BDO

Export Promotion Council
for EOUs & SEZs
Setup by Ministry of Commerce & Industry
Government of India

QUERY LOG: TAX & REGULATORY

BDO INDIA
May 2026

Only for EPCES and its members

BDO

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

S. No.	Querist Name	Category	Query from member	Response by BDO Team
1.	Bhairab Datt Joshi DGM-Liaison Golden Tower Infratech Pvt. Ltd.	SEZ	We, Golden Tower Infratech Pvt. Ltd., are the developer of an IT/ITES SEZ. In our SEZ, two towers have been fully developed and are operational, while the third tower is under construction. The total floor area of all three towers is 206593 Sqmtr and the total built-up area is 335558 Sqmtr appx. Out of this, five floors admeasuring 30175 Sqmtr have already been demarcated as NPA under SEZ Rule 11B. At the time of demarcation, associated common area 27697 Sqmtr too, was considered for repayment of tax benefits only. We now seek clarification on how much additional area from all three towers may be demarcated as NPA under Rule 11B, while ensuring compliance with the minimum built-up area requirement under SEZ Rule 5(2)(b) and the provisions of Rule 11B(7). We also request guidance on whether associated common areas which will be used by both the units in the processing and non-processing area, to be included or not with floor area for calculation of areas available for demarcation as NPA under SEZ Rule 11B.	• As per Rule 5(2)(b), while there is no minimum land requirement for IT/ITES SEZs, a minimum built-up processing area is required to be maintained depending on the category of the city (i.e., 50,000 sq. mtrs. for Category A, 25,000 sq. mtrs. for Category B, and 15,000 sq. mtrs. for Category C). • As per Rule 11B(7), demarcation of NPA shall not be permitted if it results in the processing area falling below either (i) 50% of the total built-up area or (ii) the minimum prescribed processing area, whichever is higher. • Accordingly, any additional demarcation must ensure that that both the conditions are satisfied at all times. • Further, in terms of Rule 11B(5), approval for demarcation of NPA is subject to repayment (without interest) of tax benefits, including: (i) proportionate tax benefits attributable to the NPA, calculated in the ratio of NPA built-up area to total processing area, and (ii) tax benefits availed on social/commercial infrastructure, where such infrastructure is proposed to be used by both processing and non-processing areas. • Accordingly, for any additional demarcation the common areas can be included for determining the extent of NPA, but where such areas are shared, proportionate tax benefit reversal would be required.
2.	Jaydev Kag Deputy Manager Swan Defence and Heavy Industries	EOU	Our EOU unit has given order to SEZ unit for construction of Barge . Whether this sale will be consider as export for SEZ and can be considered in NFE amount. If yes under which rule and which type of Bill of entry will be filed in Icegate. Please revert.	1. As per Section 2(m) of the SEZ Act 2005, export means - (i) taking goods, or providing services, out of India, from a Special Economic Zone, by land, sea or air or by any other mode, whether physical or otherwise; or (ii) supplying goods, or providing services, from the Domestic Tariff Area to a Unit or Developer; or (iii) supplying goods, or providing services, from one Unit to another Unit or Developer, in the same or different Special Economic Zone; 2. Accordingly, supply of goods/services from an SEZ unit to an EOU unit would not qualify as “export” under the provisions of the SEZ Act, 2005. 3. However, Rule 53(j) of the SEZ Rules, 2006 provides that supplies made to an EOU/EHTP/STP/BTP unit may be considered for the purpose of computation of Net Foreign Exchange. 4. Accordingly, subject to fulfilment of prescribed conditions and acceptance by the jurisdictional authorities, the subject supply may be considered for NFE computation for the SEZ unit.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
3.	Rajeev Ranjan Neokraft Global Private Limited	DTA	We are Manufacturer Exporter can we issue Invoice in DTA of services of design and development of products in INR on payment of IGST from NSEZ. What will be the consequences if we want to Issue In DTA in INR.	1. In terms of Para 2.52 of Foreign Trade Policy, 2023, an SEZ Unit can receive export proceeds for goods and services in INR provided it is through Special Rupee Vostro Accounts opened by AD Banks. Further, as per RBI Circular RBI/2022-2023/90 dated July 2022, export contracts and invoices can be denominated in Indian Rupees (INR). However, the export proceeds must be realized through a Special Rupee Vostro Account (SRVA) maintained by an Authorized Dealer (AD) bank in India for the foreign correspondent bank of the buyer. 2. Rule 53 of the SEZ Rules, 2006 provides that a SEZ unit must achieve positive Net Foreign Exchange (NFE), where export earnings are considered based on the FOB value of exports realized in freely convertible foreign exchange. As per Rule 53(h) of SEZ Rules, 2006, service SEZ unit can render services in DTA provided the payment is 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. 3. Accordingly, payment for services rendered to DTA which is realized in INR through Special Rupee Vostro Accounts opened by AD Banks can be considered for NFE computation.

