



QUERY LOG: TAX & REGULATORY

BDO INDIA
January 2026

Only for EPCES and its members

Query Log : 1st January 2026 to 31st January 2026

S. No.	Querist Name	Category	Query from member	Response by BDO Team
1.	Rohit Singh	SEZ	<p>We are an sez unit and recently got an approval for inclusion of additional services under broad branding - for warehousing, and storage services.</p> <p>We were exploring the option to convert into a ftwz unit.</p> <p>In this regard, we wanted to understand the procedure to convert into ftwz unit, or mere approval for warehousing services is enough?</p> <p>Also, can an sez unit be registered as a custom bonded warehouse?</p>	<p>1. Section 2(n) of the SEZ Act, 2005 defines Free Trade and Warehousing Zone means a Special Economic Zone wherein mainly trading and warehousing and other activities related thereto are carried on. Accordingly, FTWZ is a distinct category of SEZ.</p> <p>2. Section 3 of the SEZ Act, 2005 provides that a SEZ may be established for manufacture of goods or rendering services or for both or as a Free Trade and Warehousing Zone.</p> <p>3. Rule 19(2) of SEZ Rules, 2006 provides that the Letter of Approval (LOA) shall specify the items of manufacture or particulars of service activity, including trading or warehousing. However, such approval is limited to rendering of services and does not confer the status or benefits of FTWZ, which include trading, bonded warehousing, and re-export operations.</p> <p>4. Accordingly, a separate application would be required to be made for setting up of FTWZ and mere approval of warehousing services is not sufficient.</p> <p>5. Further, SEZ unit cannot be registered as a Customs Bonded Warehouse under the Customs Act, 1962.</p>
2.	Jaydev Kag Deputy Manager	EOU	<p>We are having EOU unit and having some scrap . Our LOP is issued by the Development Commissioner Kandla Special Economic Zone.</p> <p>Please clarify who will grant us permission for scrap sale , also give us rule under which rule Development Commissioner can grant us permission.</p> <p>As Development Commissioner is saying that relevant Customs will grant you permission please clarify on this urgently.</p> <p>-----</p> <p>As per procedure given in Handbook 6.40 permission is required to be given by the Development Commissioner.</p> <p>Can you please further clarify is there are Rule for the same . If yes per provide.</p>	<p>1. There is no specific provision/ rule in the Foreign Trade Policy, 2023 which specifically provides that permission for disposal of waste/ scrap shall be given by the Development Commissioner.</p> <p>2. However, Para 6.40 of Handbook of Procedures, 2023 categorically provides that permission for disposal of waste/ scrap shall be given by the Development Commissioner.</p> <p>3. Accordingly, permission for disposal of waste/ scrap shall be given by the Development Commissioner only.</p>

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3.	Manicka Kumar Assistant Manager of Customs, EXIM High Glory Footwear INDIA Pvt Ltd,	SEZ	<p>we would like to seek your further guidance based on the attached Safety Data Sheet (SDS) of MEK, which has been shared for your reference.</p> <p>We kindly request you to:</p> <ul style="list-style-type: none"> • Review the SDS and the chemical composition/details mentioned therein, and • Advise whether the composition or combination reflected in the SDS attracts any special regulation or additional compliance, or • Confirm whether the MEK covered under the SDS is considered standard MEK, governed by the same regulatory provisions already clarified (i.e., controlled only for import and not for domestic usage). 	<p>1. From the perusal of the Safety Data Sheet (SDS), the product is a mixture of Methyl Ethyl Ketone (MEK), Ethyl Acetate and Methyl acetate.</p> <p>2. The Product is not a standalone MEK.</p> <p>3. Accordingly, the HSN classification of the product as well as the corresponding ITC (HS), Import Policy to Foreign Trade Policy, 2023 would be required to be examined to determine whether the product would be subject to NOC requirement or not at the time of import into India.</p>



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4.	Bijay Agarwal	SEZ	<p>We are a unit located in Falta Special Economic Zone and are engaged in the manufacture and export of castings to overseas buyers.</p> <p>For manufacturing castings, patterns/moulds are required. In certain cases, due to heavy freight costs, our overseas buyers request us to manufacture the pattern/mould locally and reimburse the cost. Such pattern/mould is treated as the property of the overseas buyer, and the same is used by us solely for manufacturing castings on their behalf.</p> <p>At present, one of our overseas buyers has requested the return of their customer-owned foundry pattern/mould to their location abroad. The said pattern/mould is not our property and is not being exported as a sale. No foreign exchange is involved, as the cost of the pattern has already been recovered earlier and the proposed movement is only a return of customer-owned goods.</p> <p>In this connection, we kindly request you to advise us on the applicable SEZ/Customs procedure for sending back the customer-owned pattern/mould to the overseas buyer, including:</p> <ul style="list-style-type: none">• Documentation requirements, if any• Shipping Bill / declaration procedure <p>We request your guidance to enable us to comply with all applicable SEZ and Customs regulations.</p>	<p>1. The pattern/mould is the property of the overseas customer and was manufactured by the SEZ unit on their account. The cost was reimbursed earlier by the overseas customer, and no foreign exchange shall be realized at the time of export.</p> <p>2. As per Rule 46 of SEZ Rules, 2006, for export of goods, SEZ unit shall file Shipping Bill, in quadruplicate, with the Authorized Officer of Customs in the Special Economic Zone together with relevant documents, namely, invoice, packing list and Currency Declaration Form (GR) (in duplicate).</p> <p>3. Further, in terms of proviso to Rule 46(1)(a) of SEZ Rules, 2006, exemption from GR declaration as referred in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 notified vide Reserve Bank of India Notification No: FEMA 23/2000-RB dated 3rd May, 2000 as amended from time to time shall be available for export value as may be notified by the Reserve Bank of India, from time to time. Accordingly, the Company shall obtain a GR waiver for export of goods in the present case as no foreign exchange shall be realized.</p>

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5.	Biju P B Senior Manager Popular Candles Popular Industries	Interest Subvention Scheme	<p>We are pleased to note and are closely monitoring the launch of the Interest Subvention Scheme for Pre- and Post-Shipment Export Credit under Export Promotion - Niryat Protsahan, as notified vide Trade Notice No. 20/2025-26 dated 02.01.2026.</p> <p>Upon reviewing the said Trade Notice, we observe that the existing HSN Code for Candles (HSN 34060010) has not been specifically mentioned. However, candles appear to be included under HS Code 590800 in the notified list.</p> <p>In view of the above, there appears to be a mismatch between the product description and the applicable HSN code for candles. We therefore request that this matter may kindly be brought to the notice of the concerned authorities for clarification and necessary rectification.</p> <p>We further request your guidance on how exporters of candles classified under HSN Code 34060010 can avail the Interest Subvention benefits under the above scheme until such clarification is issued.</p>	<p>1. Trade Notice No. 21/2025-26 dated 02.01.2026 provides the guidelines for Collateral Support for Export Credit under Export Promotion Mission (EPM) - NIRYAT PROTSAHAN.</p> <p>2. Annexure-II to the Trade Notice provides the list of eligible HSN (at six digit) covered under the scheme.</p> <p>3. Candles are classifiable under HSN 3406 00 10 (at eight digit). HSN 3406 00 10 is not covered under the list of eligible HSN as provided in Annexure-II to the Trade Notice.</p> <p>4. Candle wick classifiable under HSN 5908 00 (at six digit) is covered under the list of eligible HSN as provided in Annexure-II to the Trade.</p> <p>5. Accordingly, candles classifiable under HSN 3406 00 10 are not covered under Collateral Support for Export Credit under Export Promotion Mission (EPM) - NIRYAT PROTSAHAN.</p>

