Sr. No. 13 - Common Data Centre with inter-connectivity as per Instruction No. 50, which outlines the default list of activities that can be undertaken by the developer.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
5.	R. Ramanathan Srikaram Prescience Pvt. Ltd.	Others	<p>We seek clarification on notified and non-notified offences under SEZ law.</p> <p>Notified Offences:</p> <ol style="list-style-type: none"> 1. Notification No. S.O. 76 (E) dated 13.01.2010 lists acts or omissions punishable under FTDRA as notified offences under SEZ Act, 2005. 2. Notification No. S.O. 77 (E) dated 13.01.2010 authorizes the Development Commissioner as the enforcement officer for these offences. 3. Notification No. S.O. 2665 (E) dated 05.08.2016 includes offences under Customs Act, Central Excise, and Finance Act (Service Tax). <p>Enforcement Officers:</p> <ol style="list-style-type: none"> 1. Notification No. S.O. 2666 (E) dated 05.08.2016 designates ADG, DRI, and ADG, DGCEI as enforcement officers. 2. Notification No. S.O. 2667 (E) dated 05.08.2016 authorizes Jurisdictional Customs Commissioner and Commissioner of Central Excise for investigations. <p>Queries:</p> <ol style="list-style-type: none"> 1. What is the rationale behind notified offences, and do they affect SEZ/FTWZ units or only real importers/exporters. 2. Is Section 124, marked as a notified offence, merely an enabling provision for issuing SCN before confiscation. 3. Are Jurisdictional Customs Commissioner and Commissioner of Central Excise not enforcement officers under SEZ law. 4. Who is the adjudicating authority for notified and non-notified offences for SEZ/FTWZ units. 5. Are there notifications empowering ADG DRI, ADG DGCEI, and customs/central excise commissioners to issue SCNs for SEZ/FTWZ units. <p>...Continued...</p>	<p>Please find below the pointwise reply to your queries:</p> <ol style="list-style-type: none"> 1. Rationale Behind Notified Offences: Notified offences under SEZ law are primarily aimed at ensuring compliance with various regulations and maintaining the integrity of the SEZ framework. These offences can impact SEZ/FTWZ units if they are involved in activities that violate the specified regulations. The notifications are not limited to real importers/exporters but apply to any entity operating within the SEZ that commits the specified offences. It is further to be noted that SEZ Act is not a complete set of law in itself, but depends and refers to certain other laws for offences and penalties. 2. Section 124 as a Notified Offence: Section 124 of the Customs Act, 1962, which deals with the issuance of a Show Cause Notice (SCN) before confiscation of goods, is marked as a notified offence. This inclusion ensures that due process is followed before any punitive action is taken against SEZ/FTWZ units. 3. Enforcement Officers: Notification No. S.O. 2666(E) dated 05.08.2016 defines the enforcement officers for any notified offence committed or likely to be committed in a SEZ. Additionally, the jurisdictional Customs Commissioner and Commissioner of Central Excise have been given the powers to carry out the investigation, inspection, search, or seizure in a SEZ/Unit with prior intimation to the jurisdictional Development Commissioner. These are two separate provisions with different powers and responsibilities and should not be merged. 4. Adjudicating Authority for Notified Offences: The adjudicating authority for notified offences within SEZs/FTWZs typically includes the Development Commissioner and other enforcement officers as defined in Notification No. S.O. 2666(E). 5. Issuance of SCN for Notified Offences: Notification No. S.O. 2666(E) empowers the ADG DRI and ADG DGCEI to issue SCNs to SEZ/FTWZ units in relation to notified offences. ...Continued...