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4.	Kavitha Kanthan Head - HR & Corporate Governance WeRoute Global	GIFT SEZ	We represent from WeRoute Global Fund Solutions Pvt Ltd an Ancillary service provider from GIFT SEZ. We wanted to check if Laptops procured on Rental basis from DTA, only DSPF filing would suffice since its taken for rental services or any endorsement from Customs or Customs gate seal would be required	1. There is no specific provision under SEZ Act, 2005 or SEZ Rules, 2006 for obtaining specific endorsement from the Specified Officer/Customs authorities for procurement of laptop on rental basis from DTA. 2. Filing of DSPF and subsequent approval from the specified officer on DSPF, should be sufficient.
5.	Rahul Kalburgi Aequs Group	EOU	Reaching out to request your guidance regarding a transaction we are planning for our EOU unit. We are considering sending semi-finished goods outside India on a Free of Cost (FOC) basis for testing purposes. In most cases, these goods will not return to India as they will be consumed or destroyed abroad, while in a few instances, they may come back. In this context, I would appreciate your advice on whether this practice is permitted under the prevailing provisions of Customs Law, FTP, or FEMA. If it is allowed, could you please clarify if there is any value cap on goods that can be exported on FOC for testing which may or may not be returned? Additionally, I am keen to understand the documentation requirements necessary to execute this transaction smoothly. Lastly, I would like to know if there is any need to obtain prior approval or provide intimation to EOU authorities or the Customs EPC Cell before proceeding.	1.As per 2.28 of Foreign Trade Policy 2023, capital goods, equipment, components, parts and accessories except those restricted under ITC (HS) may be sent abroad for testing and re-imported without an Authorisation. In all cases of temporary export for testing, it is important that the export documentation clearly specifies that the goods are being sent for testing purposes and are intended to be re-imported into India. 2. Further, as per Para C.4 of the Master Direction of Export of Goods and Services AD banker shall grant EDF waiver in cases where goods are being exported for re-import after testing subject to the condition that the exporter shall produce relative Bill of Entry within one month of re-import of the exported item from India. 3. Additionally, Para 6.28(b) of the Handbook of Procedures permits EOU/EHTP/STP/BTP units, based on records maintained and prior intimation to Customs authorities, to transfer goods abroad for repair, replacement, testing or calibration and return. The said provision also permits transfer of goods to recognised laboratories/institutions for testing or R&D purposes up to INR 10 lakh per annum, including cases where the goods are consumed/destroyed during testing, subject to furnishing a certificate from the laboratory/institution to Customs authorities. 4. Accordingly, goods exported for testing are generally required to be re-imported, except in cases involving recognised laboratories/institutions where the goods may be consumed or destroyed during testing. 5. The goods may be exported by filing a Shipping Bill along with a commercial/proforma invoice clearly stating “Export for Testing Purpose Only - No Commercial Value / No Export Proceeds Realisable”. Upon return, the goods may be re-imported by filing Bill of Entry with reference to the original export documents.

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6.	Hariharan e-con Systems India Pvt Ltd	SEZ	We are an SEZ unit and had supplied goods to DTA customers in earlier years under warranty period of 24-36 months. Currently, certain customers are facing quality issues with accessories/spare parts (cables), and we need to provide replacement parts under warranty and also undertake repair/rework in some cases. We request your guidance on the procedure, required documents, and applicability of Customs Duty/IGST for the below scenarios: 1. Sending replacement parts from SEZ to DTA customer under warranty 2. Receiving defective parts from DTA customer to SEZ for repair/rework and returning the same back to customer Kindly advise the applicable SEZ Rules and compliance requirements for the above transactions.	There is no clear provision in relation to replacement of goods sold to DTA units under SEZ Law. However, in absence of such specific provisions, reference may be given to Para 2.47 of FTP 2023, wherein goods or parts thereof on being exported and found defective/damaged or otherwise unfit for use may be imported for replacement free of charge by the exporter in accordance with the relevant Customs Notification. Rule 49(2) of the SEZ Rules, 2006 specifically provides that goods supplied by an SEZ Unit to DTA on payment of duty may be brought back to the Unit for repair within six months from the date of clearance, or within such extended period as may be permitted by the Specified Officer, or within the warranty period, whichever is later, subject to establishment of identity of the goods to the satisfaction of the Specified Officer. Further, duty would be applicable only on the value of repairs undertaken. Accordingly, defective parts/goods may be received back into the SEZ for repair/rework and subsequently returned to the customer under appropriate documentation.
7.	Parth Shah Compliance Officer | ASK Investment Managers Limited (GIFT IFSC)	GIFT SEZ	We, ASK Investment Managers Limited, an SEZ unit established vide LOA no. KASEZ/DCO/GIFT-SEZ/II/007/2020-21/155 dated 2nd December, 2020, intend to dispose of certain computer machines, laptops, and related peripherals that were procured approximately 3.5 years ago for authorized operations. We kindly seek your guidance on the procedure to be followed under SEZ regulations to ensure that these items can be lawfully and safely removed from our SEZ premises and handed over to an authorized scrappage agent.	1.As per Rule 48(1) of the SEZ Rules, 2006, removal of goods from SEZ to DTA requires filing of a Bill of Entry for home consumption with complete details of the goods before the Authorized Officer. 2. As per Rule 49(1) of the SEZ Rules 2006, a Unit may remove used capital goods, including computers and peripherals, into DTA on payment of applicable customs duty/IGST on the depreciated value of such goods. For computers and computer peripherals, depreciation is allowed on a straight-line basis at the prescribed quarterly rates, namely 10% for each quarter in the first year, 8% for each quarter in the second year, 5% for each quarter in the third year, and 1% for each quarter in the fourth and fifth years. 3. Accordingly, the SEZ Unit may remove the said goods upon filing of the Bill of Entry and payment of applicable duties on the depreciated value of the goods.