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6.	Ch.S.S.Sekhar R.D-EPCES-VSEZ	SEZ	<p>I have received a whatsapp message from one of our SEZ units M/s. Rocks Forever INC stating that the unit obtained its Letter of Approval (LOA) in the year 2017, which was reflected on the GST portal. The LOA was subsequently renewed in the year 2022. At present, the unit status on the GST portal is shown as Active.</p> <p>The unit has requested clarification on whether any updation is required to be made in the GST portal in this regard.</p>	<p>1. SEZ LOA details (including the LOA number/ validity dates) are changed on account of renewal of SEZ LOA.</p> <p>2. Accordingly, the Company is required to update these details on the GST portal by filing an “Amendment of Registration (Core Fields)” application.</p>
7.	Rohit Singh	SEZ	<p>The sez unit can supply warehousing services to dta without receiving foreign convertible currency.</p> <p>If ftwz can supply such services without receiving foreign currency?</p> <p>-----</p> <p>Additionally, request your views on whether an sez unit with warehousing services as its authorised operations can provide bonded warehousing services similar to ftwz to a third party (dta or foreign).</p> <p>-----</p> <p>Whether the existing unit will also be required to exit under Rule 74 and then freshly apply for ftwz?</p>	<p>1. As stated earlier, FTWZ is a distinct category of SEZ.</p> <p>2. There is no provision under the SEZ law which provides for conversion of SEZ into FTWZ. Accordingly, SEZ unit shall be first required to apply for exit in terms of Rule 74 of SEZ Rules, 2006. Thereafter, a afresh application would be required to be made for setting up of FTWZ.</p> <p>3. SEZ unit can provide warehousing services to DTA provided the same is mentioned as authorized operations in the Letter of Approval. Further, as per Rule 53 of SEZ Rules, 2006, for the purpose of NFE computation, payment for services rendered into DTA shall be in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India.</p> <p>4. As per Rule 18(5) of the SEZ Rules, 2006, all transactions by a Free Trade and Warehousing Zone (FTWZ) unit must be conducted in freely convertible foreign currency. Accordingly, FTWZ unit shall receive payment for services rendered to DTA in free foreign exchange or such services rendered in Indian Rupees which are otherwise considered as having been paid for in free foreign exchange by the Reserve Bank of India.</p>

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8.	Manicka Kumar Assistant Manager of Customs, EXIM High Glory Footwear INDIA Pvt Ltd, Subsidiary of POUCHEN GROUP OF COMPANIES	EEE EPR	<p>We seek your kind clarification regarding the applicability of EEE Extended Producer Responsibility (EPR) under the E-Waste (Management) Rules, 2022 for the import of certain capital machineries.</p> <p>Our company proposes to import brand new industrial machineries, exclusively for captive use in our manufacturing operations, falling under the following the HSN codes:</p> <ul style="list-style-type: none">• 84538000• 84778090• 84431990• 84798200• 84283900• 84518090• 84798999 <p>The above machineries will:</p> <ul style="list-style-type: none">• Be imported as new capital goods• Be used internally for their entire operational life• Not be sold, transferred, leased, or placed in the market• Be dismantled / scrapped at end-of-life <p>In this regard, we kindly request EPCES to clarify:</p> <ol style="list-style-type: none">1. Whether EEE EPR registration is mandatory for importing the above-mentioned brand-new capital machineries for captive use under the stated HSN codes.2. Whether end-of-life dismantling or disposal as scrap, through authorised recyclers, would attract any EPR obligation on the importer.3. Any specific compliance, documentation, or declarations recommended by EPCES to be followed at the time of import to ensure regulatory alignment.	<ul style="list-style-type: none">• As per the CPCB Clarification dated 28.12.2023, EPR registration under the E-Waste (Management) Rules, 2022 is not required for entities importing electrical or electronic equipment, including brand-new capital machinery, exclusively for captive/internal use (self use) and not intended for sale, transfer, or placement in the market.• End-of-life dismantling or disposal through authorised recyclers does not attract any EPR obligations, provided the equipment remains for captive use and not placed in the market.• To ensure compliance, exporters/importers should maintain supporting documentation, including a self-declaration of captive use, import invoices, HSN classification, and records of disposal, which will facilitate regulatory review and smooth import clearance.

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9.	Shireen Shaikh, Manager - SEZ/STPI Compliance - India Amazon Global Real Estate & Facilities (GREF)	SEZ	<p>Is there any SEZ rule or notification for SEZ entity who is doing DTA sale in foreign currency from SEZ unit?</p> <p>Is SOFTEX filing applicable for the SEZ to DTA sale in foreign currency?</p> <p>If not then do we have some rule why the DTA sale need not to be filed even if it is in foreign currency. Will be happy to discuss over call as well in case anybody else from the industry is facing the same issue.</p>	<p>Filing of SOFTEX Forms remains mandatory for transactions involving the supply from an SEZ unit to a unit located in the DTA. This is because supplies from an SEZ to a DTA unit are treated as 'exports' from the perspective of the SEZ unit under the Foreign Trade Policy, necessitating the declaration of the foreign exchange realized through the SOFTEX Form.</p>



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10.	Mahesh Rathore Cipla Ltd. Indore SEZ Pithampur	SEZ	<p>As the policy circular issued by DGFT regarding restriction of import IT hardware for the calendar year 2026, we need some clarification on below points.</p> <ol style="list-style-type: none"> 1. Whether this policy circular is applicable to SEZ Unit also.? 2. Whether this policy circular is applicable only while import of IT hardware from abroad to India ? 3. Whether this policy also covered while procurement of goods from domestic tariff area to SEZ unit ? <p>As we had faces the issue in past while procurement of computer , laptop from DTA unit to SEZ, the preventive officer of customs has raised the concern for allowing of goods into SEZ premises, need license from concern department.</p>	<ol style="list-style-type: none"> 1. In terms of Rule 27 of SEZ Rules, 2006 , a SEZ Unit or Developer may import all type of good for authorized operations except prohibited items under the ITC (HS). 2. Accordingly, SEZ Unit can import all goods except goods being prohibited items under ITC (HS). 3. Vide Notification No.23/2023 dated 03.08.2023, import policy of laptops, tablets, all-in-one personal computers and ultra small for factor computers and servers falling under Chapter Heading 8471 was revised from 'Free' to 'Restricted' and import shall be allowed only against valid license for restricted items. 4. DGFT Policy Circular No. 06/2023-24 dated 19.10.2023 clarified that SEZ units are not required to obtain restricted import authorisation for import of IT hardware restricted vide Notification No.23/2023 dated 03.08.2023 provided the goods are imported for captive consumption of importing units. 5. Also, as per 27(1) of SEZ Rules, 2006 , a SEZ Unit or Developer may procure from the Domestic Tariff Area (DTA) all type of good for authorized operations except prohibited items under the ITC (HS). It is to be noted that procurement of goods falling under Chapter Heading 8471 from DTA is not "Prohibited". Accordingly, SEZ Unit can procure goods falling under Chapter Heading 8471 from DTA for carrying out authorized operations without obtaining any restricted import authorisation. 6. However, there is no specific exemption provided by DGFT from obtaining any restricted import authorisation in case of procurement of goods from DTA. Accordingly, the Company may explore the option of filing a suitable representation and seeking necessary clarification from DGFT in this regard.
11.	Manicka Kumar Assistant Manager of Customs, EXIM High Glory Footwear INDIA Pvt Ltd,	SEZ	<p>With reference to the mail received from EPCES (attached herewith for ease of reference), we are also enclosing the relevant Safety Data Sheet for your kind perusal.</p> <p>We request you to kindly review the same and advise us on the necessary course of action or any additional requirements from our end to ensure full compliance.</p>	Our technical experts will be separately responding to you over the trail e-mail.
12.	Ambreen Rahman	IFSC GIFT	<p>If a company has a branch office within IFSC GIFT, and there is a change in the shareholding structure of the company due to sale of shares by an existing promoter to a third party (minority stake) then, does Instruction 109 require the company to obtain prior approval for such a change in shareholding, or is it sufficient to provide a post-facto intimation of the change?</p>	<ol style="list-style-type: none"> 1. Instruction No. 109 dated 18.10.2021 issued by Ministry of Commerce and Industry provides guidelines for reorganization of SEZ Unit including change in the shareholding pattern. 2. As per the said Instruction, change in shareholding pattern shall be undertaken by the Unit Approval Committee (UAC) concerned subject to the condition that SEZ Unit shall not opt of the SEZ scheme and continue to operate as a going concern and subject to such other conditions as prescribed. 3. Accordingly, prior approval of UAC is required to be obtained.