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
			<p>..Continued...</p> <p>6. Are there notifications empowering ADG DRI, ADG DGCEI, and customs/central excise commissioners to adjudicate SCNs for SEZ/FTWZ units.</p> <p>7. In a nutshell, we would like to understand as to who is the adjudicating authority for notified and non-notified offences under customs law qua SEZ/ FTWZ units</p>	<p>..Continued.....</p> <p>6. Adjudication of SCN for Notified Offences: Notification No. S.O. 2667(E) dated 05.08.2016 outlines the powers of the jurisdictional Customs Commissioner and Commissioner of Central Excise to carry out the investigation, inspection, search, or seizure in a SEZ/unit.</p> <p>7. Non-Notified Offences: For non-notified offences, the general provisions of the Customs Act, 1962, and other relevant laws will come into play. The jurisdictional Customs Commissioner and Commissioner of Central Excise can issue and adjudicate SCNs as per their standard jurisdiction.</p>
6.	Rahul Sainani RRBP Advisors LLP	APR/MPR	Please clarify when is an SEZ unit obligated to file the APR. Is it necessary to file the APR for years before the commencement of operations. Please provide references to any relevant circulars or notifications.	As per Rule 22(3) of the SEZ Rules, 2006, every SEZ unit must file an Annual Performance Report (APR) in Form I for each operational year. This report should be submitted on the SEZ portal by 30th September of the following year, starting from the year operations commence.
7.	Rahul Kalburgi Aequs SEZ, Belgaum	Import of Goods/Services	<p>We had imported raw materials without payment of customs duty under Annexure III (IGCR Rules). Some of the raw materials are not as per the specifications ordered and some of them are defective. In this connection, we seek your advice on below:</p> <p>1. Rejection of such defective goods and exporting back to the supplier – What is the duty implication in this case and procedure to be followed</p> <p>2. In few cases, overseas suppliers are not willing to take back the defective goods. Hence, we will have to scrap it and dispose locally– What will be the duty implications in this case and procedure to be followed.</p>	<p>As per para 6.16 of the FTP-2023, general provisions of FTP relating to export /import of replacement/repair of goods would also apply equally to EOUs. Further, referring to PN 25/2021 issued by Customs Commissionerate Bangalore, in case the imported goods are found defective or otherwise unfit, may be returned and replaced.</p> <p>1. In case defective goods are exported back to the supplier, no duty is required to be paid on the same.</p> <p>2. However, if the defective goods are scrapped and disposed of locally, the unit needs to pay the applicable customs duty on the goods. The duty will be calculated based on the value of the goods at the time of import.</p>
8.	Ch.S.S.Sekhar R.D-EPCES-VSEZ	DTA Supplies	If the Scrap is destroyed by the SEZ unit with the permissions of the Customs Authority can the unit have to pay the applicable IGST. Please clarify if it is exempted.	As per Rule 39 of the SEZ Rules 2006, SEZ units are permitted to dispose of manufactured goods/ rejects/ waste/ scrap within the SEZ without paying applicable duties. This process should be carried out after notifying the Specified Officer of the unit in advance and obtaining any necessary environmental clearances.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
9.	Mr. Kalpesh Patel Ashapura Aromas Pvt Ltd.	LOA/BLUT	We hold a valid RCMC Certificate with the EPCES. Currently we are operating in two SEZ locations: Arshiya FTWZ and JNPT FTWZ. Please advice whether we need to apply for fresh registration for the second location and, if so, request guidance on the procedure.	The requirement for a RCMC is determined by the number of Letters of Approval (LOAs) held by the Company. If a Company holds two separate LOAs for both SEZ units, then two separate RCMCs are required.
10.	Rajesh Sankaran EXIM	Import of Goods/Services	<p>We want to procure Methyl Ethyl Ketone (MEK) from a bonded warehouse, imported by a trader under their NOC, due to delays and availability issues with direct imports. You need clarification on the following points:</p> <ol style="list-style-type: none"> 1. Do we need a NOC from the Narcotic Dept to file the home consumption bill of entry for MEK from a bonded warehouse. 2. If a NOC is required, how should we apply for it, given that the SEZ unit will buy the material imported by the trader. 3. Can we include the trader's details in the NOC application since we lack the original supplier details. 4. Does the trader need NOC to sell the imported material, considering SEZ sales are treated as exports <p>Please clarify because customs department insists on NOC for filing the ex-bond bill of entry for narcotic items.</p>	As per Rule 26 of SEZ Rules, 2006, exporters may export Special Chemicals provided they meet the conditions specified in the ITC (HS) Classifications of Export and Import Items. Accordingly, we understand that traders must obtain a No Objection Certificate (NOC) when exporting special chemicals to SEZs. The SEZ can then present this certificate to the customs officer when filing the Bill of Entry (BOE) for home consumption.
11.	Benny Varghese Sance Laboratories Pvt. Ltd.	GST Law	<p>Please clarify:</p> <ol style="list-style-type: none"> 1. GST Invoice for Corporate Guarantee: Is it permissible to issue an invoice for only the GST amount (e.g., ₹1,800) related to a corporate guarantee, without including the underlying supply value (e.g., ₹10,000), and file this in GSTR-1. 2. 180-Day Rule: Does the 180-day restriction apply when paying only the GST amount, and how does it affect our invoicing and reporting. 	There is no specific provision under GST requiring invoices to be raised solely for the tax amount with a taxable value of zero. Additionally, considering the functionality of GST portal while filing GSTR-1 and e-invoicing, the base value of an invoice cannot be zero. Furthermore, the requirement to pay creditors within 180 days applies to the total value of the invoice, including both the taxable amount and GST.
12.	Sashi Varma XO Pack Private Limited	MOOWR	We are a unit operating from CSEZ. Is it possible for us to operate under MOOWR scheme also, mainly to cater to DTA market. If it is possible, can you briefly explain the procedure.	SEZ and MOOWR are two separate and independent operating scheme and governed by specific laws. SEZ unit cannot be converted into MOOWR. Alternatively, you may consider setting up a separate unit under MOOWR outside the SEZ premises.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13.	Ravi Abraham	Import of Goods/Services	<p>Please clarify:</p> <ol style="list-style-type: none"> 1. Customs Duty on SEZ Transfers: If an SEZ unit transfers a duty-free imported machine to a DTA unit, it should not attract customs duty, but GST will apply. 2. DESH Bill and SEZ 2.0: Despite announcements in 2021, there has been no significant progress on the DESH Bill or SEZ 2.0. It is rumored that the government may address this within 100 days of a new term. 3. Competitive Disadvantage: Competitors in countries like Sri Lanka, Malaysia, Indonesia, and Thailand can sell duty-free, while Indian SEZ companies face customs duties when selling domestically, even if the resources were imported duty-free. This policy challenges the “Make in India” and “Make for the World” initiatives. 	<p>Your understanding is correct. Under current SEZ Law, duty payment is required once goods are cleared from an SEZ to a DTA unit. According to Rules 48 and 49 of the SEZ Rules, 2006, goods can be transferred to a DTA unit after paying the applicable duty and rate based on their HSN classification.</p> <p>Additionally, please note that there are no further updates regarding the DESH Bill.</p>
14.	Kishor Gawade	Re-import/re-export	<p>We had exported finished goods between March 2022 to till August 2024. End customer has rejected some quantity of said goods, due to quality reason. We intend to re-import it for quality checking, defect rectification, re-work and return. If goods found not repairable, we will melt it, and molten metal will be used for manufacture of new product.</p> <ol style="list-style-type: none"> 1. What is procedure of re-importing exported goods by SEZ 2. What is time limit within which exported goods can be re-imported by SEZ 3. Whether any import duty is payable while re-importing goods by SEZ. 	<p>Please find below pointwise reply to queries:</p> <ol style="list-style-type: none"> 1. As per Regulation Number 9 of Notification No. 53/2003-Customs dated 22nd July 2003, the unit shall be allowed to re-import the goods exported and found to be defective or damaged by the overseas buyer, subject to the procedure as mentioned in regulation 4 of such notification and subject to the following conditions, namely identification of goods is established at the time of re-import. 2. Goods are re-imported within a period of one year from the date of export. 3. The unit is allowed to re-import such defective/rejected goods without payment of duty and IGST thereon.
15.	Sailesh Mehta	Others	<p>We run a Jewellery unit in SEZ, Mumbai, and are classified as an MSME. We purchased goods from an MSME unit outside the SEZ but are unable to pay within 45 days due to delayed export payments. Since SEZ is treated as foreign territory, our main concern is whether the unpaid purchase from the MSME will be disallowed during the FY 2023-24 computation.</p>	<p>The requirement to make payments to MSMEs within 45 days is specified in Section 15 of the MSME Development Act, 2006. The Act does not provide any separate exemption for SEZs. Additionally, as per Section 43B(h) of the Income Tax Act, deductions for payments made to MSMEs are only permitted when the payment is actually made. Accordingly, such unpaid purchases will be disallowed during corresponding FY.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
16.	Hema Raokoneru Brookfield Properties	DTA Supplies	We procure batteries from a DTA vendor without paying IGST. After use, we need to remove the used batteries from the SEZ under Pollution Control regulations. The vendor files and assesses the Bill of Entry with Customs Authority before removal. Please clarify, whether we must pay Customs Duty and SWS as per the Bill of Entry or if we can simply pay IGST and remove the batteries to the DTA.	As per Rule 48(3) read with Rule 49 of SEZ Rules 2006, goods can be returned to the DTA supplier with IGST (without a Bill of Entry), provided that the DTA supplier has not availed any export benefits. Given that the batteries were originally procured without the payment of IGST, the used batteries must be removed by filing a Bill of Entry and paying the applicable customs duty and IGST at the time of clearance.
17.	Hema Raokoneru Brookfield Properties	DTA Supplies	In furtherance to above query, we are not sure whether the DTA supplier has utilized any export incentives. We plan to dispose of used batteries (Exide Battery, E Waste, 85491100) as waste/scrap by submitting a Bill of Entry to a registered vendor. Are we obligated to pay the Custom Duty and IGST.	As highlighted in our earlier response, both custom duty and IGST are required to be paid on said transaction.
18.	Kiran Indian Hairs	GST Law	We have lost one shipment in courier. So please suggest us the required documents to claim this.	SEZ Law does not specify the list of documents required to claim a lost shipment. However, in our limited knowledge, below mentioned is the list of the required documents for your reference: 1. Copy of Invoice 2. Proof of Dispatch 3. Claim Form 4. Proof of Loss 5. Insurance Documents 6. Bank Statements as a proof of payment for the shipment. Since we are not subject matter experts, it's also advisable to consult your insurance agent for the list of documents for insurance claim.
19.	J Balasubramaniam Allison Transmission India Pvt Ltd.	GST Law	Currently, we do not avail GST credit (18%) on toolings procured and moved to our suppliers. Given the high cost of tools and substantial GST credit value, we seek clarification on whether we can move the tools to the supplier's location for manufacturing our parts and still avail GST credit. The tools would remain at the supplier's location for their lifetime.	The EOU can claim ITC on tools procured and sent to a manufacturer, provided the conditions in Sections 16 and 17 of the CGST Act, 2017 are met. Although the tools are not used by the unit, Section 16(2)(b) allows ITC if the goods are delivered to a recipient or another person on the registered person's direction. Thus, the unit can claim ITC on GST-paid tools. Additionally, with regards to second leg of the transaction, i.e., ITC applicability or reversal on the supply of tools to the manufacturer, the issue is addressed in Circular No. 47/21/2018-GST dated 8th June 2018. You may refer to this circular for detailed guidance.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
20.	Naveen Kainth Commercial & Logistics	Import of Goods/Services	We have a manufacturing facility in NSEZ for integrated circuits classified under CTH 85423100. I need to know if selling these products from SEZ to DTA requires CHIMS registration. If it does, could you clarify who is responsible for filing the details on CHIMS.	Import of Integrated Circuits under ITC HS Codes 85423100 shall require compulsory registration under the Chip Import Monitoring System (CHIMS) as per DGFT Notification No. 05/2015-2020 dated 10 May 2021. Import Policy condition of ITC (HS) 85423100 was revised from 'free' to 'free subject to compulsory registration' under CHIMS. The CHIMS registration shall require importers to submit advance information in an online system for import of items and obtain an automatic Registration Number by paying registration fee.
21.	Naveen Kainth Commercial & Logistics	Import of Goods/Services	In furtherance to above query, we need information on the process for filing details on CHIMS when selling an integrated circuit manufactured in a SEZ to a DTA unit. Specifically, please confirm who is responsible for filing these details on CHIMS.	<p>Please note that CHIMS registration is required to be filed by the importer to submit advance information at DGFT online portal at the time of import. On submission of online data/information, the system will generate an automatic unique Registration Number. No manual documents are to be submitted to any public authority for this purpose. The same has been illustrated below for your quick reference.</p> <ul style="list-style-type: none"> - The importer can apply for registration no earlier than 60th day before the expected date of arrival of import consignment. The registration can be made on the same day of arrival of import also. The automatic Registration number is granted just after the payment of fees. The automatic Registration Number thus granted shall remain valid for a period of 75 days. - A registration fee of Rs 1 per thousand subject to a minimum of Rs.100/- and maximum of Rs 500/- on aggregate CIF value of imports will need to be paid through electronic mode in the online system for each registration number. - Importers shall have to enter the Registration Number and expiry date of Registration in the Bill of Entry to enable Customs for clearance of consignment. - On registration, a Unique Registration Number (URN) will be sent to the IEC holders mobile/email id (as given in IEC database). <p>....Continued...</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