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8.	Rajeev Ranjan Neokraft Global Private Limited	DTA	We are Manufacturer Exporter can we issue Invoice in DTA of services of design and development of products in INR on payment of IGST from NSEZ. What will be the consequences if we want to Issue In DTA in INR. --- Our query is "CAN WE PROVIDE SERVICES IN DTA ON PAYMENT OF IGST OR CUSTOMS DUTY IS ALSO APPLICABLE" If party is not providing payment is foreign currency what will be the legal consequence on that services, We will not consider this service in calculation of NFE. Is any penalty clause will be applicable on such services provide by us. Party is in DTA and not ready to pay in Foreign currency. Otherwise we have to drop the idea of providing service in DTA on payment of INR.	1. The Company can provide services in DTA on payment of IGST. No Customs duty shall be applicable on supply of services into DTA. 2. As per Rule 53(h) of SEZ Rules, 2006, service SEZ unit can render services in DTA provided the payment is 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. 3. The Company can provide services in DTA in INR provided payment is realized through Special Rupee Vostro Accounts opened by AD Banks. Further, the same can be considered for NFE computation.
9.	Rama Shankar Sharma Manager (Finance & Accounts)	EOU	Foreign Company in Netherland (F) Procure a Product 'P' From India Which is Made up by Two Components (X) and (Y). Component (X) is Manufactured by a Company APK is Situated in Noida SEZ for this the Payments are Made By Foreign Company from Netherland (F) Direct to "APK' in Advance in Foreign Currency. 'APK' then Ships Component (X) to Another Company (E) who is an 100% Export Oriented Unit in Bengaluru and Manufacture Component Y and then Exports Product P to F. Whether GST will be levied or not?	1.As per Section 2(i) of the SEZ Act, 2005, the Domestic Tariff Area (DTA) comprises all areas in India excluding Special Economic Zones (SEZs). Accordingly, an Export Oriented Unit (EOU) is treated as part of the DTA for the purpose of transactions with SEZ/FTWZ units. 2. Further, Section 53 of the SEZ Act 2005, provides that an SEZ shall be deemed to be a territory outside the customs territory of India for authorized operations. Therefore, any supply from an SEZ unit to a DTA unit is treated as import into India for the recipient unit, and consequently, supply from an SEZ unit to an EOU is also treated as import by the EOU. 3. However, Para 6.01 of the Foreign Trade Policy 2023 read with applicable customs exemption notifications provides exemption from Basic Customs Duty, Additional Duties of Customs, IGST and Compensation Cess on goods imported by EOUs, subject to prescribed conditions. Accordingly, no GST/IGST is required to be charged on the transfer of Component X from the SEZ unit (APK) to the EOU.

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10.	Kavitha Kanthan Head - HR & Corporate Governance WeRoute Global	GIFT SEZ	We represent from WeRoute Global Fund Solutions Pvt Ltd an Ancillary service provider from GIFT SEZ. We wanted to check if Laptops procured on Rental basis from DTA, only DSPF filing would suffice since its taken for rental services or any endorsement from Customs or Customs gate seal would be required. -- Further Specified Officer had raised the below queries in SEZ Online portal against the filed DSPF, Could you please provide insights on the same Query 1. Please provide DOC Approved Service Description (along with its serial no. of DOC Approved Service Description) along with supporting/relevant documents to support your declaration. Query 2. Please describe how Leasing or rental services concerning computers with or without operators' service is covered under Approved DOC service description Works contract services.	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. 2. A list of services has been notified by Ministry of Commerce (MOC) which is commonly known as default services. Uniform list of services generally covers the services procured directly in relation to business of unit. 3. Supply of tangible goods is included in the default list of services for authorized operations of SEZ units. Default list of services is attached herewith to the e-mail. 4. Accordingly, the Company can procure laptops on rental basis under the service category of “Supply of tangible goods”.
11.	Abdur Rahman Musba	DTA	We have filed a Bill of Entry in ICEGATE for DTA Sales on payment of Customs Duty and IGST. However, due to some technical issues, the sales could not take place and the goods did not leave the SEZ. We like to know how to get back the refund of the customs duty and IGST.	1. There is no specific provision under the Special Economic Zones Act, 2005 or SEZ Rules, 2006 governing refund of duties paid in cases where DTA clearance does not eventually take place. However, refund may be claimed under Section 27 of the Customs Act, 1962 for refund of customs duty and IGST paid on the Bill of Entry. 2. It is advisable to maintain and submit appropriate documentary evidence establishing that: • the goods were not removed from the SEZ; • no DTA clearance was effected; • the transaction/sale was cancelled; and • the duty incidence has not been passed on to any other person. 3. Accordingly, it is recommended to approach the jurisdictional Customs Officer and file refund application under Section 27 of the Customs Act, 1962 with supporting documents.

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12.	Parth Shah Compliance Officer | ASK Investment Managers Limited (GIFT IFSC)	GIFT SEZ	We, ASK Investment Managers Limited, an SEZ unit established vide LOA no. KASEZ/DCO/GIFT-SEZ/II/007/2020-21/155 dated 2nd December, 2020, intend to dispose of certain computer machines, laptops, and related peripherals that were procured approximately 3.5 years ago for authorized operations. We kindly seek your guidance on the procedure to be followed under SEZ regulations to ensure that these items can be lawfully and safely removed from our SEZ premises and handed over to an authorized scrappage agent. --- What procedure do we need to adhere in case of scrappage of such items? We understand that the scrappage certificate is required to be obtained from the authorised scrap dealers in order to dispose under scrappage policy. Would you please enlighten us on the procedure if there is any possibility to remove such goods under scrappage?	1.As per Rule 39 of the SEZ Rules, 2006, a Unit may destroy goods, including capital goods, without payment of duty after advance intimation of at least seven days to the Specified Officer. 2. Further, where destruction within the SEZ is not feasible, such destruction may be carried out outside the SEZ with permission of the Specified Officer and in the presence of the Authorized Officer. 3. Accordingly, the Unit may explore disposal of the said computers/laptops through an authorized scrappage vendor, subject to prior approval/intimation to the SEZ authorities, compliance with applicable environmental/e-waste regulations, and maintenance of scrappage/destruction certificates for record purposes