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13.	Abdur Rahman Musba Head Finance Cardolite Specialty Chemicals India LLP Mangalore Special Economic Zone	SEZ	<p>SEZ units was eligible for ROTDEP benefits from 1st Jan 2025 till 5th Feb 2025 based on Notification number 66 of DGFT dated 20th March 2025. (relevant notification copy is attached) However, in the Shipping Bill, RoTDEP benefits was not claimed as the notification came later.</p> <p>Is it possible to amended the Shipping Bill and claim the benefits now? (I have attached the various regulations, circular and facility circular).</p> <p>Sample Shipping Bill with claim of RoTDEP is also attached for your reference (as the Shipping Bill has mentioned a Free Shipping Bill).</p>	<ol style="list-style-type: none">1. DGFT Notification No. 66/2024-25 dated 20.03.2025 extended ROTDEP benefits for SEZ unit from 01.01.2025 till 05.02.2025. However, the extension Notification was issued on 20.03.2025. Accordingly, SEZ units would not have claimed ROTDEP benefit for the period 01.01.2025 till 05.02.2025.2. Amendment of a Shipping Bill to claim RoTDEP benefits may be sought even after export. In this regard, Notification No. 21/2025-Customs (N.T.) dated 3 April 2025, notified the Export Entry (Post Export Conversion in relation to Instrument Based Scheme) Regulations, 2025 which provides a statutory framework for amendment of Shipping Bill post export of goods.3. As per the said Regulations, an application for post-export conversion may be filed within one year from the date of clearance of goods, which may be extended by a further period of up to twelve months, subject to prescribed conditions and documentary evidence having existed at the time of export.4. Accordingly, the Company may apply for amendment of the Shipping Bill to claim RoTDEP benefits as per the procedure laid down in Export Entry (Post Export Conversion in relation to Instrument Based Scheme) Regulations, 2025.

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14.	Vishwas Parab	EOU	<p>We are a 100% Export Oriented Unit (EOU) and seek your guidance on an interpretational matter under the current Foreign Trade Policy (FTP 2023-28).</p> <p>Quote</p> <p>6.14 Sale of Unutilized Material and Capital Goods</p> <p>(a) In case an EOU / EHTP/ STP/BTP unit is unable to utilize goods and services imported or procured from DTA, it may be:</p> <ul style="list-style-type: none"> (i) Transferred to another EOU/EHTP/STP/BTP/ SEZ unit; or (ii) Disposed of in DTA with intimation to Customs authorities on payment of applicable duties and/ or taxes and compensation cess. In addition, exemption of duties of Customs leviable under First Schedule of the Customs Tariff Act, 1975 vailed, if any on the goods , at the time of import will also be payable. This sale would be further subject to compliance of applicable import conditions such as requirement of import Authorisation; or (iii) Exported. (iv) Such transfer from EOU/EHTP/STP/BTP unit to another such unit would be treated as import for receiving unit. <p>Unquote</p> <p>Specifically, we wish to understand the procedure and conditions applicable when an EOU intends to export imported raw material that remains unutilised (has always remained within the EOU premises and has never been cleared to DTA) due to unforeseen circumstances.</p> <p>Our specific queries are as follows:</p> <ol style="list-style-type: none"> 1. Duty implication <p>In such a case, is there any requirement to repay the customs duty foregone at the time of import before export of the unutilised raw material is permitted under para 6.14(a)(iii)?</p> <p>Or, where the goods are exported "as such" without any clearance to DTA, can export be allowed without reversal of the customs duty exemption, subject to satisfaction of other applicable conditions?</p> <ol style="list-style-type: none"> 2. Approvals and procedure <p>Are there any specific approvals or permissions required from the jurisdictional Customs authorities and/or the Development Commissioner before such export of unutilised imported material?</p> <p>Are there any prescribed formats, declarations or procedures (other than the normal export/shipping documentation) that an EOU must follow in such cases?</p> <p>We are keen to ensure full compliance with the applicable provisions of FTP 2023, HBP 2023 and the relevant customs notifications, and to avoid any ambiguity in implementation.</p>	<p>1. In terms of Para 6.14(a)(iii) of Foreign Trade Policy, 2023 unutilized imported raw materials (imported without payment of Customs duty) can be exported. Customs duty exempted at time of import is not required to be repaid for exporting the unutilized imported raw materials.</p> <p>2. In terms of Para 6.40 of Handbook of Procedures, 2023, permission for re-export of goods shall be given by the Development Commissioner. Accordingly, the Company shall seek permission from the concerned Development Commissioner before re-export of unutilized imported raw materials.</p>

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15.	Nilesh Malavia Chief Compliance Officer Caravella Asset Management (IFSC) Private Limited	SEZ	<p>A lawyer from DTA is providing services to a SEZ unit in International Financial Services Centre (IFSC).</p> <p>Required</p> <p>(i) Please provide the relevant RCM Circular wherein SEZ unit is not liable to pay the GST.</p> <p>(ii) Clarity required - Whether DSPF reporting applies to the SEZ Unit on services provided by a lawyer from DTA as they do not have a LUT and GST is not applicable to them.</p>	<p>1. As per Section 26 of SEZ Act, 2005 read with Rule 27 of SEZ Rules, 2006, SEZ unit is entitled to procure services without payment of duty/ tax for its authorised operations.</p> <p>2. A list of services has been notified by Ministry of Commerce (MOC) which is commonly known as uniform list of authorised services. Uniform list of services generally covers the services procured directly in relation to business of unit.</p> <p>3. Legal consultancy services is included in the uniform list of authorised services for SEZ units. Accordingly, no GST shall be payable by SEZ unit in respect of legal consultancy services.</p> <p>4. DTA Service Procurement Form (DSPF) is to record and submit details of all Invoices pertaining to Services availed by SEZ Units from DTA Suppliers. Accordingly, DSPF reporting shall apply even for legal consultancy services.</p>
16.	Prakashsingh Thakur GIFT SEZ	SEZ	<p>A lawyer from DTA is providing services to a SEZ unit in International Financial Services Centre (IFSC).</p> <p>Required</p> <p>(i) Please provide the relevant RCM Circular wherein SEZ unit is not liable to pay the GST.</p> <p>(ii) Clarity required - Whether DSPF reporting applies to the SEZ Unit on services provided by a lawyer from DTA as they do not have a LUT and GST is not applicable to them.</p> <p>-----</p> <p>A Clarification been issued by CBEC on reverse charge tax to units located in GIFT SEZ -IFSC. Details of the same along with the copy of the clarification is attached for your ready reference.</p>	<p>1. In terms of Clarification F. No. 334/35/2017-TRU dated 18.12.2017 issued by CBEC (TRU), no GST is payable by SEZ unit situated in IFSC SEZ under Reverse Charge Mechanism (RCM) in respect of legal services received from a DTA unit.</p> <p>2. SEZ unit is required to execute a Letter of Undertaking (LUT) in accordance with Para 1 of Notification No. 37/2017-Central Tax dated 04.10.2017.</p>