21.	Naveen Kainth Commercial & Logistics	Import of Goods/Services	In furtherance to above query, we need information on the process for filing details on CHIMS when selling an integrated circuit manufactured in a SEZ to a DTA unit. Specifically, please confirm who is responsible for filing these details on CHIMS.	<p>....Continued...</p> <ul style="list-style-type: none"> - On registration, a Unique Registration Number (URN) will be sent to the IEC holders mobile/email id (as given in IEC database). - CHIMS also has the facility to view earlier online registrations. In addition, incomplete applications which have not been submitted for registration on the DGFT portal are also available in the CHIMS for review and further action. - Any change in applicant's mobile/email id will need to be first amended/updated in DGFT IEC database through the online IEC modification system. - Importers who fail to register their information/data on notified HS Code items in advance or are found to furnish incorrect data in the Online CHIMS module will attract punitive action including action under FTDR Act, 1992. - Online Chip Import Monitoring System (CHIMS) is available on a 24X7 basis. However, in the interest of trade/importers, it is suggested that registrations are filed/obtained fairly well in advance to avoid disruptions in the business activity of the firm. -Any issues on account of difficulties faced in filling online registrations need to be raised to mail at support-chims@meity.gov.in for support.
22.	Naveen Kainth Commercial & Logistics	Import of Goods/Services	In furtherance to above query, please clarify who is responsible for filing the details on CHIMS—the seller (our unit in the SEZ) or the customer (the DTA unit)	Procurement from the SEZ unit is treated as an import for the DTA buyer and thus buyer is primarily required to comply with CHIMS obligation.
23.	Hariharan E-con Systems	DTA Procurement	We procure raw materials from our DTA suppliers for authorized operations in our SEZ unit. Our suppliers issue invoices under CIF Incoterms, showing both the product cost and freight charges as separate line items. We need guidance on whether we can apply for DTA procurement with SEZ customs based on the total invoice value, including freight charges, to avail the GST tax exemption. Please confirm if this is permissible under SEZ rules and provide the relevant SEZ regulation for reference.	There is no specific legal provision addressing this type of transaction. However, in practical terms, all line items appearing on the face of invoice are included in total invoice value and accordingly total invoice value is furnished at the time of filing DTAP form on SEZ portal.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
24.	Cardolite Specialty Chemicals India LLP	Export of Goods/Services	As per the Public Notice No. 18/2024 dated 17-09-2024 of Customs Mangalore Commissionerate, the exporters are required to file Customs Inland Manifest in ICEGATE after generation of Shipping Bill Number and before the truck leave the factory. Is this applicable for SEZ unit.	There are no exclusions to units falling under any special scheme. Consequently, we understand that the Sea Cargo Manifest and Transshipment Regulations 2018, as outlined in Notification No. 57/2024-Customs (N.T.) dated 31 August 2024, shall apply to SEZ units. These regulations will take effect from 1 October 2024, for Mangalore port (INNML1).
25.	Cardolite Specialty Chemicals India LLP	Export of Goods/Services	In furtherance to above query, please clarify if an SEZ unit also required to do E-seal.	Regulation 9 of the Sea Cargo Manifest and Transshipment Regulations, 2018, which outlines the conditions for transshipment or transit through a designated foreign route, mandates that a Custom officer must seal goods being imported or exported if they are routed via land. However, according to the proviso to this rule, the Commissioner of Customs may permit transshipment without sealing the container. As highlighted in our earlier response, please note that SEZ units categorically are not excluded from the said requirement. Hence, said regulations are applicable to them.
26.	Vandit Sardana Purplesigma Services IFSC Private Limited	Compliances	<p>We seek clarification regarding the invoice filing requirements under the DSPF Module of the SEZ Online Portal.</p> <p>1. Invoice Filing Requirements: Please confirm which types of invoices need to be filed in the SEZ online portal under DSPF:</p> <ul style="list-style-type: none"> a. Invoices for transactions between DTA and SEZ b. Invoices for transactions between different SEZs c. Invoices for transactions within GIFT SEZ <p>2. Portal-Related Payments: Kindly clarify if any portal-related payments (SEZ Online / DGFT) should also be filed in DSPF. If so, please provide the rationale for this requirement.</p> <p>3. Compliance Implications: We would like to understand the potential consequences of failing to file any invoice within the timeline specified in SEZ rules.</p>	<p>Please find pointwise reply to your queries as below:</p> <p>1. The DSPF has been integrated into the SEZ Online System to streamline the recording, review, and approval of all service invoices for services obtained by SEZ Units/Developers from DTA Suppliers as Zero Rated Supply for Authorized Operations. Although the DSPF manual refers to the supplier as DTA, it does not explicitly clarify whether services obtained from developers should also be reported in DSPF. In the absence of clear legal guidance, it is advisable to report all service invoices on which a tax benefit is availed.</p> <p>2. Yes, since such services are included in the default list of services eligible for duty benefits. Therefore, any service on which a tax benefit is availed must be reported in DSPF.</p> <p>3. As per Rule 30 of the SEZ Rules, DSPF invoices must be reported within 45 days from the date of the invoice. Failure to adhere to this timeline may result in the jurisdictional officer disallowing the tax benefit.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
27.	Sunil Malhotra	DTA Supplies	<p>We are debiting 25% Foregone Duty on machines purchased in Bond, with some machines now obsolete since duty was debited in 2006. We need guidance on:</p> <ol style="list-style-type: none"> 1. How to take credit for duty debited on obsolete machines. 2. Any circulars specifying duty credit for imported machines after a certain number of years. 3. Post-GST implementation, whether we can sell obsolete machines as scrap directly or need permission/intimation to the Jurisdictional Commissioner. 4. Procedure for starting local sales of some products, including any required permissions or intimations and if we can sell on GST invoices. 5. How to pay duty on imported raw materials used in manufacturing for local sales without fixed input-output norms, and if internal calculations are acceptable. 	<p>The unit may refer to Para 13 and 14 of PN 25/2021 dated 27 May 2021, issued by Customs Commissionerate Bangalore, which outlines the procedure for debonding of capital goods.</p> <p>Further with respect to DTA Sales, as per Para 6.07(a) (i) of FTP 2023, an EOU unit is required to reverse the duties of Custom for which exemption is availed and the imported goods are utilized for the purpose of manufacturing of finished goods. Accordingly, custom duty exemption availed on import of inputs is to be paid. You may refer to the said provision for further guidance.</p>
28.	Sheriff NCR Corporation India Pvt. Ltd	Export of Goods/Services	<p>We received an order from a USA customer for ATMs to be delivered to an SEZ unit in India. The payment will be made by the overseas buyer. The transaction details are: Bill to: Foreign Buyer Ship to: SEZ in India (Place of Supply) We need clarification on:</p> <ol style="list-style-type: none"> 1. Whether this transaction is covered under zero rated supply under GST rules. 2. The process for the SEZ unit to receive the goods. 	<p>Section 16 of the IGST Act 2017 provides the benefit of zero-rated supplies exclusively for the following:</p> <ul style="list-style-type: none"> - Export of goods or services, or both. - Supply of goods or services, or both, for authorized operations to a SEZ developer or unit. <p>As per Section 2(5) of the IGST Act 2017, “export” is defined as taking goods out of India to a place outside India. In the current scenario, since the goods are not being moved outside India, they cannot be considered exports. Therefore, while goods can be supplied to an SEZ in India and billed to a foreign vendor, this does not qualify as an export of goods. Additionally, SEZ units are permitted to import goods from EOUs as per the provisions outlined in Rule 30(14) read with Rule 30(12) of the SEZ Rules, 2006.</p>
29.	Prasad Therade Gadre Marine Export Private Limited	LOA/BLUT	<p>Can we take into account the previous bond balance as of September 12, 2024, when maintaining the bond register for our duty-free purchases. If this is not permissible, we will need to utilize the new BLUT Bond balance issued from September 13, 2024.</p>	<p>Once a new BLUT is filed, the previous one becomes irrelevant. The newly filed BLUT must be followed, and any unutilized balance from the previous BLUT cannot be used.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
30.	Hariharan E-con Systems	DTA Procurement	We need guidance on temporarily transferring an Antenna Analyzer (valued at INR 25 lakhs) from a DTA unit for demonstration purposes. The goods will be returned within 30 days post-demo. Please provide the procedure for obtaining approval for this inward movement under the returnable mode and share the relevant SEZ rules and sections governing this process.	Goods may be brought into the SEZ unit using a delivery challan, accompanied by a request letter (capturing details of asset and days of possession of said asset) seeking permission from the Customs Officer for temporary procurement.
31.	Vikram j n British Engines	GST Law	We need to know if we are eligible for ITC credit on 5% GTA appearing in GSTR2B and, if so, from when. Additionally, we want to know if we are eligible for ITC credit if we paid 5% GTA on our own, and from when this eligibility applies.	As per Notification No. 11/2017-Central Tax (Rate) dated 28th June 2017, a Goods Transport Agency (GTA) service provider has the option to discharge GST at the concessional rate of 5%. Alternatively, if the service provider does not opt for this, the recipient is liable to discharge GST at the rate of 5% under the reverse charge mechanism (RCM). In both scenarios, whether GST is paid by the GTA at 5% or by the recipient under RCM, the recipient is eligible to claim Input Tax Credit (ITC) on the GST paid for the GTA services received.
32.	Varadarajan.N.	Exit from SEZ	Does duty payback apply to service invoices under works contracts on a depreciated value basis when an SEZ unit opts for exit or refurbishment.	As per Rule 74/75 of SEZ Rules, 2006, duty is applicable on assets in stock at the time of exit for which duty benefits have been availed. Therefore, duty on service invoices does not need to be discharged upon exit.
33.	Neelam Purey Purplesigma Services IFSC Private Limited	Import of Goods/Services	We plan to import consultancy services from a Russian consultant with payment terms in USD. Do we need to file this import on the SEZ online portal. If filing is required, which module should we use. If filing is not required, will including this figure in our tax projection during BLUT creation have any implications.	Import of services are not to be reported under any module on the SEZ online portal. Further, the same will be reported in the Annual Performance Report ('APR) and accordingly, would be adjusted with BLUT amount.
34.	Suhas Patil HCL Technologies Limited	Zone to Zone Transfer	Is AD code mandatory to mention in zone to zone BOE, when the payment being made INR.	No, it is not mandatory to mention AD code on Zone to Zone BOE.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
35.	PRAVEEN PUROHIT Banswara syntex limited	DTA Supplies	<p>We are manufacturing readymade garments. We need to return raw materials (lining/pocketing/packing) due to quality issues. The supplier has agreed to take back the goods. Please advise on returning these goods under SEZ Rules, 2006 for the following cases:</p> <p>Purchased on LUT from a DTA supplier.</p> <p>Purchased on the Bill of Export from a DTA supplier (no drawback claimed).</p> <p>Imported on the Bill of Entry from outside India.</p> <p>Additionally, please guide us on the process to follow under the ICEGATE system.</p>	<p>As per Rule 48(3) of SEZ Rules, 2006, "Where goods procured from Domestic Tariff Area by a Unit are supplied back to the Domestic Tariff Area, 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. Provided that in the case where such goods are supplied back to the Domestic Tariff Area, 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 Domestic Tariff Area on the basis of invoice only and filing of Bill of Entry in such cases shall not be required"</p> <p>We understand that the unit wants to transfer the raw materials to the DTA unit, hence as per above mentioned rule the same shall be considered as re-import of goods and will be cleared after filing of Bill of entry. Further, the proviso to said rule provides relaxation from filing of Bill of entry for those goods having Nil import duty. Accordingly, the Company needs to assess the applicable duty rate on said goods before such clearance.</p> <p>Further, the imported goods found defective may be returned to the original importer as per Rule 29 of SEZ Rules, 2006.</p> <p>Kindly refer to the recent ICEGATE manual for filing of documents on ICEGATE portal.</p>
36.	Naveen Kainth Commercial & Logistics	Import of Goods/Services	<p>Please guide on the differences between filing a Bill of Entry for Home Consumption (SEZ to DTA Unit) and for Deemed Exports (Other NFE Supplies) under the specified rule.</p>	<p>Filing a Bill of Entry for Home Consumption (SEZ to DTA Unit) and for Deemed Exports involves different procedures and requirements. However, the main difference between the two BOEs is that supplies from an SEZ to a DTA unit are not counted in the Net Foreign Exchange (NFE) calculation, while supplies classified as deemed exports, such as those to EOUs or other notified entities, are counted in the NFE calculation. Deemed exports are treated similarly to physical exports for NFE purposes.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
37.	Kedar Joshi	Export of Goods/Services	<p>We are considering supplying goods from our domestic unit to a customer in Singapore, who wants the goods delivered to an FTWZ unit in India under a Bill to (Singapore) Ship to (FTWZ) model. Payment will be made in freely convertible currency. We believe this qualifies as a zero-rated supply and fulfills the export obligation under the EPCG scheme. We need advice on:</p> <ol style="list-style-type: none"> 1. Where to report this transaction in GSTR-1 (Table 6A, 6B, or elsewhere)? 2. Whether this transaction will fulfill the export obligation under the EPCG scheme, given the payment terms. 	<p>As per Section 16 of the IGST Act, 2017, supplies to SEZs are treated as zero-rated supplies. In this case, although the goods are not leaving the country to qualify as exports, they are being deposited in an FTWZ, which is considered equivalent to exports.</p> <ol style="list-style-type: none"> 1. Such transactions should be reported in Table 6B of GSTR-1. 2. As per Para 5.11 of the HBP 2023, exports to SEZ/FTWZ units, regardless of the currency of realization, are counted towards fulfilling export obligations.