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13.	Rahul Kalburgi Aequs Group	EOU	Reaching out to request your guidance regarding a transaction we are planning for our EOU unit. We are considering sending semi-finished goods outside India on a Free of Cost (FOC) basis for testing purposes. In most cases, these goods will not return to India as they will be consumed or destroyed abroad, while in a few instances, they may come back. In this context, I would appreciate your advice on whether this practice is permitted under the prevailing provisions of Customs Law, FTP, or FEMA. If it is allowed, could you please clarify if there is any value cap on goods that can be exported on FOC for testing which may or may not be returned? Additionally, I am keen to understand the documentation requirements necessary to execute this transaction smoothly. Lastly, I would like to know if there is any need to obtain prior approval or provide intimation to EOU authorities or the Customs EPC Cell before proceeding. --- Request you to clarify below follow up questions: 1. There is no value cap for sending goods for testing abroad and return to India 2. There is value cap of INR 10 lakhs per annum for sending goods abroad for testing which would be destroyed/consumed abroad provided exporter submits destruction certificate from the laboratory/institution. Does this mean goods worth INR 10 lakhs per annum can only be sent abroad under this option. Is there any option available to seek approval from any authority to extend the value cap beyond INR 10 lakhs per annum.	1.Para 6.28(b) of the Handbook of Procedures permits EOU units to transfer goods abroad for repair, replacement, testing, or calibration and return. No specific value cap appears to be prescribed under the said provision, subject to the condition that the goods are re-imported into India. 2. Further, the said provision permits transfer of goods to recognised laboratories/institutions abroad for testing or R&D purposes up to INR 10 lakhs per annum in cases where the goods may be consumed or destroyed during the testing process and are therefore not re-imported into India. Accordingly, the aforesaid INR 10 lakh cap specifically applies to cases involving testing by “recognised laboratories/institutions” where the goods are not returned. 3. However, under Para 2.59 of FTP 2023, DGFT may grant exemption/relaxation from any provision of the FTP on grounds of genuine hardship and adverse impact on trade to any person or class/category of persons. Accordingly, the Company may evaluate filing an application before the Policy Relaxation Committee (PRC) seeking suitable relaxation from the prescribed limit, depending upon the commercial and operational requirements.

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14.	Jaydev Kag Deputy Manager Swan Defence and Heavy Industries	EOU	Request is made to clarify what is the time limit to file quarterly report of EOU and under which rule time limit is mentioned please provide.	1.As per Para 6.11(a) of the Handbook of Procedures (HBP), 2023, an EOU is required to file digitally signed quarterly and annual reports in the format prescribed under the Annexures to Appendix 6E. 2. Appendix 6E of HBP 2023 provides that, after commencement of production/operations, the EOU Unit shall submit to the concerned Development Commissioner a Quarterly Performance Report (QPR) in the prescribed format at Annexure III for the quarters ending March, June, September, and December within 30 days from the close of the relevant quarter through e-mail.
15.	Parth Shah Compliance Officer | ASK Investment Managers Limited (GIFT IFSC)	GIFT SEZ	We, ASK Investment Managers Limited, an SEZ unit established vide LOA no. KASEZ/DCO/GIFT-SEZ/II/007/2020-21/155 dated 2nd December, 2020, intend to dispose of certain computer machines, laptops, and related peripherals that were procured approximately 3.5 years ago for authorized operations. We kindly seek your guidance on the procedure to be followed under SEZ regulations to ensure that these items can be lawfully and safely removed from our SEZ premises and handed over to an authorized scrappage agent. --- What procedure do we need to adhere in case of scrappage of such items? We understand that the scrappage certificate is required to be obtained from the authorised scrap dealers in order to dispose under scrappage policy. Would you please enlighten us on the procedure if there is any possibility to remove such goods under scrappage? -- For an ease of understanding, can we arrange a scrappage certificate from the authorised scrappage vendor and remove the goods from our office situated in GIFT SEZ? What formalities would be triggered with respect to the SEZ online portal?	1. In terms of Para (d) of Instruction No. 66 dated 27.10.2010, SEZ Developer shall provide a centralized site within SEZ area for collection and storage of recyclable waste like paper, glass, metal, cardboard, plastics, e-waste, etc. However, such recyclable waste shall be segregated by individual SEZ units themselves . 2. Further, developer shall appoint local waste handlers/ vendors to collect and divert waste from both individual units & centralised collection area to reuse and/or recycle. 3. Accordingly, the Unit can approach local waste handlers/ vendors appointed by SEZ Developer and obtain scrappage certificate for removal of goods.

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16.	Raj Kumar Singh Wipro Ltd.	SEZ	We need clarification regarding the requirement for intimation under instruction no.11 in the context of SEZ units set up after the sunset clause. As you know, since SEZ units established post-sunset clause are no longer eligible for the section 10AA income tax benefit, instruction no.11 should not be applicable. This would mean that no intimation should be necessary when transferring used goods from DTA to SEZ in these cases. It's important to note that instruction no.11 specifically relates to the condition of section 10AA income tax benefit. If an SEZ unit is set up after the sunset clause and does not receive any income tax exemption, then it seems logical that instruction no.11 would not apply in substance. However, we've encountered instances in some SEZs where customs or the approving officer is still insisting on following this instruction. Could you please clarify the stance on this matter? Especially since there appears to be some inconsistency in interpretation across different SEZs.	1. Instruction No. 11 dated 12.08.2011 specifically requires giving intimation only when second hand goods are transferred from DTA to SEZ in terms of Section 10AA read with Section 80-IA of the Income Tax Act, 1961. 2. The said instruction is not applicable to SEZ unit which are established after the sunset clause i.e., not availed benefit in terms of Section 10AA read with Section 80-IA of the Income Tax Act, 1961.
17.	S.KALYANI Regional Director Export Promotion Council for EOUs and SEZs,	SEZ	We have a question in ref to 11/2026. "Is processing DTA purchases against LUT comes under Export benefit under FTP ?."	1.Supply from DTA to SEZ is treated as a zero-rated supply under GST and also regarded as an “export” for purposes of the SEZ framework. 2. Furnishing of LUT is merely a GST procedural mechanism permitting supply without payment of IGST. By itself, LUT does not ordinarily disentitle the supplier from claiming FTP-linked export benefits. 3. Condition No. 4 of Notification No. 11/2026 dated 31.03.2026 merely states that the concessional benefit under the notification will be available only if no export incentive/benefit under FTP has been availed on the inputs used in manufacturing the goods cleared from SEZ to DTA.