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17.	N.T.Shekhar	SEZ	<p>We, Axxelent are an SEZ Unit in SriCity, manufacturing Pharmaceutical Formulation products. Indoco, India has an export order from their Subsidiary company in USA abroad.</p> <p>Indoco, India approached us [SeZ] to procure RMs, manufacture and export FG to their subsidiary abroad [USA], directly from our SEZ Unit.</p> <p>Bill to Indoco, India, and Ship to Subsidiary Company in USA.</p> <p>Indoco, India, to make payment to Axxelent SEZ Unit in USD, towards the cost of manufacturing directly and not through any foreign account.</p> <p>This activity is not under a sub-contract.</p> <p>Kindly clarify the viability for proceeding with the above transaction involved, with other intricacies, involved, if any on Drug license, RBI approvals, NFEE eligibility etc.,</p> <p>In case, if not eligible is there an alternate provision, whereby an SEZ Unit can procure goods in DTA, on the export order of DTA unit, and manufacture and export of Finished goods directly from SEZ Unit to an US company in abroad. DTA unit in India will make payment in USD for RM cost. While the US Co., will make overall payment on the cost of exports to DTA India.</p>	<ul style="list-style-type: none"> The involvement of the SEZ unit is in the nature of a principal-to-principal commercial arrangement for procurement/import of raw materials, manufacture of goods, and direct shipment of finished goods to the overseas customer on behalf of the DTA unit. Under the RBI Master Direction on Export of Goods and Services, the said transaction would be constituted as a third-party export. As per the RBI Master Direction on Export of Goods and Services, the SEZ unit shall declare realization of export proceeds in respect of export of goods from third party in the appropriate declaration form. The SEZ Unit must declare the third-party remittance in the EDF and ensure realization and repatriation of proceeds. AD banks must be satisfied with the transaction and supporting documents, including FATF considerations. Reporting of outstanding, if any, would continue to be shown against the name of the exporter. However, instead of the name of the overseas buyer from where the proceeds have to be realise, the name of the declared third party should appear in the outstanding report. The transaction is not proposed to be undertaken as sub-contracting under the SEZ Rules, 2006. From a FEMA standpoint, this does not pose a restriction, provided the SEZ unit is otherwise permitted to manufacture and export goods on a principal-to-principal basis. Accordingly, the Company may approach the AD banker before initiation such transaction to ensure compliance with the above regulations and appropriate documentation.

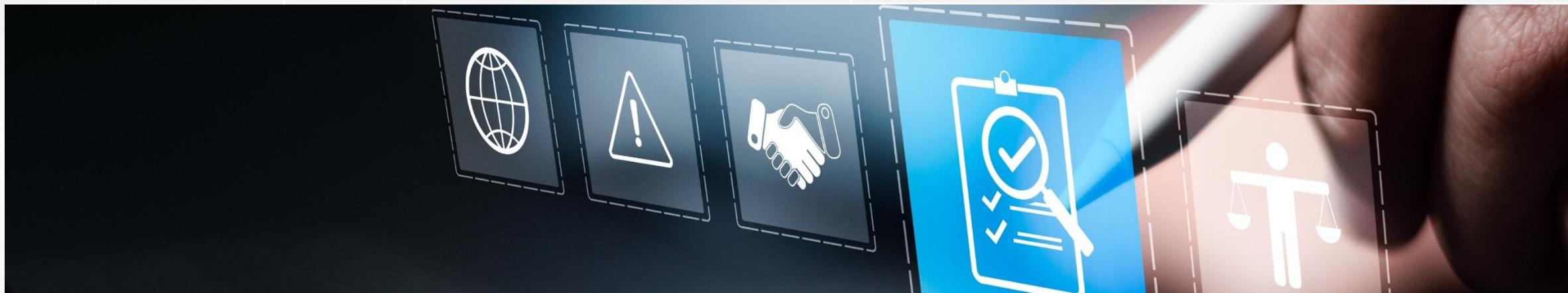
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18.	Vinothkumar.M	FTWZ ACT	I kindly request you to share a PDF copy of the booklet covering the FTWZ Act, related rules, and compliance requirements.	<p>As per Section 2(za) of the SEZ Act 2005, "Special Economic Zone" means each Special Economic Zone notified under the proviso to sub-section (4) of section 3 and sub-section (1) of section 4 (including Free Trade and Warehousing Zone) and includes an existing Special Economic Zone. Accordingly, FTWZs are classified as SEZ and are governed by the SEZ Act 2005 and the SEZ Rules.</p> <p>Accordingly, FTWZs in India are governed by the SEZ Act, 2005 and SEZ Rules, 2006.</p> <p>Further, all documents and official resources relevant to FTWZs can be accessed at the following links:</p> <p>SEZ Act 2005 - SEZ Act Special Economic Zones in India SEZ Rules and Amendments - SEZ Rules and Amendments Special Economic Zones in India</p>
19.	Nilesh Malavia Chief Compliance Officer Caravella Asset Management (IFSC) Private Limited	SEZ	<p>We are a SEZ unit and have obtained Letter of Undertaking in accordance with the requirements.</p> <p>Do we need to do Customs Endorsement on Reverse Charge Mechanism (RCM) Services in the SEZ online portal</p>	<ol style="list-style-type: none">1. DTA Service Procurement Form (DSPF) is to be submitted on ICEGATE portal for the purpose of endorsement of all invoices pertaining to services availed by SEZ Units from DTA Suppliers.2. Accordingly, DSPF reporting shall apply even for legal consultancy services (RCM service).