07

Queries & Responses

October 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Nishant Export	Zone to Zone Transfer	We intend to sell imported materials to another EOU. We have obtained permission from the SEZ. How will this transaction be treated under GST. Should it be considered a deemed export, or do we need to charge GST to the buyer. The purchase order from the buyer is in foreign currency, and payment will also be received in foreign currency.	As per Para 6.14 read with Para 6.12 of FTP, 2023, transfer of goods from an EOU to another EOU is allowed and would be treated as import by the receiving unit. Such a transaction would not attract any custom duty, however, applicable GST is to be discharged on transaction value.
2.	Ankit Pansari Istaa Capital Markets (IFSC) Private Limited	Compliances	As per our current operations, there is no client trading taking place. Please clarify what needs to be reported in SERF. Specifically, do we need to file a nil report, or are there any other reporting requirements we should meet in this situation.	SERF is mandatory for reporting all invoices raised by the unit. Further, we understand that currently there are no invoices raised from the unit accordingly, it is recommended that Company shall file the nil SERF on SEZ portal.
3.	Ashish Kesar APTIV Components India Private Limited	Import of Goods/Services	Please check and confirm whether Vehicle Radars under CTH 8526 10 00 can be imported and exported for research, development, testing and analysis purpose without obtaining special import license and SCOMET license for exports.	<p>Import authorizations are required for SCOMET items with certain exceptions as mentioned below:</p> <ol style="list-style-type: none"> 1. As per para 2.50 of HBP, 2023, all restricted items and those allowed for import by STEs for research and development purposes can be imported without authorization by government-recognized R&D units. 2. As per Para 10.15 of HBP, 2023, only intra-company transfers are allowed to re-export SCOMET items without pre-authorization subject to fulfilment of certain conditions as mentioned in said para. <p>Accordingly, if imported Vehicle Radar qualifies under either of the above given exceptions, then license for SCOMET items would be exempted.</p>
4.	Ronak Barot GIFT City	DTA Supplies	A unit purchased duty (GST) paid material four years ago. Now, they want to take that material outside the SEZ. Do they need to pay duty (GST) on that material again.	We understand that you are enquiring about GST payment. Please note that as per Rule 47 to 49 of SEZ Rules, 2006, the applicable GST must be paid on the sale to DTA, as it is a separate transaction from the procurement of these goods four years ago.
5.	Vikram j n British Engines	Others	Is there any special provision for packing credit RUNNING ACCOUNT for EOU units if it is a group companies / related party.	Provisions related to packing credit are common for all type of exports. No specific provision for EOU.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
6.	Samir Gokhale LTIMindtree Limited	DTA Procurement	Can STPI unit avail GST exemption on procurement of capital goods. If so under which notification and what will be the process for the same.	STPI units can avail GST exemption on the procurement of capital goods as per Notification No. 52/2003-Customs dated 31st March 2003.
7.	Samir Gokhale LTIMindtree Limited	DTA Procurement	In furtherance to above query, will you please outline the process.	Please note the following points for your consideration: - Goods procured by STPI unit from overseas (outside India): These supplies are exempt from customs duty, additional duty, integrated tax and compensation cess as per the Customs Tariff Act, 1975. For details, kindly refer to Notification No. 52/03-Cus. dated 31 March 2003, para f(a)(b). - Goods procured by STPI unit from DTA (within India): IGST is applicable on these supplies.
8.	Sunil Malhotra	LOA/BLUT	Could you please confirm whether IGST needs to be debited in the B-17 Bond in addition to BCD, CVD, and ACD. Additionally, for capital goods, if IGST must be debited in the B-17 Bond, should it be debited at 25% of the IGST foregone.	Customs duties (CD+IGST+ACD) is to be debited in B-17 bond. IGST has replaced CVD. For Capital goods only 25% of duty/tax foregone to be debited.
9.	Shailesh Wadiker Aon	Compliances	Kindly find the below queries to understand better the compliance process or workflow: 1. MPR deadline. 2. SERF deadline. 3. APR deadline. 4. Is it possible to edit wrongfully entered SERF & MPR data due to clerical mistake by the employer. 5. Is there a new upgrade in the system of SEZ portal. 6. We have purchased laptop for office for which duty paid including GST. Now we want to surrender old laptop to our parent company outside the SEZ area. Whether we have to pay again the duty and IGST on it. Additionally, we would like to know if DTA sale tax is applicable on this transaction. What is the procedure in this regard for removal of laptop from SEZ unit.	Please find below point wise response: 1. 5th of Subsequent Month 2. 10th of Subsequent Month 3. 30th September of subsequent financial year 4. A request with detailed justification to be submitted to NSDL office. 5. Some work in progress 6. For removal of goods from SEZ into DTA, a Bill of Entry is required to be filed which will be assessed by AO/SO posted at SEZ. It will attract applicable customs duties as being an import transaction for DTA buyer. No other tax is payable.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
10.	R. Sankara Subramanian Vishwa-Syntharo PharmaChem Private Limited	DTA Supplies	As an EOU can you please clarify if there is any limitation in doing external manufacturing until we set up our own and if we need to take any special permission for the same.	We understand that the entity wants to manufacture from an additional place outside the EOU unit which is owned by a third party. In this regard, as per para 6.34 of HBP 2023, inclusion of additional space may be granted by the development commissioner. We would like to inform you that there is no explicit provision or document prescribed in the FTP/HBP for inclusion or deletion of the space. You may approach the Zonal Development Commissioner along with the written application, map of the third party site along with property ownership documents and lease deed for approval of additional space.
11.	Samir Gokhale LTIMindtree Limited	DTA Supplies	We had procured 4 Nos. loaded racks from DTA to SEZ unit without payment of IGST. We had filed DTA procurement form on SEZ portal. Can we transfer these racks in our DTA unit by paying applicable duties/tax and under which SEZ rule.	Yes you can transfer these assets in DTA on payment of applicable taxes with reference to Rule 47 of the SEZ Rules, 2006
12.	Jayakumar Macdermid Alpha Electronics Solution India Private Limited	LOA/BLUT	We obtained a Silver Import License which is valid until FY 2026 and we are planning to relocate to SEZ, Aerospace, Devanahalli, Bangalore by March 2025. We have two questions: 1. Can we use the obtained license in SEZ since both EOU and SEZ share the same IEC code. 2. In SEZ, is a license required for restricted items, or is it sufficient to include them in our BLUT and get approval from the AO.	SEZ units are entitled to import without restrictions. However, while applying for LOA, the unit must mention about such imports and also update its IEC.
13.	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	Others	We want to add contract development services (similar to R&D services) as Board Banding. We are applying online in NSDL. The system is asking for ITHSN or CPC. We mention the SAC (of GST) as 998145. The system is not accepting the code both in ITCHS as well as CPC. Please inform the right code and who to apply correctly. Also, provide the list of the SAC and CPC code.	Please check your application details again if these are as per requirement - also both CPC and SAC are required to be furnished. You may find and select the applicable CPC code from - https://content.dgft.gov.in/Website/cpc.pdf

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
14.	R.B. INDUSTRIES	GST Law	We sold goods for export under a third-party Shipping Bill (from the SEZ unit to the loading port), and the goods were exported using the same Shipping Bill. Now, the SEZ unit wants to pay GST at 0.1% as per GST Notification No. 40/2017 dated 23 October 2017.	As per Rule 46(11) of SEZ Rules, 2006, read with Notification no. 41/2017-Integrated Tax (Rate), the goods shall move from the registered supplier premises directly to the port of export. In that case there is no requirement of filling BOE. However, such supply shall attract the IGST of 0.1% on the deemed supply of goods from registered supplier to registered recipient/merchant exporter.
15.	Vikram j n British Engines	DTA Supplies	Are EOU units allowed to sell in DTA – is there any restriction on quantity and value based on Export turnover.	As per Para 6.07 of FTP 2023, there is no prescribed threshold limit for the sale of goods. However, conditions mentioned in said para are required to be adhered.
16.	Selvakumar R. Workplace Fabric India Private Limited	Re-import/re-export	We are planning to import materials from our parent company in UK to our SEZ Unit in India for quality inspection. After that, the materials will be returned to them. We will charge the parent company for value-added services. What is the procedure for importing and re-exporting goods as job work under Customs and SEZ compliance.	According to Rule 18(6) of the SEZ Rules, an SEZ unit is permitted to provide services/ manufacturing services to an overseas entity, provided that the conditions outlined in the said rule are met.
17.	Nishant Export	GST Law	Clarification regarding regularization of refund of IGST availed in contravention of rule 96(10) of CGST Rules, 2017, in cases where the exporters had imported certain inputs without payment of integrated taxes and compensation cess. Is this circular applicable to us.	This circular is issued to clarify the situation following the withdrawal of Rule 96(10) of the CGST Rules, 2017, as per Notification No. 20/2024 – Central Tax dated 08 October 2024. It is understood that units opting to pay tax on exported goods and claim refunds under Rule 96 of the CGST Act, 2017, were previously restricted by Rule 96(10) of the CGST Act, 2017. This rule prohibited EOUs from claiming refunds of IGST paid on exports if they had received tax benefits on imported goods under Notification 78/2017 - Customs dated 13 October 2017. Therefore, this circular is applicable to all EOUs concerning refund provisions.
18.	Prashant Ghayal Piramal Pharma Limited (PPS)	Export of Goods/Services	Whether the export of " Vitamins and minerals– HSN 21" to Syria is restricted under INCOTERM FCA Mumbai Seaport. The payment for this consignment will be received from a European country.	There appears to be no restriction on exporting your products under HSN code 21 under "SCHEDULE- 2 - EXPORT POLICY" of FTP 2023.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
19.	Sashi Varma XO Pack Private Limited	MOOWR	Can the unit undertake job work from units outside the sez by adding the activity to our authorised operations.	As per Rule 43 of the SEZ Rules, 2006, a SEZ unit is permitted to engage in job work for export purposes on an annual permission basis for a DTA unit. Such activity is required to be included in its LOA as authorised operations. This subcontracting is permissible under the condition that the DTA exporter supplies all raw materials, including semi-finished goods and consumables like fuel, and the finished goods are directly exported by the SEZ unit on behalf of the DTA exporter from the SEZ.
20.	Sashi Varma XO Pack Private Limited	MOOWR	In furtherance to above query, please clarify , if a unit operating under MOOWR scheme send materials to a unit located in SEZ for job work and can sez unit undertake the job work.	The response remains the same. A unit operating under the MOOWR scheme can send materials to a unit located in an SEZ for job work. The SEZ unit can undertake the job work, provided that the goods are intended for export from the SEZ.
21.	Jayesh Mistry Infy Jewels	APR/MPR	Our APR for F.Y. 2022-23 is under review with SEEPZ Authorities. We're facing a disagreement on the calculation of Value Addition ($VA = (A-B)/B \times 100$), specifically on what constitutes the value of inputs. Can services provided to other SEZ units be considered income for Value Addition.	As per Rule 53(D) of the SEZ Rules, 2006, only the value of inputs should be considered when calculating the NFE. For better clarity, you can ask the jurisdictional officer to explain the provision that includes services and consumables.
22.	Jayesh Mistry Infy Jewels	APR/MPR	In furtherance to above query, we need an interpretation of Rule 53(D). Our understanding is that "inputs" refer to metals and precious stones used in manufacturing the export product. However, the department believes "inputs" include everything purchased or availed by the unit for authorized operations.	Basis our limited understanding, Rule 53(D) of the SEZ Rules, 2006, specifies that the value of inputs should be considered when calculating the NFE. Although "inputs" are not defined under sub-rule D, sub-rule B of Rule 53 explains that "inputs" include raw materials, intermediates, components, consumables, parts, and packing materials. The company may refer to this provision and consult the jurisdictional officer for better clarity.
23.	Chandru Ramachandran Kanishka Granites	MOOWR	Please clarify whether existing MOOWR license holder can include any other place as additional place of business, after obtaining required permission from competent authority, similar to the one applicable under EOU scheme, to avail the applicable benefits.	Each bonded warehouse is required to obtain its own independent license. Unlike EOUs, there is no provision for adding a separate bonded warehouse under the same license of existing warehouse. You may have to apply for a fresh warehouse for the additional premises with the jurisdictional customs.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
24.	Ashok Kumar Marelli (India) Private Limited	Others	Our director's name has recently changed. Please advise how to update this information on the SEZ portal and other relevant platforms.	You may change the director details by login into approver ID >> Factsheet and UAC Applications >> Change in list of directors. Apart from above, such changes are required to be made at the GST online portal and DGFT portal as well.
25.	Pankaj Kumar Swarovski India Private Limited	LOA/BLUT	We would like to undertake AI based services from existing set-up for Swarovski Group from our manufacturing plant as EOU. It will involve export of such services. Please clarify: 1. Whether we can add proposed services in existing LOP. 2. If answer is negative in 1st question, what formalities are required to undertake proposed service.	We understand that the EOU is venturing into a new operation of AI Based services. It's important to note that EOUs are permitted to broaden their activities for similar goods and activities outlined in their LoP, or to establish backward or forward linkages to their existing line of manufacture. Therefore, it can be understood that services incidental to core activity of manufacturing can be undertaken under the same LOP. For more details, please share a copy of your LOP.
26.	N. S. Shelke Schmalz India Pvt Ltd	LOA/BLUT	We imported a duty-free machine from Taiwan in August 2003 under the 100% EOU scheme. The warehousing period expired in August 2013. Now, the machine is surplus, and we need to sell it in the DTA market. Could you please confirm if we need to pay only GST on the sale or if duties on the depreciated value are also required.	As per Para 6.14(b) of FTP- 2023 read with Notification no. 52/2003- Customs dated 31 March 2003, an EOU may remove capital goods to DTA unit on payment of applicable GST and duties of customs leviable under First Schedule of the Customs Tariff Act, 1975. Further, depreciation benefit would be available in case the unit has positive NFE. Accordingly, the unit would be required to pay applicable BCD, SWS and GST on the depreciated value on removal of machine to DTA unit.
27.	Manimaran Krishnamoorthy Qualcomm India Private limited	DT	We need your advice on the below said query. 1. We are receiving the used materials from other Qualcomm Locations, we are filling the Instruction 11 and intimate to the DC office. We are not availing the income tax benefits and provided the intimation to DC office stating that Qualcomm India Private Limited is not availing the income tax benefits. Could you please advice do we need to file the Instruction 11 though we are not availing the Income Tax benefits. ..Continued..	Please find below our response: The provisions of Section 10AA(4) of the Income Tax Act, 1961 ("ITA") aim to ensure that the tax holiday benefits under Section 10AA are availed by genuinely new undertakings in SEZs, promoting fresh investments and economic activities without merely reshuffling existing assets. Further, the explanations to Section 80-IA(3) provide flexibility by allowing the use of imported machinery or plant and a limited amount of previously used machinery, thus encouraging the modernization and expansion of businesses without disqualifying them from tax benefits. ..Continued..