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18.	Naveen Kainth AGM – Commercial & Logistics	SEZ	We would like to export our used machines from the SEZ. Could you please confirm if there are any specific SEZ rules or approvals required to facilitate this export. --- We are still facing the issue of sending a 2nd Hand Machine from SEZ. I kindly request your support in this matter. If you have any customs rules (not necessarily applicable to SEZ units) or any relevant provisions in the Foreign Trade Policy that we can quote in our export documents, please share them with us.	1.Proviso to Rule 34 of SEZ Rules, 2006, clearly states that in case a SEZ unit is unable to utilise the goods imported, it may export the same. 2. Further, Para 2.40 of the Foreign Trade Policy 2023, provides that "all goods may be exported without any restriction except to the extent that such exports are regulated by ITC(HS) or any other provision of FTP or any other law for the time being in force." Accordingly, export of second-hand capital goods would generally be permissible unless the relevant ITC (HS) classification or any other applicable law prescribes a specific restriction, prohibition or licensing requirement. 3. In addition, the FTP does not prescribe any general prohibition on the export of used machinery or second-hand capital goods. Therefore, subject to compliance with the applicable customs and SEZ procedures and in the absence of any product-specific restriction, export of a second-hand machine from an SEZ should, in principle, be permissible.

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19.	Raj Kumar Singh Wipro Ltd.	SEZ	We need clarification regarding the requirement for intimation under instruction no.11 in the context of SEZ units set up after the sunset clause. As you know, since SEZ units established post-sunset clause are no longer eligible for the section 10AA income tax benefit, instruction no.11 should not be applicable. This would mean that no intimation should be necessary when transferring used goods from DTA to SEZ in these cases. It's important to note that instruction no.11 specifically relates to the condition of section 10AA income tax benefit. If an SEZ unit is set up after the sunset clause and does not receive any income tax exemption, then it seems logical that instruction no.11 would not apply in substance. However, we've encountered instances in some SEZs where customs or the approving officer is still insisting on following this instruction. Could you please clarify the stance on this matter? Especially since there appears to be some inconsistency in interpretation across different SEZs. -- We completely agree with your interpretation that SEZ units established after the sunset clause, which are not availing the benefits under Section 10AA of the Income Tax Act, should not be required to provide intimation for the transfer of used goods from DTA to SEZ as per instruction no.11. However, despite this clear understanding, we are still facing challenges in the field. The SEZ officer is not accepting this point and continues to insist that intimation is mandatory, even for post-sunset clause units. Given this persistent inconsistency at the ground level, could you please take up this matter with the Ministry of Commerce (MOC), New Delhi? if we could get a formal clarification or directive from the MOC to ensure uniform interpretation and compliance across all SEZs.	1.Para 4 of Instruction No. 11 also separately prescribes a procedural framework governing transfer of used/second-hand capital goods into SEZs. Specifically, Para 4(i) provides that units intending to move second-hand capital goods from DTA "must intimate the Development Commissioner before such movement" and further stipulates that "No second hand capital goods will be allowed to be moved into the Zone without prior intimation to the Development Commissioner." 2. Accordingly, while the tax implications under Section 10AA may not be relevant for SEZ units established after the sunset period and not eligible for deduction under the said section, the procedural requirement prescribed under Instruction No. 11 for movement of used/second-hand capital goods from DTA to SEZ continues to remain applicable, as the Instruction does not provide any specific exclusion for post-sunset units. 3. In view of the above, and to be compliant with procedural requirements, it is suggested that the practice of intimating in advance to the jurisdictional Development Commissioner may continue to be furnished in cases involving procurement/transfer of used or second-hand capital goods from DTA to SEZ, including for units not eligible for benefits under Section 10AA of the Act. 4. Also, please note a representation can be made be made before the relevant authorities to withdraw the said instruction, considering the genesis of the instruction was to satisfy the requirement of section 10AA r.w.s 80IA of the Income-tax Act, 1961.

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20.	Rajeev Ranjan Neokraft Global Private Limited	DTA	We are Manufacturer Exporter can we issue Invoice in DTA of services of design and development of products in INR on payment of IGST from NSEZ. What will be the consequences if we want to Issue In DTA in INR. -- Our query is "CAN WE PROVIDE SERVICES IN DTA ON PAYMENT OF IGST OR CUSTOMS DUTY IS ALSO APPLICABLE" If party is not providing payment is foreign currency what will be the legal consequence on that services, We will not consider this service in calculation of NFE. Is any penalty clause will be applicable on such services provide by us. Party is in DTA and not ready to pay in Foreign currency. Otherwise we have to drop the idea of providing service in DTA on payment of INR. -- One more clarification if we receive payment normal Current Account instead of Vostro/FNRC a/c, what will be consequences if there is any penalty clause and which Rule.	1. In case, payment for services rendered to DTA in INR is not realized through Special Rupee Vostro Accounts opened by AD Banks, the same shall not be considered for NFE computation. 2. There is no specific penal provision provided under SEZ Act, 2005 and SEZ Rules, 2006 for provision of services to DTA in INR. However, provision of services to DTA against payments in INR may be considered beyond the authorised operation of the SEZ unit and may be considered as a violation of the SEZ regulations which may attract penal action