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20.	Upendarreddy Ramini M/s.Tata Boeing Aerospace Limited	SEZ	<p>I would like to bring to your kind notice an observation made during the filing of Import Bills of Entry in the implemented New SEZ IceGate 2.0 Portal.</p> <p>While filing the Import Bill of Entry, it has been observed that there is no specific field available for declaring the item type / nature of goods, such as:</p> <p>*Capital Goods *Raw Materials *Consumables *Spares or other imported materials</p> <p>In the earlier processes and from an operational and compliance perspective, this bifurcation plays an important role in:</p> <p>*Internal accounting and *inventory classification of SEZ units *Monitoring of duty-free imports under SEZ Rules *Reconciliation during audits, inspections, and statutory reporting Clear identification of imports against approved lists and projections</p> <p>In the absence of this item-type declaration field in the SEZ IceGate 2.0 Bill of Entry, SEZ units may face practical challenges in post-clearance compliance, audit trail maintenance, and internal control mechanisms.</p> <p>In this regard, I respectfully request clarification on whether: The declaration of item type is no longer required in the Bill of Entry under the revised SEZ IceGate 2.0 system, or There is a proposal to incorporate such a field in future updates of the portal.</p>	<ol style="list-style-type: none">1. Under the presently implemented SEZ ICEGATE 2.0 system, there is no separate or mandatory field provided in Bill of Entry for declaring the nature of goods (such as capital goods, raw materials, consumables, spares, etc.).2. In Bill of Entry, details like HSN classification, description of goods, quantity, and value are required to be submitted.3. Alternatively, for internal accounting and inventory management purpose, the Company can mention nature of goods in the description of the goods at the time of filing of Bill of Entry.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
21.	Naveen Kainth AGM - Commercial & Logistics	SEZ	<p>I would like to know if we can sell/transfer a machine to another unit within the zone (SEZ).</p> <p>If permissible, kindly share the relevant guidelines as per the SEZ Act, 2005 and SEZ Rules, 2006.</p>	<ul style="list-style-type: none"> As per Rule 38 of SEZ Rules 2006, goods admitted into SEZ without payment of duty may be transferred or given on loan to a SEZ Unit or Developer within the same SEZ or in another SEZ without payment of duty subject to the following conditions: <ul style="list-style-type: none"> the supplying and receiving Unit, as the case may be, shall maintain proper account of goods transferred; the transferred goods (other than the raw material procured from Domestic Tariff Area) shall be accounted, as import by the receiving unit while the value of the same shall be deducted from the import of the transferring unit transfer goods to Units or developers in other Special Economic Zones shall be allowed with the prior written permission of the Specified Officer and subject to such conditions as may be imposed. Further, as per Rule 30(15) of the SEZ Rules 2006, SEZ unit may procure goods and services from another SEZ unit located in the same SEZ or any other SEZ subject to following conditions: <ul style="list-style-type: none"> where both the supplying and receiving units are located within the same SEZ, no Bill of Entry is required, and movement of goods is permitted based on book entries in the regular accounts of both units where both the supplying and receiving are located in different SEZs, the receiving Unit shall file Bill of Entry for home consumption with the Authorized Officer and goods shall be allowed to be transferred to the receiving Unit under transshipment permit. Further, the supplying Unit shall submit the re-warehousing certificate to the Specified Officer having jurisdiction over the supplying unit within forty five days.
22.	ANAND KATHARE DIRECTOR CARBONNAIRE INDUSTRIES(MADRAS)PVT LTD	MEPZ	<p>We are a 1 Star export house for 18 years now, registered at MEPZ.</p> <p>We have been NFE positive in all this period of our working.</p> <p>Our current request is our buyer with whom we have been supplying for last 20 years without any default for the entire period wants one year payment period for a new contract for supply to Mongolia</p> <p>We would like to know if there is any scheme or assistance extended by Government for this extended period of payment.</p> <p>If we are eligible for assistance we could negotiate to bag this order from the party</p>	<ul style="list-style-type: none"> As per Clause 9(2)(a) Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, as amended, export proceeds for exports made by SEZ units / Status Holder exporter / EOU units shall be realised within 15 months from the date of export. Accordingly, the Company may offer a one-year payment period to the buyer, provided compliance is ensured with RBI reporting and realisation requirements through your Authorised Dealer (AD) Bank.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
23.	Upendarreddy Ramini M/s.Tata Boeing Aerospace Limited	SEZ	<p>My Port Code is INFMA6. I am currently processing an average of 70+ domestic procurements daily through the new SEZ ICEGATE 2.0 portal, all of which are being approved by my officer.</p> <p>I would like to know how to download this domestic procurement data in Excel format on a monthly basis. Could you please provide guidance on how to extract this information from ICEGATE</p> <p>Additionally, it would be very helpful if the approved DTA Sale (DTAP) copies could be sent directly to the IEC registered email address, similar to how Bill of Entry (BOE) and Shipping Bill (SB) documents are handled. Implementing this provision would be a significant benefit to the trade community.</p>	<ul style="list-style-type: none"> At present, as per the functionality outlined in the ICEGATE 2.0 SEZ DTA Procurement User Manual, the portal only allows online filing and approval tracking of domestic procurements. However, it does not provide a system-enabled facility for downloading monthly domestic procurement data in Excel/MIS format. Accordingly, a request may be made by the Company to the concerned ICEGATE officials to furnish monthly report for domestic procurements. Further, the existing ICEGATE email utilities are limited only to Bills of Entry and Shipping Bills, and do not currently support auto-emailing of approved DTA Sale (DTAP) copies to the IEC-registered email address. However, the Company may make representation to the ICEGATE authorities to enable such a utility.
24.	ANAND KATHARE DIRECTOR CARBONNAIRE INDUSTRIES(MADRAS)PVT LTD	MEPZ	<p>We are a 1 Star export house for 18 years now, registered at MEPZ.</p> <p>We have been NFE positive in all this period of our working.</p> <p>Our current request is our buyer with whom we have been supplying for last 20 years without any default for the entire period wants one year payment period for a new contract for supply to Mongolia</p> <p>We would like to know if there is any scheme or assistance extended by Government for this extended period of payment. If we are eligible for assistance we could negotiate to bag this order from the party</p> <p>-----</p> <p>Is the Government extending any kind of assistance in form of credit facility for this extended of payment period</p>	<ol style="list-style-type: none"> At present, there is no specific Government scheme or incentive under the Foreign Trade Policy, 2023 (FTP) or the SEZ framework that provides direct financial assistance solely for extending the payment period to overseas buyers. The credit terms offered to buyers are generally regarded as a commercial arrangement between the exporter and the buyer. Further, while no direct subsidy is available for extended credit periods, exporters may explore indirect support mechanisms such as Export Credit Insurance from ECGC, post-shipment export finance from banks, and Buyer's Credit arrangements, subject to eligibility and fulfilment of the prescribed conditions.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
25.	Sushant Talwadkar Dy. Manager - Liaisoning PRIVI SPECIALITY CHEMICALS LTD.	EOU	<p>We would like to inform you that we have exported goods from EOU under LUT without payment of IGST and thereafter goods being found defective at Buyers end the consignment was taken Back to Town.</p> <p>Please clarify as per Notification No. 45/2017-Customs dated 30.06.2017 Sr. No. 01 (d) whether IGST is payment by EOU at the time of re-export.</p> <p>We also want to hear whether Notification No. 45/2017-Customs dated 30.06.2017 is applicable to EOU since there is condition mentioned in the notification on 3rd page</p> <p>“Provided further that noting contained in this notification shall apply to re-imported goods.</p> <p>a. Which had been exported by a hundred percent export oriented undertaking or a unit in a Free Trade Zone.</p> <p>We request you to advise on the same</p>	<p>1. As per Clause (a) to second proviso of Notification No. 45/2017-Cus., dated 30.06.2017, this Notification shall not apply in case of re-import of goods which were exported by EOU unit.</p> <p>2. Accordingly, no IGST shall be payable by EOU unit at time of re-import of goods in terms of Notification No. 45/2017-Cus., dated 30.06.2017.</p>