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
			<p>..Continued..</p> <p>2. We are doing the zone-to-zone transfer to our group companies, we are not availing the depreciation for the same. Do we need to file the Instruction 11.</p>	<p>..Continued.. These provisions collectively aim to foster new investments and economic growth while maintaining the integrity of the income-tax incentives provided under Section 10AA by preventing misuse through mere restructuring of existing businesses.</p> <p>We understand that Instruction No.11 (No.B-11/3/2008-SEZ) dated 12/09/2009 issued by the Ministry of Commerce and Industry (Department of Commerce) prescribes detailed guidelines for the transfer of used/second-hand capital goods from DTA, including from an EOU/EHTP/STP/BTP unit. For evaluating the applicability of statutory submissions prescribed under the above-referred Instruction No. 11, it may be pertinent to note the clarification circulated by the Central Government via Instruction No. 68 (No. D-5/2/2010-SEZ) dated 10/10/2010 (copy attached), which states that there are no provisions in the SEZ Act/Rules preventing such transfer of used/second-hand capital goods from DTA, including from an EOU/EHTP/STP/BTP unit. The only deterrent for the transfer of such goods is not getting the exemption under Section 10AA of the ITA when the value of goods exceeds 20% of the total capital goods installed by the unit in a year. This clarification suggests that the application prescribed under Instruction No. 11 may be applicable only to SEZ units claiming deduction under Section 10AA of the ITA.</p> <p>Further, the disclosures prescribed in the “Application for procurement of used capital goods from DTA (including from an EOU/EHTP/STP/BTP unit)” under Instruction No. 11 also seem predominantly intended to test the parameter laid down under Explanation 2 to Section 80-IA(3) of the ITA, which is referred to in Section 10AA(4) of the ITA for testing income-tax deduction eligibility.</p> <p>Based on the above, we are of the view that the application under Instruction No. 11 may not be mandatory for SEZ units not availing deduction under Section 10AA of the ITA. However, we would like to highlight that this view is expressed based on a high-level review of the facts and statutory clarifications available in the public domain, evaluated from the perspective of Section 10AA(4) of the ITA only. Laws, regulations, and guidelines concerning permissions, restrictions, conditions, procedures, etc., on the transfer of capital assets from DTA to SEZ should also be analyzed from the perspective of the relevant GST and other indirect-tax statutes and guidelines.</p>



08

Queries & Responses
November 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Gedala Venkata Satish Laurus Bio Private Limited	Import of Goods/Services	<p>1. Are EOUs allowed to import second hand/ used equipment (which will be used in R&D Lab) without payment customs duty & IGST.</p> <p>2. If Yes, do we need to obtain any pre-import approvals and from which authorities. Also guide on documents required for the same along with the procedures.</p> <p>3. Please advise on post import compliances.</p>	As per Para 6.02 read with Para 6.01(d)(ii) of FTP 2023, second hand capital goods are allowed to be imported by EOU units without payment of taxes. However, Para 2.31 of FTP-2023 poses certain restrictions on import of second hand capital goods. Accordingly, you may check if your asset falls under any of such restricted categories
2.	Dr. Neelam Purey Purplesigma Services IFSC Pvt. Ltd.	APR/MPR	<p>We have recently commenced our trading operations with NSE IX and would appreciate your clarification on the following points:</p> <p>1. While filing a monthly performance report, do we have to mention the trade/transacted amount. If yes then under which option</p> <p>2. Does this figure need to be mentioned in SERF also.</p> <p>3. Any other reporting need to be complied.</p>	Apparently, we understand that the unit is performing trading activities in India with NSE. Since the place of supply is in India, it may not qualify as an export of services. Based on our understanding, DTA supplies do not need to be reported in the monthly MPR. Additionally, SERF is a form for reporting all services exported by the unit and the remittances received in foreign exchange for services rendered outside India by SEZ units. Therefore, DTA supplies may not need to be reported in SERF.
3.	Dr. Neelam Purey Purplesigma Services IFSC Pvt. Ltd.	APR/MPR	In furtherance to above query, please clarify whether GST Act override SEZ Act as per the definition of export and import under SEZ Act.	We understand that the unit is providing facilitating services to NSE IX and acting as an agent/broker. Accordingly, this transaction appears to be a supply of service and not trading of goods. The definition quoted in your query pertains to export and import of goods. We assume these definitions are not applicable in the current scenario.
4.	Prasad Therade Gadre Marine Export Private Limited	DTA Supplies	<p>We need guidance on a DTA sale transaction from our SEZ unit to a DTA unit, specifically regarding the sale of two Access vehicles registered under our unit name.</p> <p>Procurement: Vehicles were bought with GST paid, but no ITC was claimed. Scrapping: We plan to scrap and sell these vehicles in the DTA, charging 28% IGST.</p> <p>We seek confirmation on whether BCD, SWS, or other duties are applicable for this sale within India.</p>	As per Rule 49(4)(a) of the SEZ Rules, 2006, goods can be moved to a DTA unit without paying BCD, SWS, and other applicable duties, as long as no duty exemption was claimed on the scrapped vehicles. However, GST will still be applicable on these supplies.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
5.	Regional Director Kanda Zone	DTA Procurement	Could you please check and revert, if the SEZ unit is taking health insurance for its employees, then can they avail GST exemption on the premium paid by the unit.	An SEZ unit is entitled to procure services for its authorised operations and a list of services has been notified by MOC which is commonly known as default services. Uniform list of services specifically covers the services procured directly in relation to business of unit. Since health insurance for employees is not considered a service with a direct nexus to business activities of unit, it may not be allowed to be procured duty-free. Further, health insurance services are not included in the default list of services for authorized operations of SEZ units. Consequently, the health insurance services provided to employees by the SEZ unit would not be eligible for GST exemption.
6.	Manimaran Qualcomm India Private Limited	DTA Supplies	We would like to destruct the materials through approved e-waste vendor M/s. SEZ recycling located in SEZ unit. Please clarify. 1. We would like to do the zone-to-zone transfer for the same, please advice do we need to process the invoice based on the depreciated value or on the scrap value. Our contract with SEZ recycling is with the scrap value. 2. Do we need to pay duty amount or avail exemption since we are getting realization through the destruction, but we are transferring the material to other SEZ Unit. 3. Please guide on SEZ law to transfer the material to SEZ Recycling unit for the destruction of the material.	As per Rule 30(15) read with Rule 38 of SEZ Rules 2006, a SEZ unit may transfer goods/ services to another SEZ unit. The value would either be depreciated or transaction value, whichever is higher. Referring to Rule 38 of SEZ Rules, the unit may remove goods to another SEZ without payment of duty.
7.	Shyoji Ram Prajapat Manor & Mews Pvt. Ltd.	APR/MPR	We have submitted APR for FY 2023-24 on SEZ Online System with Seal & Sign of Chartered Accountant. Now have received query regarding that please provide UDIN of Chartered Accountant. Please confirm, can we now apply for UDIN or UDIN is not required for APR.	The UDIN is required to be mentioned on APR signed by CA. As per the FAQs on Unique Document Identification Number (UDIN) issued by ICAI, it has to be generated within 60 days from the date of signing or attesting the documents by the CA in practice. Accordingly, it is recommended to check with the CA who certified the APR and get the respective UDIN.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
8.	Prasad Therade Gadre Marine Export Private Limited	DTA Procurement	<p>We have been procuring certain exempt goods and services under GST without obtaining DTA procurement certificates. During a recent GST audit, a query was raised regarding the absence of these certificates for:</p> <p>Goods: Salt (HSN 2501)</p> <p>Services (from SEZ Developer): River Water, Electricity</p> <p>We request guidance on whether DTA Procurement certificates are required for these goods/services.</p>	Any tax exemptions obtained by the SEZ unit through input procurements, whether goods or services, must be reported in DTAP/DSPF with the applicable GST rate foregone on such procurements. Further, based on our limited understanding, goods exempt from GST or those outside the scope of GST may not need to be reported in these forms.
9.	Samir Gokhale LTIMindtree Limited	Others	Is there any retention period of SEZ documents like procurement documents, gates passes prepared for material movement. If there is any rule on retention period please let us know.	According to Rule 22(2) of the SEZ Rules, 2006, SEZ units are required to retain their documents for a period of seven years from the end of the financial year
10.	P Ganesan L&T - Modular Fabrication Facility	SEZ benefits	Our SEZ Unit issued Purchase order in INR on one of our Vendor. Vendor has imported the raw materials under Advance License for the above supply to SEZ. As part of Fulfilment of Export Obligation , the vendor intend to file the Bill of Export in INR and fulfil the Advance License conditions. Please confirm whether this is allowed under SEZ Rule even if SEZ Unit makes payment to indian vendor in INR w.r.to fulfilment of Advance License Obligation. Please clarify.	As per Para 4.21 of FTP-2023, exports to SEZ Units will count towards fulfilling export obligations only if the payment is received from the SEZ unit's Foreign Currency Account.
11.	Abdur Rahman Musba Cardolite Specialty Chemicals India LLP	DTA Supplies	<p>A seller - Mr. A and Company (SEZ Unit) and buyer - Mr. B (DTA Unit)</p> <p>Transaction: Sale from SEZ Unit to DTA Unit</p> <p>Specific Query: Can the DTA Unit (Mr. B) file the Bill of Entry through a CHA for goods purchased from an SEZ Unit.</p>	As per Rule 48(1) of SEZ Rules, 2006, the DTA buyer must file a Bill of Entry for home consumption. This should include a complete description of the goods and/or services, such as make, model number, serial number, and specifications, along with the invoice and packing list, with the Authorized Officers. Consequently, the DTA unit may file the BOE through a CHA for goods purchased from an SEZ Unit.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
12.	Sashi Varma XO Pack Private Limited	MOOWR	<p>Can a MOOWR Unit send materials to a SEZ unit for sub-contract and conversely can a SEZ unit undertake sub-contract work from a MOOWR unit by altering authorised operations in LOA.</p> <p>As per SEZ rules, SEZ unit can undertake job work from a DTA unit for export on the basis of annual permission by the specified officer. Such sub- contract is permissible for the sez unit subject to the condition that the DTA exporter should supply all raw materials. This para specifically mentions DTA unit. So is this para applicable to a unit under MOOWR scheme. Please clarify.</p>	As per Section 2(i) of SEZ Act, 2005, DTA unit includes the whole of India but does not include SEZ area. Accordingly, a unit operating under the MOOWR scheme may be considered as a DTA unit.
13.	Sashi Varma XO Pack Private Limited	MOOWR	In furtherance to above query, if the MOOWR unit is a DTA unit, why is it that when goods are cleared from a MOOWR unit for sale in the DTA, the unit needs to pay the customs duty on the imported goods' contents only and not on the assessable value as in the case of a DTA unit. Please clarify.	As we discussed over telephonic conversation, there is no specific provision for SEZ units to undertake subcontracting for MOOWR. However, as per Rule 43 of the SEZ Rules 2006, any subcontracting undertaken by SEZ units on behalf of DTA exporters requires annual permission from the jurisdictional customs officer before commencing such job work, in addition to fulfilling the conditions outlined in the rule. Consequently, any subcontracting by these units must be reported to the jurisdictional customs officer and can only proceed based on the approval received
14.	Vikram j n British Engines	Others	<p>1. Customs records/bill of entry/import invoices/packing list/ bonding/re-warehousing certificates to be preserved for how many years.</p> <p>2. For digitisation of records and destroying manual records any permission to be obtained from department.</p>	<p>Please find pointwise response to your query as below:</p> <p>1. As per Regulation 3 of Custom Audit Regulations, 2018, the unit is required to preserve the records including electronic records for a minimum period of five years in relation to imported goods or export goods or dutiable goods. However, as per best industry practice and in alignment with other regulations, records need to be preserved for a minimum of 8 years.</p> <p>2. There is no specific provision in this regard, however, it is advisable to intimate the jurisdictional officer before taking any action on the records.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
15.	Krishnamurthy Rangaswamy DHL Supply Chain India Pvt Ltd	MOOWR	<p>Current Process: Our client imports goods from overseas and supplies goods from our FTWZ unit to MooWR units under SEZ rule 46(13).</p> <p>New Requirement: Client has MooWR units in Mumbai/Delhi. They import raw materials, manufactures finished goods, exports them. Further, they file BE, pays duties, delivers to DTA buyers. They want to supply finished goods to other MooWR units in India. Stores finished goods at FTWZ, supplies on a just-in-time basis. No remittance during transfer, goods remain in client's name, do not cross Customs boundary. With this background, please share your opinion on this transaction.</p>	<p>So,the transaction is basically as follows :</p> <p>One DTA MOOWR client keeping goods in your FTWZ and then selling them to another DTA MOOWR client.</p> <p>They are using your space.</p> <p>In the current process, you are already keeping imported goods of a DTA buyer(importer) and supplying those imported goods to a DTA (MOOWR) buyer. In the proposed case also, you are again keeping goods of a DTA supplier (and not buyer) and then supplying those goods to another DTA (MOOWR) buyer. Only difference is that your DTA client is not a DTA (importer) buyer but a DTA (MOOWR) supplier. There is no problem from the Customs authorities now . Right.</p> <p>So, if we ignore SEZ Rule 18(5) provision that goods in FTWZ can be kept on behalf of foreign supplier and go by Instruction No 60 (which is generally opposed by CBIC/Customs authorities), there should not be any problem in your proposed arrangements where you are basically keeping goods on behalf a DTA (MOOWR) supplier and transferring those goods to another DTA (MOOWR) buyer. But this interpretation is subject to the problem being faced by you in case Customs authorities do not go by Instruction No 60 and follow only SEZ Rule 18(5) and may be when ICEGATE starts covering these transactions.</p> <p>I think, payment for the goods between your client (DTA MOOWR Supplier) and the DTA (MOOWR) buyer will be in INR.</p>
16.	Somappa Indic EMS Electronics Pvt. Ltd.	RoDTEP	<p>We need clarification with respect to DBK claim for EOU Unit. We are claiming EOU benefit under Customs notification no. 52/2003 for our regular imports & along with import material purchased from domestic Suppliers. Please confirm if RoDTEP & DBK can be claimed simultaneously if we are already claiming RoDTEP benefit for EOU exports.</p>	<p>RoDTEP and DBK are two separate benefits and can be availed simultaneously by the EOUs.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
17.	Rahul Kalburgi Aequs SEZ, Belgaum	DT	<p>We export goods to overseas customers. Few of our overseas customers (from US, UK, China and Hongkong) have offered factoring facility through their bankers and we have opted for it. As a result, we have incurred factoring charges (bill discounting charges) for export shipments which have been debited to P&L account.</p> <p>In this connection, we would like to know whether TDS u/s 195 will be applicable on Overseas Factoring arrangements.</p>	<p>The law with respect to withholding of income-tax in India in relation to payments made to non-residents/foreign companies are contained in section 195 of the Income Tax Act, 1961. The provision states that: “Any person responsible for paying to a non-resident, not being a company, or to a foreign company, any interest (not being interest referred to in section 194LB or section 194LC or section 194LD) or any other sum chargeable under the provisions of this Act (not being income chargeable under the head "Salaries") shall, at the time of credit of such income to the account of the payee or at the time of payment thereof in cash or by the issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rates in force”</p> <p>Hence, whether a payment would fall within the scope of section 195 of the Act would depend upon the facts such as nature of income, whether such sum could be perceived as “chargeable to tax in India”, etc. aspects.</p> <p>Further, to decide on withholding tax applicability and ratio of withholding etc., the provisions of the Double Taxation Avoidance Agreement relevant for the country of the overseas vendor is also utmost important.</p> <p>In the present, based on the limited information available, we understand that the querist is an exporter incurring bill discounting charges to overseas bankers of the foreign customers. Prima facie, the payment in the present context seems to fall within the ambit of the case discussed in Commissioner of Income-tax v. Cargill Global Trading (P.) Ltd. [2011] 11 taxmann.com 219(Delhi). In the above case, the High Court of Delhi ruled that bill discounting charges paid were not in respect of any debt incurred or money borrowed, instead, the assessee had merely discounted the sale consideration respectively on sale of goods. In the above case, the assessee was engaged in export business.</p> <p>...continued....</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
				<p>...continued....</p> <p>During assessment proceedings, the Assessing Officer noticed that the assessee had paid a certain sum to a company incorporated in Singapore on account of discounting charges for getting export sale bills discounted. The Assessing Officer was of view that discounting charges were nothing but interest within ambit of section 2(28A) of the Act. Since assessee had not deducted tax at source under section 195, he invoked provisions of section 40(a)(i) of the Act and disallowed the entire bill discounting charges claimed by assessee under section 37(1) of the Act. The High Court endorsed that since discounting charges paid were not in respect of any debt incurred or money borrowed, instead, assessee had merely discounted sale consideration respectively on sale of goods, same could not be construed as interest within meaning of section 2(28A) of the Act, and therefore assessee's claim was to be allowed. Further, from the information available in the public domain, we understand that the Supreme Court has upheld the above decision of the High Court in SLP CC -19572/2011 (from the Delhi High Court order dated 17-2-2011 in ITA No. 331/2011) (we have not verified the Supreme Court order in this regard). Therefore, a view may be taken that the bill discounting charges paid to the overseas bankers of the foreign vendors are not subject to tax u/s 195 of the Act.</p> <p>However, we would like to highlight that the above view is based on a high-level evaluation of the limited information made available to us. A detailed inspection considering the important terms and conditions and facts concerning the transaction would be required to arrive at a concrete decision. Hence, the above view expressed is not free from litigation risk. If the quantum of expenses is significant to its business and the litigation exposure is high, the member may consider obtaining a legal opinion to take a management decision.</p>