S. No.	Querist Name	Category	Query from member	Response by BDO Team
21.	Manimaran Krishnamoorthy	SEZ	Reaching out to seek your guidance regarding the import of laptops for captive purposes by Qualcomm India Private Limited, which is registered under the SEZ. According to policy circular number 06/2023-24 (i), and with reference to SEZ Rule 27 and Para 6.01(d) of FTP 2023, SEZ units and EOUs/EHTP/STPI/BTP are not required to obtain a 'restricted import authorisation' for IT hardware restricted under Notification 23/2023 dated 03.08.2023. The exemption is specifically allowed for captive consumption of the importing unit. However, I would like to clarify the point mentioned in number (iii) of the circular, which states that if servers or laptops themselves are the primary capital goods, this exemption does not apply. We are importing laptops for our captive use, and during the bill of entry process, we declare them as capital goods. In this context, I kindly request your confirmation on whether, as an SEZ unit importing laptops for captive purposes, we are required to obtain a 'restricted import, or if the exemption outlined in notification 06/2023-24 remains applicable to us. Additionally, I would greatly appreciate your guidance and any relevant notifications or documentation to support the import of laptops for captive purposes by our SEZ units. Your clarification on whether point number (iii) of notification 06/2023-24 applies to SEZ units would be invaluable to us.	1. Notification No. 23/2023-FTP dated 03.08.2023 places laptops and certain other IT hardware items under the "Restricted" import category. 2. Policy Circular No. 06/2023-24 dated 19.10.2023 clarifies that SEZ units are not required to obtain a restricted import authorisation for import of IT hardware provided such imports are for the captive consumption of the importing SEZ unit. 3. Para (iii) of the said Circular further provides that notified IT hardware items imported as accessories/components of other capital goods are exempt from import licensing requirements. However, where laptops or servers themselves constitute the primary capital goods being imported, this specific exemption would not apply. 4. Accordingly, since the laptops themselves constitute the primary capital goods proposed to be imported, the benefit referred to in Policy Circular No. 06/2023-24 would not be available. Therefore, the import of such laptops would require a restricted import authorisation under Notification No. 23/2023-FTP dated 03.08.2023.
22.	S. Madhavan	SEZ	We are an SEZ unit and would like to import laptops for our project purpose under the SEZ scheme as capital goods. Kindly confirm whether the import of laptops under the SEZ scheme requires any restricted import license or any other special approval for further processing.	1. Notification No. 23/2023-FTP dated 03.08.2023 places laptops and certain other IT hardware items under the "Restricted" import category. 2. Policy Circular No. 06/2023-24 dated 19.10.2023 clarifies that SEZ units are not required to obtain a restricted import authorisation for import of IT hardware provided such imports are for the captive consumption of the importing SEZ unit. 3. Para (iii) of the said Circular further provides that notified IT hardware items imported as accessories/components of other capital goods are exempt from import licensing requirements. However, where laptops or servers themselves constitute the primary capital goods being imported, this specific exemption would not apply. 4. Accordingly, since the laptops themselves constitute the primary capital goods proposed to be imported, the benefit referred to in Policy Circular No. 06/2023-24 would not be available. Therefore, the import of such laptops would require a restricted import authorisation under Notification No. 23/2023-FTP dated 03.08.2023.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
23.	Balaji Narayanamurthy Kyndryl Solutions Private Limited,	SEZ	We seek clarification regarding inward movement of equipment (Printer) from DTA supplier to our SEZ unit purely on a temporary returnable basis under delivery challan for rental, with no transfer of title and mandatory return to supplier after use. Since the transaction does not involve procurement/purchase or capitalization by the SEZ unit, kindly confirm whether movement may be permitted under delivery challan and gate entry records without filing Bill of Entry/DTA Procurement, subject to return compliance. Kindly advise the documentation procedure to be followed.	At the outset, the SEZ Rules do not appear to provide a separate specific provision for the temporary movement of goods from DTA to the SEZ Unit. Rule 30(3) of the SEZ Rules 2006, provides that where goods are procured by a Unit/Developer under claim of export entitlements, admission into SEZ is allowed on the basis of documents prescribed under Rule 30(1) of the SEZ Rules 2006 and a Bill of Export filed by the supplier or on its behalf by the Unit/Developer, assessed by the Authorised Officer before arrival of goods. Since the printer is proposed to be brought into the SEZ on a purely temporary returnable rental basis, without transfer of title and with a contractual obligation to return the equipment to the DTA supplier, it may be argued that there is no procurement/acquisition of goods by the SEZ unit. However, neither the SEZ Act, 2005 nor the SEZ Rules, 2006 specifically exempt such inward movements from the prescribed SEZ entry procedures. Accordingly, as a matter of abundant caution, it is advisable to obtain prior confirmation from the jurisdictional Specified Officer regarding whether the equipment can be admitted on the basis of a delivery challan and gate entry records alone, or whether filing of the prescribed DTA procurement/SEZ documentation would be required .
24.	Arya One Global IFSC LLP	SEZ	We have processed a partial redemption to our investors from the Trust/Fund. In this regard, it is required to raise an invoice from FME for the applicable penalty amount. Kindly review and confirm the appropriate SAC code and service description to be used for reporting the same in SERF of FME, in line with GST and SEZ compliance requirements. From an initial assessment, the original service classification appears to fall under SAC 997156. Considering the nature of the levy, the penalty arising from early redemption may be more appropriately classified under SAC 997159 (residual category for auxiliary financial services). We request your confirmation on the correct SAC classification and service description to ensure accurate compliance under SEZ regulations. Please advise if any alternative classification should be considered.	1.If the amount is recovered from investors on account of premature/early redemption of units and is intrinsically linked to the fund management arrangement, the tax authorities may regard such recovery as consideration for a taxable supply, either as part of the fund management services or as consideration for permitting/tolerating a contractually contemplated act. In such circumstances, there is a reasonable basis to classify the amount under the same broad financial services category as the principal service, rather than under a separate penalty-specific classification. 2. Accordingly, where the underlying service provided by the FME is classified under SAC 997156 (asset/fund management or other financial market administration services, as applicable), there is merit in adopting the same SAC for the early redemption charge, since the charge arises directly from and is incidental to the principal fund management activity. 3. However, an alternative view may be taken where the early redemption charge is specifically recovered for permitting or tolerating premature redemption by the investor in accordance with the terms of the fund documents. In such a case, the activity may be classifiable under SAC 999794 – “Agreeing to tolerate an act”, falling under the category of Other miscellaneous services / Other services.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