S. No.	Querist Name	Category	Query from member	Response by BDO Team
26.	Abhinay CNH Industries	SEZ	<p>We are planning to import a used tractor (not a new unit) into India from one of our overseas facilities solely for testing and validation purposes. The tractor will be shared with one of our service providers in India for conducting the tests. Post completion of testing, the tractor will not be in a usable condition and is expected to be consumed/scrapped as part of the testing process.</p> <p>In this context, we seek your guidance on the following:</p> <ol style="list-style-type: none"> 1. Whether the import can be executed under the Bill-to / Ship-to model, wherein the SEZ entity will be the Bill-to party and the DTA service provider will be the Ship-to party, in order to optimize logistics cost. If feasible, kindly advise on the applicable duty implications. 2. If the above is not permissible, whether the tractor must first be brought into our premises and subsequently transferred to the service provider's location, and the corresponding tax implications for such movement. 3. Any specific restrictions or regulatory concerns associated with the Cus dated 15.10.2015 import of a used tractor for testing purposes. 4. The basis of duty valuation for such import. <p>Your guidance on the above will help us proceed in compliance with the applicable regulations.</p>	<p>1. The import of second-hand tractor can be executed as SEZ unit to be the Bill-to party and the DTA unit to be the Ship-to party for logistics efficiency. In this case, DTA unit shall clear the imported second hand tractor for home consumption upon filing Bill of Entry and payment of applicable Custom duties (including IGST) as applicable.</p> <p>2. The second hand tractor can be imported into India on the basis of Bill-to-Ship-to model. Accordingly, there is no requirement for import of second-hand tractor first by SEZ unit and subsequent clearance to DTA unit on payment of applicable Custom duties.</p> <p>3. As per Section 50(3) of the SEZ Rules 2006, a Unit may transfer goods to a recognised laboratory or institution for quality testing or R&D, without payment of duty, by furnishing an undertaking to the Authorised Officer for return of the goods. Further, proviso to Section 50(3) of the SEZ Rules 2006 states that where the goods are consumed or destroyed during testing or R&D, the Unit shall submit a certificate from the laboratory/institution to the Specified Officer confirming the same.</p> <p>4. Para 2.31 of Foreign Trade Policy, 2023 provides for import policy of second hand goods. As per Sl. No. I(d) of Para 2.31 of Foreign Trade Policy, 2023, import of all second hand capital goods other than specified in Sl. No. I(a), I(b) and I(c) of Para 2.31 is 'Free'. The import of second hand tractor is not covered under Sl. No. I(a), I(b) and I(c) of Para 2.31 of Foreign Trade Policy, 2023. Accordingly, import of second hand tractor is 'Free' and no authorisation/ license is required for import of second-hand tractor.</p> <p>5. Valuation of second hand capital goods shall be in accordance with Section 14 of the Customs Act, 1962 read with Customs Valuation (Determination of Value of Imported Goods) Rules, 2007. Valuation of second-hand tractor can be done on the basis of Chartered Engineer Certificate in accordance with Circular No. 25/2015 -</p>
27.	Sekhar R.D	EOU	<p>I have received a query from one of our EOU. They want to give an DTA Services on INR can the EOU give the services in INR. Under which provision they have to give the DTA Services. Please clarify.</p>	<p>1. The service by EOU to DTA is permitted as per Para 6.07(b) of the Foreign Trade Policy, 2023 ("FTP, 2023") in any mode up to 50% of FOB value of exports and /or 50% of foreign exchange earned, where payment of such services is received in foreign exchange.</p> <p>2. The payment for services provided by EOU to DTA should be received in foreign exchange as per Para 6.07(b) of the FTP, 2023.</p> <p>3. There is no restriction on receiving payment in INR from a DTA unit for DTA sales, subject to the fulfilment of conditions mentioned in Para 6.07(b) of Chapter 6 of the FTP, 2023.</p>

S. No.	Querist Name	Category	Query from member	Response by BDO Team
28.	Bijay Agarwal CFO Cresmac Foundry Private Limited	DTA	<p>This is to bring to your kind attention that the Hon'ble Supreme Court, vide its judgment dated 28th August 2025, has dismissed the appeals filed by the Union of India against various High Court judgments dealing with the levy of export duty on supplies from Domestic Tariff Area (DTA) to Special Economic Zones (SEZ). The Hon'ble Supreme Court has thereby upheld that export duty is not leviable on goods supplied from DTA units to SEZs.</p> <p>By dismissing the said appeals, the Hon'ble Supreme Court has upheld the legal position that export duty is not leviable on goods supplied from DTA units to SEZs. A copy of the said judgment is enclosed herewith for your ready reference.</p> <p>It is pertinent to note that several High Courts – including those of Gujarat, Andhra Pradesh, Karnataka, Madras, and Bombay – had earlier held that export duty cannot be imposed on such supplies from DTA to SEZ. The appeals before the Supreme Court arose from these judgments, and their dismissal has now reaffirmed this legal position.</p> <p>In view of the above, we request your good office to kindly clarify the current status of implementation of this judgment, as export duty continues to be levied and paid on DTA supplies to SEZs, resulting in a substantial financial burden.</p>	<ol style="list-style-type: none">1. The department shall issue formal instructions/circulars in due course of time directing the field formations that export duty shall not be leviable on supplies made from DTA to SEZs in light of the judgement of decision of Hon'ble Supreme Court in case Adani Power Ltd. vs. Union of India.2. Pending issuance of formal directions/circulars by the Board, field formations are required to follow the existing statutory provisions and instructions in force.3. Accordingly, a representation may be filed with Ministry of Commerce (Department of Revenue) for issuance of necessary instruction/ circulars for non-levy of export duty on goods supplied from DTA to SEZs.
29.	Ch.S.S.Sekhar R.D-EPCES-VSEZ	SEZ	<p>One of our SEZ (Trading) units filed a Zone-to-Zone Bill through ICEGATE. The bill was successfully filed and the transaction was completed. However, in ICEGATE, the Zone-to-Zone Bill of Entry number is not being generated.</p> <p>Due to the non-generation of the Bill of Entry number, the banker is not releasing the invoice amount in foreign currency to the exporter unit.</p>	<p>There is a technical glitch on the ICEGATE portal on account of which Zone-to-Zone Bill of Entry number is not being generated.</p> <ol style="list-style-type: none">2. Accordingly, we request you to kindly raise a ticket on the ICEGATE portal against the Zone-to-Zone Bill of Entry highlighting the issue faced and request for generation of the Bill of Entry number.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
30.	Sudeep Epari Manager (Finance), Hyderabad CapitaLand India	SEZ	<p>We seek your clarification on the applicability and impact of GST liability on Operation & Maintenance (O&M) billing raised to SEZ client in case of partial demarcation of the SEZ premises.</p> <p>Background:</p> <p>Our company is providing O&M services to SEZ unit. The SEZ premises are partially demarcated with certain areas treated as SEZ - authorized operations and remaining areas falling outside the demarcated SEZ zone.</p> <p>In this regard, please confirm whether GST is required to be charged on O&M services provided to SEZ client?</p>	<ul style="list-style-type: none"> As per Section 26 of SEZ Act, 2005 read with Rule 27 of SEZ Rules, 2006, SEZ unit is entitled to procure services without payment of duty/ tax for its authorised operations. A list of services has been notified by Ministry of Commerce (MOC) which is commonly known as uniform list of authorised services. Uniform list of services generally covers the services procured directly in relation to business of unit. Management, maintenance or repair services is included in the uniform list of authorised services for SEZ units. Operation and maintenance (O&M) services is included in the uniform list of authorised services for SEZ units. Accordingly, no GST shall be payable in respect of O&M services provided to SEZ units within the demarcated SEZ premises (processing area). In case of O&M services provided to units outside the demarcated SEZ premises (non-processing area), GST shall be leviable.
31.	Binta Joby	EOU	<p>We would like to seek clarification from your office regarding the eligibility for interest subvention on our export packing credit, in accordance with the latest Trade Notice issued by the DGFT.</p> <p>In this connection, we wish to inform you that our company is a 100% EOU and Udyam registered with the enterprise type classified as Small.</p> <p>Most of our export products fall under the following HS Codes:</p> <ul style="list-style-type: none"> 30042019 30042012 <p>We request you to kindly confirm whether, as per the provisions of the new DGFT Trade Notice, we are eligible for interest subvention benefits on our exposure of Export Packing Credit for the above-mentioned export products.</p> <p>Your guidance and clarification in this regard will enable us to take up the matter appropriately with our bankers.</p>	<ol style="list-style-type: none"> Trade Notice No. 21/2025-26 dated 02.01.2026 provides the guidelines for Collateral Support for Export Credit under Export Promotion Mission (EPM) - NIRYAT PROTSahan. Under the scheme, all MSME manufacturer exporters and merchant exporters holding a valid active IEC and a valid MSME Udyam Registration Number shall be eligible to receive interest subvention support on pre-and post-shipment rupee export credit. Annexure-II to the Trade Notice provides the list of eligible HSN (at six digit) covered under the scheme. HSN 3004 20 12 and 3004 20 19 are not covered under the list of eligible HSN as provided in Annexure-II to the Trade Notice. Accordingly, products classifiable under HSN 3004 20 12 and 3004 20 19 are not covered under Collateral Support for Export Credit under Export Promotion Mission (EPM) - NIRYAT PROTSahan.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
32.	Gurdeep Saini GM - Accounts Gokul agro resources ltd	EOU	<p>We, Gokul Agro Resources Limited, are a 100% Export Oriented Unit (EOU) registered with EPCES vide Registration No. RCMC/EPCES/02778/2025-206, engaged in the manufacture and export of Bio-diesel / Methyl Esters, with Glycerol (Glycerine) and Fatty Matter generated as by-products during the production process.</p> <p>We seek your kind guidance and clarification regarding the duty liability applicable on sale of by-products generated in our EOU to units in the Domestic Tariff Area (DTA). In this regard, we request your clarification on the following issues, along with references to the relevant provisions of the Foreign Trade Policy (FTP), Customs notifications, and other applicable laws/rules:</p> <p>a. In the case of sale of by-products generated in an EOU to a DTA unit, what is the method of duty calculation?</p> <p>Kindly clarify the components of duty payable, including but not limited to:</p> <ul style="list-style-type: none">• Basic Customs Duty (BCD) reversal, if any• Integrated GST (IGST)• Compensation Cess• Any other applicable levies	<p>. As per Para 6.07(a)(i) and 6.07(g) of Foreign Trade Policy, 2023, EOU units shall sell by-products in DTA on payment of GST and compensation cess along with reversal of duties of Custom leviable under First Schedule to the Customs Tariff Act, 1975 availed as exemption, if any on the inputs contained in such by-product.</p> <p>2. Accordingly, by-product shall be sold by EOU into DTA on payment of GST and compensation cess as applicable along with payment (reversal) of applicable Customs duty on imported inputs (to the extent contained in by-product) on which duty exemption was availed at the time of import in terms of Notification No. 52/2003-Cus., dated 31.03.2003, as amended. Customs duty i.e., BCD, SWS, IGST, as applicable on importation of such inputs is required to be reversed.</p> <p>3. Reversal of Customs duty is only limited to imported inputs to the extent contained in by-product on which duty exemption was availed at the time of import. No duty/ taxes is required to be paid/ reversed in respect of duty paid inputs procured locally from a DTA to the extent contained in by-product.</p> <p>4. Further, reversal of duties and payment of tax for sale of by-products into DTA as envisaged in Para 6.07(a)(i) and 6.07(g) of Foreign Trade Policy, 2023 is to be followed irrespective of the fact that by-products are incidental to manufacturing activity and arise in processing of inputs.</p>