09

Queries & Responses

December 24

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	SEKHAR J Greentech Industries (India) Pvt Ltd.	DTA Supplies	We are located in an SEZ, while our customer, a DTA unit, plans to send their tooling (capital goods) to support the production of their projects at our SEZ location. The project is expected to last for three or more years, after which the tooling will be returned to the customer. In this context, we need to understand which SEZ rules or acts permit these activities. What procedures should we follow. Can we accept a delivery challan, given that the tooling remains the property of the customer and cannot be sold to us.	We understand that the unit is subcontracting the project on behalf of the DTA unit under Rule 43 of the SEZ Rules, 2006. Regarding the procedure, please note that there is no specific provision under SEZ Law for supplying of tools/other goods from DTA to SEZ units on a temporary basis. However, in accordance with general practice and industry norms, such tools may be supplied by the DTA unit under the cover of a delivery challan. The receipt of these tools must also be reported to the jurisdictional SEZ officer. Additionally, when removing these tools from the SEZ unit, the documentation trail submitted at the time of entry should be provided to the SEZ officer.
2.	Abha Gupta Intuit India	LOA/BLUT	Can you please let me know process and documents to be submitted for SEZ LOA renewal	As per Rule 19(6A) of the SEZ Rules, 2006, the unit is required to submit the application in Form F1 on SEZ portal, for renewal of the LOA for a further block of five years at least 2 months prior to expiry of current LOA. The details required in the said form are required to be submitted.
3.	Samir Gokhale LTIMindtree Limited	SEZ/Icegate portal related	Please provide some clarify on the ICEGATE registration for IT and ITES SEZ units	Currently, ICEGATE registration is mandatory for only Non IT/ITES SEZs
4.	Hema Raokoneru Brookfield Properties	DTA Supplies	One of the Units has surrendered the Demised Premises in an "as is where is" condition, including all Fit-outs and fixtures installed therein, following the payment of applicable taxes such as IGST and duties (BCD & SWS), upon receiving relevant approval from the concerned authority. The Developer now intends to remove the fit outs from the premises. Is IGST applicable at the time of removal, or can the removal proceed without the payment of IGST.	The developer is removing the fit-outs from SEZ to DTA/Scrap dealers. Accordingly, as per Rule 49(4)(a) of the SEZ Rules, 2006, goods can be moved to outside the SEZ without paying BCD, SWS, and other applicable duties, as long as no duty exemption was claimed on such fit-outs. Further, please note that GST will still be applicable on said supply as such transactions fall under the definition of supply under GST Law.
5.	N. S. Shelke Schmalz India Pvt Ltd	DTA Supplies	Please clarify whether the duty rate applicable at the time of selling a machine should be the current import rates or the original rates at which the machine was purchased.	Customs duties are calculated based on either the depreciated value or the transaction value of the goods, using the current applicable rate at the time of removal.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
6.	Sridhar Nekkanti	Zone to Zone Transfer	If an EOU unit supplies goods to an SEZ unit and receives payment through the FCA account in INR, does it count towards NFE for the EOU. Alternatively, should the SEZ unit make the payment in foreign currency.	As per Para 6.07(a)(iii) of the FTP 2023, sales made to an SEZ unit are considered for calculating the FOB value of exports by the EOU, provided the payment for such sales is made from the Foreign Currency Account of the SEZ unit. Therefore, if the payment is received through the foreign currency account of the SEZ, the transaction is included in the NFE of the EOU.
7.	Somappa Indic EMS Electronics Pvt. Ltd.	Job-work	<p>We are procuring materials from CF CNC Tech DTA Unit, which are directly delivered to SHAN Enterprises-DTA Unit for job work purposes. The unit of measure (UOM) for the materials sent is in KGS, and after the job work is completed, the goods are received back at INDIC-EOU Unit in PCS (as referenced in the Tax Invoice).</p> <p>I would like to seek clarification on the following points regarding this transaction:</p> <ol style="list-style-type: none"> 1. Should INDIC prepare a Delivery Challan for the goods sent to SHAN Enterprises, given that the goods are shipped directly from CF CNC Tech to SHAN on a Bill-to-Ship-to model. 2. How should we receive the goods back in PCS when the original dispatch was in KGS. Could you please clarify the correct documentation process for receiving goods in PCS. 3. How should we report this transaction in ITC-04. Specifically, how do we handle the goods sent for job work (in KGS) and the goods received back (in PCS) in the form. Should we enter the quantity in PCS when the goods are returned from SHAN Enterprises, or should we maintain consistency with the original UOM in KGS. 	<p>Please find below pointwise response to your query -</p> <ol style="list-style-type: none"> 1. Under the Bill-to-ship-to model, the invoice will already include the details of both the buyer (INDIC-EOU) and the receiver (SHAN Enterprises). Therefore, issuing a separate delivery challan from the EOU is not necessary. 2. When seeking approval from the jurisdictional SEZ authority for job-work, a proper process manual would have been submitted. These documents should suffice for addressing the conversion of the unit of measurement. 3. FORM GST ITC-04 has two separate tables for reporting the details of goods sent to job-work premises and the details of goods received back. The unit can report different units of measurement in each table.
8.	V. Muthuraman SUTHERLAND	Import of Goods/Services	Please clarify whether the restriction or license requirement for importing IT hardware by SEZ and STPI units engaged in providing services, as per the DGFT policy circular issued on 11 December 2024, is applicable. Additionally, are these restrictions not applicable according to Rule 27 of the SEZ rules.	As per Circular 6/2023-24 dated 19 October 2023, an SEZ/STPI unit is not required to secure import authorization or registration for the importation of IT hardware, provided they are intended specifically for captive consumption.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
9.	Kavitha Kanthan WeRoute Global	Others	We are a fund administrator and an ancillary service provider, do we come under the purview of ITES unit as per Rule 43 A of SEZ Rules 2006.	<p>There is no specific provision or rule which provides for definition of Information Technology (IT)/ Information Technology Enabled Services (ITES) under SEZ law.</p> <p>Further, reference may be drawn from Rule 10TA(e) of the Income-tax Rules, 1962 which pertains to Safe Harbour Rules for international transactions. It defines ITes service as-</p> <p>“information technology enabled services” means the following business process outsourcing services provided mainly with the assistance or use of information technology, namely:</p> <ul style="list-style-type: none"> (i) back office operations; (ii) call centres or contact centre services; (iii) data processing and data mining; (iv) insurance claim processing; (v) legal databases; (vi) creation and maintenance of medical transcription excluding medical advice; (vii) translation services; (viii) payroll; (x) remote maintenance; (x) revenue accounting; (xi) support centres; (xii) website services; (xiii) data search integration and analysis; (xiv) remote education excluding education content development; or (xv) clinical database management services excluding clinical trials, but does not include any research and development services whether or not in the nature of contract research and development services” <p>Accordingly, based on the above definition provided, ITES services leverage technology to improve and support various business processes. The unit may evaluate the specific nature of the services offered by them. If it meets the criteria mentioned above, it will qualify as ITES, else not. I5</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
10.	A. Rodrigues Accumax Lab Devices Pvt. Ltd.	Export of Goods/Services	<p>Our company plans to expand internationally by renting a warehouse in Germany to distribute products within Europe. We will move goods from our SEZ unit in India to the German warehouse, owned by Accumax Lab Devices Pvt. Ltd., and sell them at higher prices to cover additional costs.</p> <p>We seek guidance on handling the higher remittance from sales under current export and foreign exchange regulations, and the Indian government's policies on fund repatriation. Specifically, we need advice on:</p> <ol style="list-style-type: none"> 1. Managing the difference in pricing and remittance. 2. Reporting and remitting additional income under FEMA regulations. 3. Customs and tax obligations in Germany and India. 4. Required export documentation for compliance with Indian and German authorities. 	<p>Under the proposed structure, there is no straightforward solution if the transaction is considered as a whole. It is advisable to treat this as two separate transactions. The first transaction would involve supplying goods from the SEZ to the German warehouse, and the second transaction would involve supplying goods from the German warehouse to European clients. SEZ laws do not specifically address this situation, which could lead to potential documentation or legal issues.</p> <p>In response to point no. 4, please find below list of documents required for export of goods as per Indian laws:</p> <ul style="list-style-type: none"> - Copy of Tax invoice; - Copy of bill of lading or airway bill; - Copy of Shipping bill - Copy of Insurance documents, if shipments are sent CIF; - Copy of Packing list; - Copy of Certificate of Origin (COO) - Copy of Export license - Any other (as specified) <p>Additionally, this is a structural query, so it is recommended to get it validated by a customs clearing agent.</p>
11.	Shyoji Ram Prajapat Manor & Mews Pvt. Ltd.	LOA/BLUT	<p>We are furniture manufacturing unit in MWC-SEZ, Jaipur. We have purchased some finished goods (Furniture Items) as sample from DTA Units but customs authority not allow to gate-in entry in the Zone, they said that finished goods are not allowed in the Zone as your unit is the manufacturing units, so trading not allowed.</p>	<p>Public Notice No. 42/2017 dated 31 October 2017, in conjunction with Instruction No. 4 dated 24 May 2006, clearly specifies that SEZ units holding a Letter of Approval (LOA) for trading activities are permitted to conduct trading. Therefore, if Company wishes to undertake trading activities, it is advisable to get the same incorporated into their LOA.</p>
12.	Melwin Mathew TATA ELXSI	LOA/BLUT	<p>With reference to BLUT submission, Can we submit the Power of Attorney of the Authorized signatory.</p>	<p>A copy of the Board resolution for the authorized signatory would be required for signing the BLUT.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13.	Melwin Mathew TATA ELXSI	Sub-contracting	<p>Request you to help us with the SEZ provision, documentation, and approval process for the SEZ units sub-contracting IT/ITES activities.</p> <p>Trivandrum SEZ Unit – enters contract with foreign customer for IT/ITES services.</p> <p>Trivandrum SEZ Unit wanted to out-source the above said IT/ITeS Service to our Pune SEZ unit.</p> <p>The deliverable will be sent by our Pune SEZ unit to Trivandrum SEZ unit, this deliverable will be final.</p> <p>Trivandrum SEZ unit will integrate our deliverable with hardware and test, once the test is successful, the same will be delivered by Trivandrum SEZ to Foreign Customer.</p> <p>Pune SEZ unit will raise invoice(Foreign currency) on Trivandrum SEZ unit.</p> <p>Trivandrum SEZ will invoice to Foreign customer.</p>	<p>As per Rule 41 of the SEZ Rules 2006, a SEZ unit may undertake sub-contracting upon fulfilment of conditions highlighted in the rule.</p> <p>Further, basis given scenario in your mail, the following key steps should be ensured:</p> <p>Obtaining approval from Specified Officer: The Trivandrum SEZ unit must seek approval from jurisdictional SO before sub-contracting to the Pune SEZ unit.</p> <p>Documentation:</p> <ul style="list-style-type: none"> - Sub-Contracting Agreement: A formal agreement detailing the scope of work, deliverables, and payment terms between the Trivandrum and Pune SEZ units. - Invoices: The Pune SEZ unit will issue an invoice in foreign currency to the Trivandrum SEZ unit, which will then invoice the foreign customer. - Export Documentation: Appropriate documentation must be maintained for the deliverables sent from the Pune SEZ to the Trivandrum SEZ and subsequently to the foreign customer. <p>Compliance: Ensure adherence of compliances required to be filed under SEZ and GST laws by both the supplier and recipient units.</p>
14.	V. Muthuraman SUTHERLAND	Import of Goods/Services	<p>We have multiple SEZ and DTA units across India. Are we required to maintain separate bank accounts for each SEZ and DTA unit, or can we have a single common bank account for all units at the entity level? If separate bank accounts are required, does each SEZ unit need its own bank account, or is one bank account sufficient for all SEZ units.</p>	<p>It is advisable to have a separate bank account for each unit to facilitate the submission of all export documents and maintain export proceeds.</p>