25.	Anand S. Director SEA Hydrosystems India Private Limited	EOU	writing to you on behalf of SEA Hydrosystems India Private Limited. We are a 100% Export Oriented Unit (EOU) based in Chennai and an active member of SEZEPC. We understand that your firm has been officially appointed by the Council to provide statutory, regulatory, and compliance advisory services to its members. We are currently facing a critical regulatory interpretation issue regarding an upcoming 400 kWp Rooftop Solar CAPEX project at our facility and would appreciate your definitive guidance. We are evaluating procurement under Chapter 6 of the Foreign Trade Policy (FTP), specifically Clause 6.04 (b) (i). While the clause permits EOUs to procure captive power plants as approved capital goods, it states that this is: "...subject to the condition that no tax/duty benefits stipulated under EOU Scheme shall be available for setting up as well as operations and maintenance of such wind and solar power plants." As a council member, we request your expert opinion on the following three points: 1. Basic Customs Duty (BCD) & Imports: Does this FTP restriction entirely block a 100% EOU from importing solar modules/cells duty-free under the EOU scheme? What mechanisms has your firm successfully seen other members utilize to mitigate the 40% BCD on solar components? 2. Domestic Procurement & GST Input Tax Credit (ITC): If we opt for domestic procurement from an Indian EPC vendor under a standard domestic tax invoice (inclusive of local GST), does the language in Clause 6.04(b)(i) restrict our manufacturing entity from claiming regular Domestic GST ITC or seeking an export-linked GST refund under the standard GST/LUT route? 3. Capital Asset Accounting & NFE Tracking: What compliance protocols must we establish with the Development Commissioner (MEPZ) to ensure this setup does not negatively impact our mandatory NFE calculations or invite unexpected audit objections?	• Para 6.04(b)(i) of Handbook of Procedures, 2023 permits EOUs to import or domestically procure captive power plants (DG Sets, Wind Power, Solar Power), including transformers and accessories as capital goods. However, the provision expressly stipulates that no tax/duty benefits available under the EOU Scheme shall be available for the setting up, operation and maintenance of such wind and solar power plants. • Accordingly, in our view, an EOU would not be eligible to import solar modules, solar cells, inverters, mounting structures or other equipment required for setting up the solar power plant without payment of customs duties under the EOU Scheme. The intent of the provision appears to be to deny EOU-specific duty exemptions for such projects, notwithstanding that the solar power plant qualifies as an approved capital asset. • The restriction under Para 6.04(b)(i) is confined to tax/duty benefits available under the EOU Scheme and, in our view, does not extend to benefits independently available under the GST law. Accordingly, procurement of the solar project from a domestic EPC contractor under a tax invoice should ordinarily entitle the EOU to avail input tax credit (ITC), subject to fulfilment of the conditions prescribed under the CGST Act. Further, there does not appear to be any specific restriction under the GST law that would deny ITC. • Further, export-related benefits available under the GST regime, such as exports under LUT without payment of tax and refund of accumulated ITC (subject to eligibility), emanate from the GST framework and not from the EOU Scheme. Therefore, the restriction under Para 6.04(b)(i) should not, by itself, impact the availability of such GST benefits. • From a compliance perspective, it would be advisable to obtain the necessary approvals/intimations from the jurisdictional authorities and maintain separate accounting records, asset registers, invoices and supporting documentation relating to the solar power plant to mitigate any future disputes relating to NFE computation or audit scrutiny.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
26.	Kavitha Kanthan Head - HR & Corporate Governance WeRoute Global	GIFT SEZ	We represent from WeRoute Global Fund Solutions Pvt Ltd an Ancillary service provider from GIFT SEZ. We wanted to check if Laptops procured on Rental basis from DTA, only DSPF filing would suffice since its taken for rental services or any endorsement from Customs or Customs gate seal would be required. -- Further Specified Officer had raised the below queries in SEZ Online portal against the filed DSPF, Could you please provide insights on the same Query 1. Please provide DOC Approved Service Description (along with its serial no. of DOC Approved Service Description) along with supporting/relevant documents to support your declaration. Query 2. Please describe how Leasing or rental services concerning computers with or without operators' service is covered under Approved DOC service description Works contract services. -- DC has raised a query as below further, Please confirm on the same 1) Kindly clarify how a fund can show expenditure. 2) Please provide a valid agreement establishing the Fund as the recipient of service.	1.The Fund is a registered SEZ unit and carries out its authorised operations in accordance with the applicable regulatory framework governing investment funds. In the ordinary course of its operations, the Fund incurs various expenses including fund administration fees, management fees, legal and professional charges, audit fees, technology-related expenses and other operational costs, which are accounted for in the books of the Fund and reflected in its financial statements. Accordingly, the Fund is capable of incurring and accounting for expenditure necessary for carrying out its authorised operations. 2. The laptops proposed to be procured on a rental basis are intended to be used exclusively for activities undertaken for and on behalf of the Fund in connection with its authorised operations. The corresponding rental charges are borne by the Fund and recorded as expenses in its books of account in accordance with the applicable accounting and regulatory requirements. 3. Further, the Company can enter into a rental agreement with the service provider for providing laptop on rental basis.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
27.	S.KALYANI Regional Director Export Promotion Council for EOUs and SEZs,	SEZ	"The product value is USD 4,800 and external testing charges are USD 320. The member proposes to raise the export invoice by mentioning the values separately as under: Product Value – USD 4,800 External Testing Charges – USD 320 Kindly confirm whether the invoice may be raised accordingly	In our view, the export invoice may disclose the value of the goods and the external testing charges separately, provided that the testing charges are intrinsically linked to the export of the goods and form part of the overall commercial arrangement with the overseas customer. Accordingly, the invoice may be structured as under: • Product Value – USD 4,800 • External Testing Charges – USD 320 • Total Invoice Value – USD 5,120