S. No.	Querist Name	Category	Query from member	Response by BDO Team
			<p>b. In our specific case, the primary raw material (such as vegetable oils or related feedstock) is imported duty-free under Notification No. 52/2003-Customs (as amended), whereas other inputs such as catalysts and chemicals are procured indigenously without availing any duty exemption under the EOU scheme. The exports of our main product, i.e., Bio-diesel / Methyl Esters, substantially match or exceed the quantities of imported raw materials, thereby ensuring positive Net Foreign Exchange (NFE) compliance.</p> <p>In view of the above, we seek your confirmation on whether reversal of Customs duty, as referred to in Para 6.7(g) of FTP 2023, is still required on the DTA sale of by-products, particularly in a scenario where:</p> <ul style="list-style-type: none"> • Indigenous procurements do not involve any duty exemption under the EOU scheme; and • The by-products are incidental in nature and arise during the processing of the imported primary raw material. 	
33.	R. Ravichandran. Larsen & Toubro Limited	SEZ	<p>We seek your guidance and formal confirmation regarding the eligibility of an event within the SEZ premises to facilitate the flag-off of module deliveries in the presence of higher officials visiting. This event will be business oriented and directly linked to our operational activities, particularly the dispatch and delivery of modules, which forms a core component of our SEZ approved operations.</p> <p>As per GST principles, services used in the course or furtherance of business qualify for ITC under Section 16 of the CGST Act, provided core conditions such as valid invoice, receipt of services, and reporting in GSTR 2B are met.</p>	<ul style="list-style-type: none"> • As per Section 26 of SEZ Act, 2005 read with Rule 27 of SEZ Rules, 2006, SEZ unit is entitled to procure services without payment of duty/ tax for its authorised operations. • Further, as per Section 16 of the IGST Act, 2017 supply of services to SEZ unit for authorized operations is treated as zero-rated supply. • A list of services has been notified by Ministry of Commerce (MOC) which is commonly known as uniform list of authorised services. Uniform list of services generally covers the services procured directly in relation to business of unit. However, service under consideration is not specifically mentioned in the uniform list of authorised services. • If the service under consideration is related to authorized operations of the Company, such services can be treated as a zero-rated supply (subject to endorsement by SEZ officer) and received without payment of duty. • However, if the service under consideration is not related to authorized operations of the Company, then applicable IGST would be required to be paid and ITC can be claimed subject to fulfilment of conditions under Section 16 of the CGST Act, 2017.

S. No.	Querist Name	Category	Query from member				Response by BDO Team
34.	Gurdeep Saini GM - Accounts Gokul agro resources ltd	EOU	We seek further clarification in light of the following factual input-output scenario arising in a manufacturing process.				<p>1. As stated in the trail e-mail, reversal of Customs duty is only limited to imported inputs to the extent contained in by-product on which duty exemption was availed at the time of import.</p> <p>2. For the scenario provided, exemption from payment of Customs duty at time of import in terms of Notification No. 52/2003-Cus., dated 31.03.2003, as amended is availed only in respect input 'IM-1'.</p> <p>3. From the Bill of Material (BOM), the company should determine the quantity of imported input 'IM-1' which is contained in by-products 'OM-2' and 'OM-3'. To the extent, imported input 'IM-1' is contained in by-products 'OM-2' and 'OM-3', the Company would be required to reverse/ pay Customs duty on the imported input 'IM-1'.</p> <p>4. If 'IM-1' is not contained in by-products 'OM-2' and 'OM-3', the Company would not be required to reverse/ pay any Customs duty on the imported input 'IM-1'.</p>
			Input Material	Unit	Output Material	Unit	
			IM-1 (Imported input availing duty exemption)	1.000	OM-1 (Final product - totally exported)	1.000	
			IM-2 (Procured indigenously)	0.136	OM-2 (By-product - sold in DTA)	0.123	
			IM-3 (Procured indigenously)	0.012	OM-3 (By-product - sold in DTA)	0.025	
			Total Inputs	1.148	Total Outputs	1.148	
From the above consumption pattern, it is evident that the export quantity exactly matches the quantity of imported input. In view of the above, we respectfully request clarification on whether reversal of Customs duty is still required in respect of by-products sold into DTA (OM-2 and OM-3), when the entire imported quantity has been exported.							