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Queries & Responses
January 25

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Apoorva Jain IVIK Securities IFSC Private Limited	Compliances	Whether a proprietary trading firm on the GIFT exchange, which has no clients and does not issue invoices, needs to report trading details in the SERF form or file a NIL SERF. The Source of revenue is the trading profit/loss which we earn from trading on derivatives in the GIFT Stock exchange (NSEIX).	We understand that since the unit operates a proprietary business with no clients involved, there is no export of services within the business structure. Therefore, the SERF functionality is not mandatory for the unit and the unit may file NIL SERF.
2.	Udayan Sanleefinance	Registration	We have incorporated our FME into GIFT City and received SEZ approval. Please guide us on the GST registration process for our entity. Is it the same as for other companies, or do we need to follow a different procedure.	Please note that the GST registration process for a SEZ unit is similar to that of any other GST registration. During the process, the Company should select "SEZ unit" when prompted for the type of unit.
3.	Udayan Sanleefinance	Registration	We have received LOA from SEZ authorities and provisional approval from IFSCA. Can we start the GST registration, or is it to be done post IFSCA final approval.	You can go for the GST registration basis provisional LOA.
4.	Hiten Panchal QX International IFSC Private Limited	Compliances	As per IFSCA Public Notice No. 03/2024-25, MPR and SERF are required to be filed by entities that have commenced operations. Since our unit has not yet commenced operations, could you please advise whether we need to file MPR or SERF.	Monthly compliances would be mandatory once the unit has commenced its operations and raised their first export invoice.
5.	Hiten Panchal QX International IFSC Private Limited	Compliances	As per Section 12, the powers of the Development Commissioner have been transferred to the IFSCA Administrator. Additionally, under Rule 70, an ID card is required to be issued by the Development Commissioner. Could you please advise whether we should apply for ID card to the IFSCA Administrator or the Development Commissioner.	The unit is required to submit the request for ID Card to the development commissioner.
6.	Anshul Anand Srivastava Global Logic	Compliances	We need to bill our Indian customers, who are located in the DTA or in SEZ, in foreign exchange/ currency (Forex). Our understanding is that this does not qualify as an export under FEMA regulations, and therefore, filing of SOFTEX will not be required in such cases. Please clarify.	According to FEMA Regulations, software exporters are required to file SOFTEX forms. However, there is no specific requirement to report supplies made from an SEZ to a DTA/SEZ unit under SOFTEX. Therefore, the unit is not obligated to include such supplies in the SOFTEX report.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
7.	Somappa Indic EMS Electronics Pvt. Ltd.	Export of Goods/Services	We cleared the capital goods under EOU using IIN No. 29AABCI7156H1ZC2425004 in October 2024. The reason for de-bonding is that we received an initial export order which was subsequently cancelled. The same material will now be utilized for the DTA unit, paying duty, and will be used for the manufacture of PCBA assemblies. Could you please advise whether we should approach CSEZ or EPC first for de-bonding the shipment.	The goods may be de-bonded by the permission of DC followed by payment of customs duties. Accordingly, the unit needs to approach CSEZ first.
8.	Dhairya Chaniyara Treelife Venture Services IFSC Private Limited	Compliances	We have received the LOA, however, we could not start operations and received an extension. In December 2024, we raised our first invoice to a DTA client and charged GST under the forward charge mechanism. We understand that business commencement can only be filed with SEZ upon raising an export invoice, reported through the SERF. Given these facts, we seek guidance on: The procedure to report or file details of the first invoice raised to a DTA client, considering GST implications. The steps to file the intimation for commencement of business under SEZ regulations in the absence of an export invoice.	Online initiation of DCP intimation is contingent upon the issuance of an export invoice, following the filing of first SERF by the SEZ unit. This requirement arises because mandatory fields for DCP intimation include SERF details filed by the unit. Given that the primary objective of SEZ is to facilitate exports, DTA clearance alone does not qualify for DCP intimation. Further, for reporting such DTA sales please note that the same shall form part of the APR and respective GST returns.
9.	Naveen Kainth	Job-work	I would like to know if conducting job work within the SEZ is allowed. If it is, please confirm whether any specific permissions are required or if we need to inform the NSEZ authorities. Additionally, it would be helpful if you could share any relevant notifications or guidelines regarding job work permissions within the SEZ.	As outlined in Rules 41 to 43 of the SEZ Rules, 2006, a SEZ unit may, with annual permission from the Specified Officer. Further, undertaking subcontracting for export on behalf of a DTA exporter is highlighted under Rule 43, subject to the fulfillment of the conditions specified in the said rule.
10.	Naveen Kainth	Job-work	In furtherance to above query, I would like to specifically inquire about job work services within SEZ units. If our unit is located in the Noida SEZ and we wish to avail job work services from another SEZ unit, either within the same SEZ or a different one, do we need to obtain permission from any authority.	As per Rule 41(1) of SEZ Rules 2006, subcontracting between SEZ units is permitted with prior permission from the SO of the zone.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
11.	S.Dhanasekaran Magickwoods Exports Pvt Ltd.	Import of Goods/Services	We are aware that, as a 100% EOU, BIS certification is not applicable for imported goods used for export. However, I request clarification on whether BIS certification is applicable when we import wood (MDF, HDF, and particle board) for sale in the DTA.	As per Notification No. 71/2023, 11 March 2023, DGFT has introduced provisions exempting inputs imported by EOUs from mandatory QCOs, subject to certain conditions. Notably, mandatory QCOs issued by four ministries namely Ministries of Mines, Textiles, Steel, and DPIIT as listed in Appendix 2Y, are exempt. Additionally, it is stipulated that no DTA clearance is allowed for such inputs or goods manufactured from these inputs. Accordingly, BIS Certification is not exempt for the import of wood intended for sale in the DTA.
12.	Harsha S Rumale M/s. Biocon Pharma Limited	Job-work	With reference to SEZ Rule 42(2)(iii) & (iv), we, manufacturers of Generic Drug formulations, seek your guidance on the following queries: 1. Self-Sealing of Export Consignments at Job Worker Premises - Can we apply self-sealing seal for export consignments at the job worker's premises and arrange for direct movement to the port of export 2. Inclusion of CMO/Subcontractor Details in the SEZ Shipping Bill - What is the appropriate method to include the details of Contract Manufacturing Organizations (CMOs) or subcontractors in the SEZ shipping bill.	Please find pointwise response to your query - 1. Biocon and subcontractor need to jointly notify the Jurisdictional Customs officer of port/ICD 15 in advance (only for 1st self-sealing arrangement) - refer circular 26/2017-Customs. 2. Shipping Bill must be processed in the name of both the unit and the subcontractor. Therefore, while filing the shipping bill on the portal, Biocon Pharma Limited must select the option of export through a subcontractor and include the details of both the unit and the subcontractor.
13.	Sridhar R Schneider Electric	DTA Supplies	We are currently in the process of surrendering the import duty exemption for DTA sales of finished goods, as outlined in Chapter 6 of FTP. As per the latest Circular No. 27/2024-Customs dated 23-Dec-24, the manual TR-6 challan has been discontinued, and all manual customs duty payments must be made through ICEGATE under the Voluntary Payment option. Please advise on the appropriate payment category to use for surrendering the import duty exemption availed under the EOU scheme and the correct location code.	For surrendering the import duty exemption availed under the EOU scheme, the unit may use the Voluntary Payment category on the ICEGATE e-payment platform. The payment category may be selected as "customs duty- other payment", under accounting head 037.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
14.	Rangaprasad Tata Consumer Products Limited	DTA Supplies	An SEZ unit has manufactured goods entirely from indigenous input materials and is planning to clear these goods into the DTA. Is the SEZ required to pay customs duties on its DTA sale of above manufactured goods, or can it avail an exemption from customs duty under Rule 49(3) of the SEZ Rules 2006, as amended.	As per Rule 47(1) of the SEZ Act 2006, a unit is permitted to sell goods and services, including rejects, wastes, scraps, or remnants, to the DTA upon payment of customs duties and taxes as specified in Section 30. Further, Rule 49(3) specifically deals with goods procured from the DTA and cleared as is or supplied back to the DTA seller. Therefore, the rule mentioned above does not apply to the goods manufactured by SEZ units.
15.	Manik Yash M/s Aussiemelba Makhan Pvt Ltd	SEZ benefits	Kindly help us with the details of Central and State benefits applicable for our unit.	<p>Please find below the required benefits -</p> <p>Central Benefits:</p> <ul style="list-style-type: none"> - Upfront exemption from payment of GST on all types of goods or services required for Authorized Operations by SEZ Units or Developers. Supplies to SEZs for authorised operations are zero rated under IGST Act, 2017. - Upfront exemption from Custom Duty on all types of goods required for Authorized operations by SEZ Units or Developers. - No restriction on local sales as long as Net Foreign Exchange is positive, however the same is subject to payment of duties - Single Window Clearance: Simplified procedures for various approvals and clearances at both the Central and State levels. - Entire documentation filing is online and both EDI & SEZ Online are interlinked Single window approval mechanism for SEZ and custom clearance as every SEZ has a custom officer sitting near to SEZ gate only. <p>State Benefits:</p> <ul style="list-style-type: none"> - Exemption from taxes on goods required for authorized operations. - Exemption from electricity duty or taxes on self-generated or purchased power for use in the SEZ processing area. - State specific stamp duty and electricity duty exemption. No specific service charges levied by Authorities.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
16.	Edward Samuel J. Eagle Press Private Limited	GST Law	We have issued a Corporate Guarantee to our related party, Hild Energy Pvt. Ltd, for solar power projects and banking facilities. Although no consideration is charged, the taxable value of the guarantee must be determined as per Rule 28 of the CGST Rules, 2017, based on 'open market value.' Recent amendments and notifications clarify that if the recipient is eligible for full ITC, the invoice value is deemed the open market value. Despite this, the GST State Taxes Department, Tamil Nadu, has issued notices making it mandatory to raise invoices at 1% of the guarantee value. We seek expert verification and representation to the State GST authorities to resolve this issue.	<p>The taxable value for a corporate guarantee provided by a related party is determined as 1% of the guaranteed amount under Rule 28 of the CGST Rules, 2017. Circular No. 225/19/2024-GST, dated 11 July 2024, clarifies that for corporate guarantees between related parties, where the recipient is eligible for full ITC, the value declared in the invoice is deemed to be the value of the supply. Additionally, if no invoice is issued, the deemed value as per the second proviso of Rule 28 will be nil, as clarified by Circular No. 210/4/2024-GST, dated 26 June 2024, and Circular No. 199/11/2023-GST, dated 17 July 2023.</p> <p>Accordingly, it appears that Eagle Press Pvt. Ltd. may not be required to raise an invoice or pay GST on the corporate guarantee provided to Hild Energy Pvt. Ltd., given the recipient's eligibility for full ITC.</p>
17.	Edward Samuel J. Eagle Press Private Limited	GST Law	In furtherance to above mail, where could we find the points from the said circulars stating that "the deemed value as per the second proviso of Rule 28 will be nil"	<p>Please find the relevant abstract from the Circular no. 210/4/2024-GST, dated 26 June 2024 is as below-</p> <p>"3.7 In view of the above, it is clarified that in cases where the foreign affiliate is providing certain services to the related domestic entity, and where full input tax credit is available to the said related domestic entity, the value of such supply of services declared in the invoice by the said related domestic entity may be deemed as open market value in terms of second proviso to Rule 28(1) of CGST Rules. Further, in cases where full input tax credit is available to the recipient, if the invoice is not issued by the related domestic entity with respect to any service provided by the foreign affiliate to it, the value of such services may be deemed to be declared as Nil, and may be deemed as open market value in terms of second proviso to Rule 28(1) of CGST Rules."</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
18.	J Balasubramaniam Allison Transmission India Pvt Ltd.	Re-import/re-export	We import raw materials from the US under a duty exemption. Occasionally, these parts have quality issues and need to be returned to the origin as purchase returns. Do we need to obtain customs permission for such returns. This is a one-way return and should not be considered as "Repair & Return." We understand that "Repair & Return" requires customs permission, which we obtain. This situation is different.	An EOU unit can return defective imported goods to the overseas supplier. As per paragraph 6.16 of the Foreign Trade Policy 2023, read with PN 25/2021 issued by Customs Commissionerate Bangalore, defective or unfit imported goods may be returned and replaced. Further, a prior approval from the jurisdictional Export Promotion Councils (EPCs) is required before re-exporting these goods.
19.	J Balasubramaniam Allison Transmission India Pvt Ltd.	Re-import/re-export	In furtherance to above mail, we would like to draw your attention to Para 6.14 of the FTP (2023), which states that "if an EOU is unable to utilize imported goods, they may be exported." According to this provision, unutilized material can be re-exported back to the supplier, and we will receive the full payment from the supplier. Please advise why we cannot utilize this provision, as the material at our end qualifies as 'Unutilized Material'.	Both paragraph 6.14 and 6.16 of FTP 2023 have their own significance and documentation requirements. Paragraph 6.16 involves the return of defective products to the overseas seller by an EOU unit, while paragraph 6.14 pertains to the sale of unutilized goods by an EOU unit. We understand that, in both scenarios, it is necessary to inform the customs officer. Additionally, if you are seeking any specific procedural relaxations, you may highlight it here or may discuss it with your concerned customs official.
20.	J Balasubramaniam Allison Transmission India Pvt Ltd.	Re-import/re-export	In furtherance to above mail, our primary requirement is to help understand, if there is a specific need for getting a Customs or any other approval for such a requirement. Para 6.14 of FTP doesn't mention anything on getting any approval or permission from Customs authorities. If there's any notification or circular, kindly do share the same.	Provisions of Para 6.14 of FTP 2023, does not specifically require approval from customs authorities on transactions mentioned therein. However, there is a general obligation for the unit to inform the jurisdictional customs authorities about the removal of such goods. Therefore, it is advisable to notify the authorities through an intimation letter.
21.	Somappa Indic EMS Electronics Pvt. Ltd.	Job-work	We have EOU & DTA Unit same GSTN. We have received Job work from SEZ to DTA Unit. What is the GST/ Customs compliance we need to maintain.	As per Rule 41 and 42 of the SEZ Rules 2006, a SEZ unit may undertake sub-contracting upon fulfilment of conditions highlighted in the rule. Additionally, the SEZ unit is required to file Form GST ITC-04. This form is used to provide details of goods sent to a job worker and received back or supplied from the premises of the job worker. However, please note that the DTA unit is not required to comply with any compliance under SEZ or GST law.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
22.	Ashok Kumar Marelli (India) Private Limited	Re-import/re-export	<p>Our finance team has informed us that a GR Waiver certificate is no longer mandatory for SEZ units. However, we have approached for a GR waiver to send re-export (FOC) shipments for repair/returnable/non-returnable purposes, regardless of the shipment value. Can we proceed with the following approach if the SEZ officer agrees for both Gurugram and Bangalore locations-</p> <ol style="list-style-type: none"> 1. GR waiver is not mandatory before shipment. 2. It can be done post facto for shipments within a month. 3. If the above step is missed, we can use the AD approval route with CA certification to remove from EDPMS. <p>Please share the relevant notifications where it is mandatory in SEZ.</p>	<p>According to Master Circular No. 10/2011-12 dated 1 July 2011, issued by the RBI, exporters can request GR waiver approval from AD banks when goods are exported for re-import after repair, testing, maintenance, etc. Please refer to paragraph B.10 of the mentioned circular. Please note that the GR waiver is not mandatory before shipment; it can be obtained post facto within a month of shipment.</p> <p>Further, if the GR waiver step is overlooked, the unit may refer to (DIR. Series) Circular No. 88 dated 12 March 2013, issued by the RBI on the “write-off” of unrealized export bills. This circular shifts certain powers to the Authorised Dealer Category. Based on this, the unit may use the AD approval route with a CA certification to remove the shipment from the EDPMS.</p>
23.	Vidya Mohan M/s. Ashoka Impex	DTA Supplies	<p>Would like to know whether we can make sale of our product to a local unit and in turn they export the goods completely and whether we will be considered as deemed Exporter. Kindly send us the notification related to deemed Exporter. Please let us know whether we have to take any permission from CSEZ</p>	<p>We understand that the EOU is willing to sell its products to a DTA customer for further exports by said DTA unit. Please note that as per Para 6.09 of FTP, 2023 an EOU may export goods manufactured by it through another exporter subject to certain conditions mentioned in Para 6.19 of HBP, 2023 as outlined below:</p> <ul style="list-style-type: none"> - Goods should be produced in EOU. - NFE or other conditions related to imports and exports is to be fulfilled by EOU. - Export orders must be directly transferred from EOU to the port of shipment. - NFE fulfilment based on the price at which goods are supplied by EOUs to other exporters and - Export entitlements, including Status Holder recognition, accrue to the exporter in whose name foreign exchange earnings are realized, with exports counted towards scheme obligations only. <p>Further please note that no specific permission from SEZ authorities is required in this regard.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
24.	Melwin Mathew TATA ELXSI	DTA Supplies	<p>The high-end computer systems were originally procured at our DTA unit in Bangalore. For project purposes, these systems were moved from the DTA unit to the SEZ unit on a Tax Invoice with IGST applied. These systems are no longer required for the SEZ project and are currently idle. We do not anticipate any future projects requiring these systems, so the IT team has directed us to move them back to the DTA. Please assist with the SEZ provision, documentation, and approval process for Inter Unit Transfer (IUT) of duty-paid computer systems (within 5 years) from SEZ to DTA. Do we need to pay duty again for removing these systems from SEZ to DTA.</p>	<p>As per Rule 49(4)(a) of the SEZ Rules 2006, goods can be transferred to a DTA unit without incurring BCD, SWS, and other applicable duties, provided no duty exemption was claimed on these computer systems at the time of SEZ procurement. However, GST will apply to these supplies. Additionally, the removal of old IT assets from an SEZ unit is permitted only under the conditions outlined in paragraph 2.31 of FTP 2023, read with Notification No. 56/2023. Under these provisions, the transfer of second-hand IT goods from SEZ premises to a DTA unit is classified as DTA Sales, which are permissible only if the importer holds a valid import license.</p>
25.	Pratik Trivedi Accumax Lab Devices Pvt. Ltd.	Job-work	<p>We are an SEZ unit engaged in manufacturing and wish to undertake job work for DTA units intending to supply goods to the DTA market. According to Rule 43 of the SEZ Rules, 2006, SEZ units can undertake job work for DTA units only if the processed goods are meant for export. However, there is no clear guidance on job work for goods intended for sale in the DTA market.</p> <p>We seek guidance on the following:</p> <ol style="list-style-type: none"> 1. Is there any provision under the SEZ Act or Rules that allows an SEZ unit to undertake job work for a DTA unit when the final product is supplied to the DTA market. 2. If not, is there an alternative mechanism or approval process for this activity. 	<p>As per Rule 43 of the SEZ Rules 2006, a SEZ unit may undertake subcontracting for a DTA unit with prior permission from the SO of the zone and subject to the conditions outlined in the rule. Additionally, there is no provision that allows an SEZ unit to undertake subcontracting for a DTA unit exclusively for DTA sales.</p>



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Queries & Responses
February 25

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
1.	Chandru Ramachandran Kanishka Granites	Import of Goods/Services	According to the IGCR Rules, 2022, imported goods must be used for production, and the finished goods must be exported within a six-month timeframe, as specified in the relevant notifications. However, for capital goods or equipment imported under the IGCR scheme, this six-month consumption period does not apply as it does for inputs or raw materials. There are no specific procedures or conditions outlined in any of the notifications, to our knowledge. In such cases, how should one proceed to close the Bond and Bank Guarantee executed with the jurisdictional Customs for the capital goods imported under the scheme. Please guide.	The Bond and BG are coterminous with the letter of approval of the unit, so there is no need to close them specifically for imported CG/Equipment.
2.	Suresh Suntec Business Solutions Private Limited	RoDTEP	Has the RoDTEP scheme for IT software exporters been implemented. Please clarify if we need to register and file our statements and returns on ICEGATE to avail this scheme. Is the rebate equal to 1% of the software invoice value. Have the SEZ authorities in Kochi and Trivandrum been informed about the ICEGATE registration and the RoDTEP scheme.	RoDTEP scheme is applicable only to exporters undertaking the export of goods. Service industry exporters are not eligible for the RoDTEP scheme.
3.	Monish Jain AstraZeneca India Pvt. Ltd.	DTA Supplies	We have a unit in SEZ and another unit in Bangalore which is a non-Sez unit. We have few unused laptops in stock which we would like to send it to our Bangalore office. Please clarify whether restriction on import of laptops is applicable only for used laptops or the same is applicable for unused laptops as well.	The restriction on imports requiring an import license, as highlighted in paragraph 2.31 of FTP 2023, applies only to second-hand laptops.
4.	Rizwankhan Pathan Astra-polymers	Zero-rated supply	We are starting toll manufacturing for an overseas entity, and one of our suppliers from India has a query regarding GST exemption (Zero-rated supply) for billing to the overseas entity and shipping to the SEZ unit. Please guide to ensure compliance and benefit under the GST Scheme for SEZ.	Billing to an overseas customer and shipping to an SEZ unit qualifies as a zero-rated supply.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
5.	Chandra GE Oil & Gas India Pvt. Ltd	Others	Please share Instructions regarding issue of gate passes to foreign visitors at SEZ.	According to Rule 70(3) of the SEZ Rules 2006, a SEZ unit may obtain a temporary ID card from the DC office for casual visitors.
6.	Somappa Indic EMS Electronics Pvt. Ltd.	RoDTEP	We have received Job work from SEZ to DTA Unit. What is the GST/ Customs compliance we need to maintain, since it is as good as export of service. Can we intend to claim rewards under exports from RoDTEP Scheme.	According to Rule 42(2) of the SEZ Rules 2006, a SEZ unit may subcontract part of its manufacturing to a DTA unit after fulfilling the conditions outlined in said rule and obtaining necessary permission from its SO. However, as per our understanding, the SEZ unit can claim benefit of RoDTEP on these exports, as the documents required for claiming RoDTEP benefit includes Electronic Bank Realisation Certificate (eBRC), which substantiates the receipt of export proceeds, and such eBRC would be in the name of the SEZ unit and not DTA unit.
7.	Ashwin Kumar P Thyssenkrupp aerospace	Export of Goods/Services	We have an order from overseas Spain customer. The transaction is, Bill to Spain address and ship to India (a company located in our same SEZ). We have received a advance payment also from Spain customer and now material to be delivered in Indian company which is located in our SEZ. Please confirm the clearance procedure and what type of Bill of entry / Shipping bill needs to be filed to clear the shipment.	The proposed transaction can be carried out under the "bill to ship to" model. A SEZ unit is required to issue a commercial export invoice to the overseas customer, with bill-to address being that of the overseas customer and ship-to address being that of the recipient SEZ unit. Additionally, to transfer the material to the recipient SEZ unit, the Company needs to file a zone-to-zone bill of entry (BOE) on the SEZ/ICEGATE portal. There will be no customs duty payment in this case. The zone-to-zone BOE should include an explicit declaration that goods are being moved to the SEZ unit (recipient) on instruction of the overseas customer. Furthermore, the recognition of remittance received from the overseas customer can be based on the zone-to-zone BOE filed by the unit.
8.	Naveen Kainth	Others	Please confirm, if it is possible for us to offer a discount on our export sales. If so, could you please provide insight on the maximum discount that can be offered to our export buyers. Additionally, I would appreciate it if you could share any relevant customs or FEMA regulations, if applicable, regarding this matter.	There is no provision under SEZ regulations specifying the allowable percentage of discounts for exports. We understand this is a commercial arrangement between the parties involved. However, we are also reviewing FEMA provisions for any potential restrictions and will inform you if there are any relevant regulations.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
9.	Samir Gokhale LTIMindtree Limited	DTA Procurement	In furtherance to above query, please note that the material was procured from the domestic market with applicable taxes paid. We now wish to transfer it from one SEZ unit to another SEZ unit in a different zone. Both the dispatching and receiving entities are located within the same state and share the same GSTN. When imported material, upon payment of duty, can be cleared in the DTA without further duty payment, why is the same rule not applicable for domestic procurement? If the material is procured with taxes paid, it should be allowed to transfer to another SEZ unit without additional tax. For zero-rated supplies, a tax invoice is required. Given that the GST number for both the dispatching and receiving units is the same, how should the tax invoice be raised for a zero-rated supply.	We understand that the Company is transferring goods from its principal place of business (an SEZ unit) to an additional place of business (another SEZ unit) within the same state, both sharing the same GSTIN. Consequently, both addresses are included in the GST registration certificate. As such, the movement of goods within the same GSTIN is considered a mere transfer and does not constitute a supply, making GST inapplicable. However, the recipient SEZ unit must file the appropriate bill of entry under the SEZ/ICEGATE portal for inter- and intra-SEZ movement of goods. Additionally, these transfers should be covered by a Delivery Challan.
10.	Jayesh Mistry Infy Jewels	DTA Procurement	The SEEPZ Authorities overseeing DTA Material Inward at the SEEPZ Gate have informed our vendors that all canteen and housekeeping supplies must be provided with IGST payment only. Please guide, as these materials are brought into SEEPZ SEZ and utilized for the firm's authorized operations. As an organization, we need to maintain our premises and provide tea and refreshments to our staff and guests. Why should we be charged IGST on these items.	A SEZ unit cannot claim zero-rating benefits under GST for canteen services procured by, as per Instruction 95. For your reference, the basis for this is outlined below: The SEZ Rules, 2006, allow SEZs to establish such facilities, stating that the SEZ developer may, with prior approval from the Approval Committee, lease land or built-up space to create facilities such as canteens, public telephone booths, etc., for the exclusive use of the SEZ unit. However, Instruction No. 95 explicitly states that units setting up such facilities or amenities under Rule 11(5) of the SEZ Rules will be ineligible for SEZ benefits. All procurements for setting up and operating these facilities will be subject to applicable duties, regardless of whether the facilities are considered for personal consumption or not. Additionally, GST paid on procurement of food and beverages are ineligible to be claimed as ITC under Section 17(5) of the CGST Act.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
11.	Swapnil Suresh Khade KPIT	DTA Supplies	<p>1. Can assets be permanently moved from a SEZ unit to a DTA unit. Please share the guidelines and any restrictions.</p> <p>2. Is there a checklist for collecting documents from eligible Non-Commercial Educational Institutions, Registered Charitable Hospitals, and Public Libraries/Public R&D organizations under the SEZ Rule 49 (4) (c).</p>	<p>As per Rule 49 of SEZ Rules 2006, a SEZ unit may remove capital goods to the Domestic Tariff Area (DTA) after use in the SEZ, subject to payment of applicable customs duty and Integrated Goods and Services Tax (IGST). If the goods are IT assets specified in Notification 56/2023, their removal is permissible under the conditions outlined in paragraph 2.31 of the FTP, 2023.</p> <p>Additionally, clearance of IT goods under Rule 49(4)(c) from an SEZ unit to recognized non-commercial educational institutions, registered charitable hospitals, public libraries, public-funded research and development establishments, or organizations of the Government of India, State, or Union Territory, after two years of admission and use by a unit, is permitted only with the approval of the jurisdictional SO. Please note that there is no specific checklist for required documents, but the SO may request certain documents to validate that the establishment is a registered NGO/ charity (e.g. Copy of PAN, filed IT returns, etc.). Further, for removal of goods from the SEZ, a Bill of Entry for home consumption, including a complete description of the goods (make, model number, serial number, and specification), along with the invoice and packing list, must be filed by the DTA unit with the Authorized Officers. Alternatively, a Bill of Entry may be filed by an SEZ unit based on authorization from a DTA buyer. Therefore, an NGO can authorize the SEZ to file a Bill of Entry, which can then be presented to the officer.</p>
12.	Selvam G M GEA Westfalia Separator India Pvt. Ltd	LOA/BLUT	<p>We would like to include the new finished goods in the existing LOP through the broad banding of the license. However, our first outgoing order is for the domestic market, not overseas. Should we submit the application to CSEZ in this case, or do we need to secure an export order to proceed.</p>	<p>An application is required to be submitted with jurisdictional DC office for inclusion of new products in LOP.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
13.	Sandeep	APR/MPR	As per the format of Monthly report, the SEZ units are required to provide details of Non-FDI and FDI Investment. In this regard, with respect to entities set up in GIFT IFSC, kindly provide clarification what is the definition/what is constituted as Investment and kinds of transaction that needs to be reported here along with examples for ease of understanding.	SEZ units are required to report investments made in the zone at the end of each month, including both FDI (Foreign Direct Investment) and non-FDI, if applicable. Investments made in the zone through both foreign and non-foreign sources must be reported. Additionally, as per the instructions in notes 1 and 2, these reported values should be cumulative. This means the reported investment should reflect the total amount invested up to that point, rather than just the investment made within the specific month. The values should be reported in INR crores.
14.	Manimaran Qualcomm India Private Limited	Import of Goods/Services	We are importing materials from our group companies and other suppliers as outright purchases and free-of-cost materials. We intend to ship these materials to our clients and third parties on a loan basis from our SEZ unit. Please clarify, as per Rule 38, SEZ units can transfer materials to other SEZ units, EOUs, STPI units, etc. Can we ship our materials to clients in DTA locations on a loan basis. As per Rule 50, temporary removal is allowed for purposes such as repair and return, calibration, demo and exhibition, job work, testing, refining, etc. Is there any provision for shipping materials to a DTA unit on a loan basis. Since we are shipping the materials for project purposes, they need to remain in our DTA unit until the project is completed, which may exceed 120 days. If we wish to ship our materials to other countries on a loan basis, do SEZ rules permit this.	As per Rule 38 of SEZ Rules 2006, goods can be sent to another SEZ unit, EOU, or STPI on a loan basis. However, there is no provision for clearing goods to the DTA on a loan basis. Additionally, goods moved to DTA or exported overseas for repair, replacement, testing, calibration, quality testing, or research & development purposes must be returned to the zone within 120 days, as per Rule 51 of SEZ Rules 2006, with prior intimation to the Specified Officer and maintenance of records for the movement of such goods. If the unit is unable to return the goods within 120 days, an extension may be sought from the Specified Officer.
15.	Manimaran Qualcomm India Private Limited	Import of Goods/Services	In furtherance to above query, is there is any provision available in SEZ act and rule, whether SEZ unit can ship the materials to overseas as a loner basis. It will be either return back after the project completion or it will be destroyed in the overseas.	There is no specific provision for removing goods to the DTA or an overseas buyer on a loan basis.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
16.	Selvam G M GEA Westfalia Separator India Pvt. Ltd	Export benefits	<p>I have a query regarding the Drawback (DBK) under Section 74. Kindly confirm whether the eligible drawback applies only to Customs Duty and Cess or if it also includes IGST, as per the following prescribed percentages:</p> <p>Not more than 3 months – 95%</p> <p>More than 3 months but not more than 6 months – 85%</p> <p>More than 6 months but not more than 9 months – 75%</p> <p>More than 9 months but not more than 12 months – 70%</p> <p>More than 12 months but not more than 15 months – 65%</p> <p>More than 15 months but not more than 18 months – 60%</p> <p>More than 18 months – NIL</p>	As per Circular No. 21/2017-Customs dated 30th June 2017, the eligible drawback applies not only to Customs Duty and Cess but also includes the Integrated Goods and Services Tax (IGST). Under Section 74 of the Customs Act, 1962, the drawback of duties paid at the time of importation includes a refund of integrated tax and compensation cess along with basic customs duty.
17.	Naveen Kainth	Import of Goods/Services	Whether a SEZ unit can import shipments from their own overseas unit and sell them directly in the domestic market without entering the NSEZ.	A SEZ unit cannot import shipments from their own overseas unit and sell them directly in the domestic market without entering the SEZ. As per SEZ regulations, any goods removed from a SEZ to the DTA are subject to applicable duties of customs, and clearance must occur through proper channels and documentation. This involves entering the goods into the SEZ first, where they can then be processed or stored before being legally supplied to the domestic market following the payment of applicable duties. Additionally, SEZ units permitted to operate as a trading unit are permitted to export goods outside India and not DTA sales.
18.	Samir Gokhale LTIMindtree Limited	Exit from SEZ	We are in process of closing our SEZ unit. We have useful material which was procured on payment of applicable duty / taxes. We wish to transfer such duty / tax paid material to our other SEZ and STPI units. Please let us know under which SEZ rule it permissible to transfer.	For transferring goods from one SEZ to another, please refer to Rule 38 in conjunction with Rule 30(15).
19.	Shyam Sharma	Others	Please advise do we need Separate bank account for SEZ units. If yes, please share the rule/ regulations for the same.	There is no specific provision requiring a separate bank account for the SEZ unit. However, it is advisable to maintain a separate bank account for the SEZ unit to facilitate the submission of all export documents and manage export proceeds efficiently.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
20.	Chandru Ramachandran Kanishka Granites	Import of Goods/Services	As per recent budget, BCD for import of goods falling under Chapter Heading # 4104 to 4106 (wet blue leather - hides & skins) has been reduced from 10% to Nil and notified the same under Notification 5/2025 with new sl.no. 284A inserted into Principal Notification # 50/2017. However, the condition under column 6 of the Notification does not say anything, leaving the space left with (-) Need clarification whether import of such goods does not require any obligation to be met with by the Importer in the form of providing IGCR Bond or any other conditions like FG to be exported within 6/12 months period. Looks that no need to comply with any regulations at the time of Import and the goods can be imported by applying the Notification # 05/2025 directly.	We understand that there are no restrictions on such imports.
21.	Amit Mistry Jagat RF Solutions (I) Pvt. Ltd.	LOA/BLUT	We have imported raw material from KOREA and SINGAPORE for manufacture finished goods for export to out USA customers. This raw material was purchased as per the USA Customer. Since long time our USA Client is not giving us export orders so that imported raw material was not utilized in our factory because it was specially purchase for USA Customer. Because of insufficient order from customer to utilize this raw material, we convince Customer to buy a raw material instead of finished goods. So, we want to export this raw material to USA Customer as export. Please guide can we export raw material if we have manufacturing approval in LOA.	We understand that supplying raw material to the USA instead of finished goods is a one-time activity and not an authorized operation of the SEZ unit as per the issued LOA. Therefore, we recommend informing the jurisdictional customs officers about this one-time clearance of raw material.
22.	Raghav Jhunjunwala Aarshi Overseas Private Limited	RoDTEP	We have a foreign client who procures goods from Delhi and warehouses the same with us and we file a Bill of Export for this. Does the supplier of the goods (for whom it is an export) get RoDTEP benefits. How can he claim the same if filed on NSDL. Furthermore, if we file on ICEGATE will the supplier still get RoDTEP benefits.	If the supplier wishes to avail the RoDTEP benefit, they must first file the shipping bill from their ICEGATE account, including a declaration of their intent to claim the RoDTEP scheme benefit. Based on this declaration, the system will process the eligible RoDTEP credit to the supplier's ICEGATE portal account. Please note that RoDTEP is not available on NSDL.

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
23.	Prakash Kalburgi vConstruct Pvt. Ltd	Others	<p>1. Can we receive free replacement against document called "Tax Invoice-Replacement" instead of documents called "DC for Replacement".</p> <p>2. Can we send this back to the main supplier for disposal if he has CPCB Certificate for disposal. Can main supplier dispose extinguisher if he has CPCB certificate. Does scrap vendor must be empaneled with SEEPZ or vendor having CPCB certificate is allowed to carry disposal.</p>	<p>As per Circular No. 195/07/2023-GST issued by the CBIC, warranty services provided by a supplier for product defects without an additional charge are not considered a separate supply. The cost of these repairs is included in the price of the goods, making it a composite supply. Consequently, we understand that such services may be supplied under the cover of a Delivery Challan.</p> <p>However, if the supplier charges an additional fee for extending the warranty period or performing such replacement services, this is treated as a supply and is subject to GST, requiring coverage under a Tax Invoice.</p> <p>Additionally, for the clearance of hazardous waste, adherence to Public Notice 51/2018 issued by SEEPZ is mandatory. This notice stipulates that scrap must be cleared only through vendors empaneled with SEEPZ, and non-compliance will result in penalties as outlined in the notice.</p>
24.	Prakash Kalburgi vConstruct Pvt. Ltd	Others	<p>In furtherance to above query, with reference to Serial Number 5 of Circular no. 51/2018 for hazardous waste, itself states that empaneled vendor should approved either by SEEPZ/ MPCB/ SPCB for disposal of hazardous waste.</p> <p>1) With respect to the asset "Fire Extinguisher" as being a hazardous waste that can be sent for disposal to vendor having approved and empaneled either by one of the statutes SEEPZ/ MPCB/SPCB and not specifically limited vendor empaneled by SEEPZ. Thus, hazardous waste can be sent for disposal to be empaneled vendor either of SEEPZ/ MPCB/ SPCB.</p> <p>2) Request you to provide scan of Public Notice No. 30/2016 dated 9 June 2016 or link of SEEPZ/ SEZ.</p>	<p>As per para 7(2) of circular the vendor shall be empaneled by SEEPZ.</p>

S No.	Querist Name	Category	Query from Member	Response by Grant Thornton
25.	Ch.S.S.Sekhar R.D-EPCES-VSEZ	Exit from SEZ	<p>A private Pharma SEZ developer, who currently has three SEZ units under its Developer Captive Consumption. They are considering the following changes:</p> <p>They wish to exit two of these SEZ units from the SEZ category and convert them into an EOU.</p> <p>If this is not feasible, their backup proposal is to exit all three SEZ units from SEZ status, pursue denotification of the SEZ, and shift to EOU status.</p> <p>Could you kindly advise on the procedure for exiting the SEZ and de-notifying the SEZ Developer? Additionally, they would like guidance on how to proceed with converting these units to EOU status or if they should continue operating as DTA units in the same premises. It's important to note that the SEZ Developer acquired the land independently, without any intervention from the State or Central Government.</p>	<p>There is no provision under SEZ regulations specifying that SEZ units can convert into EOUs within the SEZ premises of the SEZ developer itself. Therefore, option no. 1 is not feasible for the Developer.</p> <p>Further, for option no. 2, as per Rule 8 of SEZ Rules 2006, an SEZ developer may de-notify its SEZ premises through filing Form C6 with the DC office.</p>
26.	Samir Gokhale LTIMindtree Limited	DTA Procurement	<p>We had procured networking equipment in SEZ unit from DTA market on payment of applicable IGST. Can we transfer such IGST paid material from one SEZ unit to another SEZ unit without payment of duty/taxes. If so under which SEZ rule.</p>	<p>According to Rule 46(12) of the SEZ Rules, 2006, the transfer of goods from one SEZ to another is permitted. Further, the supply of such goods to a SEZ unit is covered under Section 16 of the IGST Act, 2017, and is considered zero-rated, provided they are used for authorized operations.</p>

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

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