S. No.	Querist Name	Category	Query from member	Response by BDO Team
35.	Dashrath Walkoli	EOU	<p>We are 100% EOU. At the time of import of raw materials, we availed the exemption from BCD +SWS+IGST+ADD as per Notif 52/2003-Cus. Further, due to quality issues, certain finished goods manufactured from these duty-free inputs were found unfit for export and now we intend the finished goods to be destroyed within the EOU premises after prior intimation to the jurisdictional Customs authorities.</p> <p>In light of the above, we seek your expert opinion on the following:</p> <ol style="list-style-type: none">1. Does the destruction of processed finished goods due to quality issue within the unit, after proper intimation, requires reversing the BCD +SWS+IGST+ADD initially exempted on the input raw materials as per Para 6.14(b) of FTP 2023 and Condition 8 of Notification 52/2003-Customs?2. IGST Reversal: Since IGST was initially exempted (upfront) at the time of import under Section 3(7) of the Customs Tariff Act, rather than paid and claimed as Input Tax Credit (ITC), does Section 17(5)(h) of the CGST Act 2017 (blocked credit on destroyed goods) mandate a reversal or payment of this "saved" IGST?3. Conflict of Law: Para 6.07(f) of the FTP states that the expression "no duties/taxes" for destroyed scrap/waste does not include taxes under GST laws. Does this same restriction apply to the destruction of the finished goods themselves, effectively requiring payment of the IGST component originally exempted on the inputs?	<p>1. As per Para 6.14(b) of Foreign Trade Policy, 2023 read with Para 8 of Notification No.52/2003-Cus., dated 31.03.2003, as amended, no duty shall be payable other than the applicable taxes under GST laws in case of finished goods are destroyed within unit after intimation to Customs authorities. Accordingly, no reversal/payment of BCD,SWS, AIDC, etc. is required on imported inputs (to the extent contained in finished goods) on which duty exemption was availed at the time of import in terms of Notification No. 52/2003-Cus., dated 31.03.2003, as amended. It is to be noted that only applicable IGST is to be paid on the imported inputs to the extent contained in finished goods on which IGST exemption was claimed in terms of Notification No. 52/2003-Cus., dated 31.03.2003.</p> <p>2. The Company would be required to pay the applicable IGST on the imported inputs to the extent contained in finished goods at the time of destruction on which IGST exemption was claimed. Further, the Company would not be entitled to claim ITC of IGST paid in terms of Section 17(5)(h) of CGST Act, 2017.</p> <p>3. Para 6.07(f) of Foreign Trade Policy, 2023 deals with the destruction of scrap/ waste/ remnants. Para 6.07(f) states that no duties/ taxes shall apply in case of such destruction. Further, Para 6.07(f) states that expression "no duties/ taxes" shall not include applicable taxes and cess under the GST laws. Accordingly, IGST is payable even on imported inputs to the extent contained in scrap/ waste/ remnants on which IGST exemption was claimed in terms of Notification No. 52/2003-Cus., dated 31.03.2003 at the time of destruction. Accordingly, there is no conflict of position with respect to destruction of scrap/ waste/ remnants or finished goods.</p>

S. No.	Querist Name	Category	Query from member	Response by BDO Team
36.	Sridhar nekkanti	SEZ	<p>If the trader supplied material to SEZ UNIT under LUT. Trader originally imported material with payment of full duties. Goods sent back to the trader for the replacement of the material due to technical reasons. If the trader failed to replace the material, in such a case the trader is liable to pay all customs duties including IGST or IGST since they originally paid customs duties while importing the material into India.</p>	<ol style="list-style-type: none"> Rule 27(9) of SEZ Rules, 2006, details cases where goods procured from a DTA unit are found to be defective. In case, DTA unit does not insist for supply back of goods, the said goods shall be destroyed within the permission of the specified officer. On replacement of goods, no duty entitlement passbook scheme, duty drawback or other export incentives shall be claimed. Further, return of goods procured from DTA shall be allowed on refund of the export entitlement which have been received or availed or claimed by the DTA supplier or SEZ Unit as the case may be.
37.	Satish Pednekar Head Customs Clearance Division Yusen Logistics (India) Private Limited.	SEZ	<p>We Yusen Logistics (India) Private Limited registered member of EPCES V. RCMC no. RCMC/EPCES/02679/2025-2026. We are holding FTWZ Unit under NDR FTWZ (SEZ) in Chennai, V. LOA No. 08/40/2024-NDR FTWZ Dated: 07-04-2025.</p> <p>I am hereby reaching out to receive clarification regarding sale of goods from FTWZ to DTA.</p> <p>Inquiry:</p> <p>If we hold the goods in our FTWZ Unit on behalf of the client which Indian registered entity.</p> <p>The said Indian entity can sale the goods in foreign currency to DTA buyer when sale transaction is expected from FTWZ to DTA.</p>	<ol style="list-style-type: none"> As per Rule 53 SEZ Rules, 2006 for the purpose of NFE computation, FTWZ shall supply goods in free foreign exchange. Accordingly, goods can be sold from FTWZ to a DTA unit in foreign currency. At the time of sale of goods from FTWZ to a DTA unit, applicable Customs duty will be required to be paid at the time of filing of Bill of Entry for home consumption
38.	Sudeep Epari Manager (Finance), Hyderabad CapitaLand India	SEZ	<p>We also seek your clarification regarding the applicable GST treatment on Vendor invoices in respect of common area services, in light of partial denotification and duty benefits already paid.</p> <p>In this context, we request your clarification on whether Vendor invoices pertaining to common area services should be raised with IGST or with CGST +SGST , post partial denotification.</p>	<ol style="list-style-type: none"> As per Section 6 of SEZ Act, 2005, SEZ area may be demarcated into processing area and non-processing area. As per Section 7(5) of the IGST Act, 2017, a supply of goods or services to a SEZ is treated as an inter-state supply. As the supply of service to SEZ is treated as an inter-state supply, IGST shall be payable in respect of the common services provided to processing area and non-processing area

S. No.	Querist Name	Category	Query from member	Response by BDO Team
39.	Sudeep Epari Manager (Finance), Hyderabad CapitalLand India	SEZ	<p>We also seek your clarification regarding the applicable GST treatment on Vendor invoices in respect of common area services, in light of partial denotification and duty benefits already paid.</p> <p>In this context, we request your clarification on whether Vendor invoices pertaining to common area services should be raised with IGST or with CGST +SGST , post partial denotification.</p> <p>-----</p> <p>Would also request you to confirm whether invoices to tenants in NPA are to be raised with IGST or CGST+SGST.</p>	<ol style="list-style-type: none">1. As per Section 6 of SEZ Act, 2005, SEZ area may be demarcated into processing area and non-processing area.2. As per Section 7(5) of the IGST Act, 2017, a supply of goods or services to a SEZ is treated as an inter-state supply.3. As the supply of service to SEZ is treated as an inter-state supply, IGST shall be payable in respect of the common services provided to processing area and non-processing area.
40.	Thaneshwar	DGFT	<p>Whether you want to avail GSTIN benefit?</p> <p>What is the purpose of this new feature in e-BRC form on DGFT?</p>	<p>The purpose of addition of GST-related fields in the eBRC is expected to improve reconciliation between export proceeds and GST filings, enhance transparency, audit readiness and support data-driven trade facilitation and policy monitoring.</p> <p>By mandating GSTIN, GST Invoice Number and GST Invoice Date in every eBRC. This will create a real-time digital loop between DGFT systems, banks and the GST Network (GSTN), significantly tightening monitoring of export realisation timelines and zero-rated benefits for refund.</p>

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

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

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

For queries regarding our services, please [get in touch](#) with us

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