S. No.	Querist Name	Category	Query from member	Response by BDO Team
28.	Pavithra	SEZ	Subex Limited, an SEZ unit, is engaged in rendering IT and ITeS services to customers both onshore and offshore, primarily in the telecom domain. Our services broadly include: 1. Software licensing 2. Revenue assurance and fraud management services 3. Managed services 4. AMC and support services Certain contracts for the above services are billed directly from India, while others are invoiced through our overseas subsidiaries. SOFTEX forms are currently being filed for both direct customer billing and intercompany billing transactions. We seek your guidance on whether any of the above-mentioned services would qualify for exclusion from SOFTEX submission requirements under the new RBI circular dated May 19, 2026 (circular attached FYR).	• Based on the nature of services described and the recent RBI clarification dated May 19, 2026, the applicability of SOFTEX filing would depend on whether the underlying transaction qualifies as export of software/software services or as export of IT-enabled services (“ITeS”) where IT is merely used as a delivery tool. • In this regard, reference may be made to Para 6D.1 of the RBI Exchange Control Manual, which provides that export of software in non-physical form and other software products/packages are required to be declared in SOFTEX forms. Further, the clarification available on the RBI portal states that “SOFTEX is to be filed only in case of export of software not exported as goods and it does not include export of services using IT as a tool i.e. ITeS.” • Further, RBI guidelines relating to reporting under R-Return/FETERS also distinguish software exports from IT-enabled services and clarify that only computer services and software export transactions are to be reported under the software-related purpose codes, whereas other ITeS/business support services are to be reported under their respective economic purpose classifications. • Accordingly, software licensing transactions would likely continue to require SOFTEX filing. revenue assurance and fraud management offerings may also continue to require SOFTEX compliance where proprietary software, platforms, tools or software IP are being supplied or licensed to customers. • Managed services and AMC/support services would require a detailed evaluation based on the precise scope of work and contractual deliverables. To the extent such services involve export of software, software access, software customization, patches, upgrades or software-linked deliverables, SOFTEX filing may continue to apply. However, where the services are in the nature of pure support services, monitoring services, operational assistance or other IT-enabled/business support services where IT is merely used as a delivery mechanism, there may be a reasonable basis to contend that such transactions fall outside the scope of mandatory SOFTEX filing pursuant to the recent RBI clarification. • Further, the applicability of SOFTEX would need to be evaluated based on the underlying nature of each transaction and not merely based on whether the billing is undertaken directly from India or through overseas group entities. • Considering the hybrid nature of the Company’s offerings involving both software products and service components, a transaction-level/service-line-level assessment may be advisable to determine the categories of exports that may qualify for exclusion from SOFTEX filing under the revised RBI clarification.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
29.	UPENDHARREDDY RAMINI Manager-Exim	SEZ	Seeking your guidance to ensure the smooth execution of the following transaction structure for an upcoming aerospace project involving multiple capital expenditure (CAPEX) items: Proposed Process: - The Hyderabad SEZ Unit will issue Purchase Orders (POs) to suppliers (both domestic and import) for machines and utilities. - Suppliers will invoice the Hyderabad SEZ Unit, while the installation will take place at the Nagpur SEZ Unit. - Per finance guidelines, ownership of the CAPEX will remain with the Hyderabad SEZ Unit until project completion. Request for Suggestions: - Domestic Procurement: Can a domestic supplier ship materials directly to the Nagpur SEZ Unit against a PO issued by the Hyderabad SEZ Unit? - Import Procurement: How should we file the Bill of Entry (BOE) against a Hyderabad SEZ Unit PO when the machinery is shipped to Nagpur, but payment is processed by Hyderabad?	Domestic Procurement: 1. The domestic supplier can directly dispatch goods to the Nagpur SEZ Unit even if the PO is issued by the Hyderabad SEZ Unit, subject to appropriate documentation and SEZ endorsement procedures. 2. It is important to note that the goods should be received and utilized for authorized operations of the Nagpur SEZ Unit and should be properly accounted for in the records of the Nagpur SEZ Unit. 3. The invoice/ dispatch documents should clearly mention the transaction as “Bill to - Hyderabad SEZ Unit” and “Ship to - Nagpur SEZ Unit” i.e., Nagpur SEZ Unit as consignee/end user. Import Procurement: 1. Bill of Entry shall be filed directly by the Nagpur SEZ Unit. 2. It is important to note that the goods is being physically imported into and received at Nagpur SEZ and utilized for authorized operations of the Nagpur SEZ Unit. 3. The invoice/ dispatch documents should clearly mention the transaction as “Bill to - Hyderabad SEZ Unit” and “Ship to - Nagpur SEZ Unit” i.e., Nagpur SEZ Unit as consignee/end user. 4. If the Bill of Entry is filed in the name of Hyderabad SEZ Unit while goods are directly shipped to Nagpur SEZ Unit, the authorities may view the transaction as an inter-unit transfer of imported goods between two SEZ units. In such cases, compliance under Rule 41 of the SEZ Rules, 2006 relating to transfer/removal of goods between SEZ units may become applicable, leading to additional procedural requirements and reconciliation issues.
30.	UPENDHARREDDY RAMINI Manager-Exim	SEZ	If SEZ Unit raise a invoice an international customer in INR, must payments be received through a Vostro account , which 'll be considered for NFE calculations for the SEZ unit??. Could you please clarify the above point?	1. In terms of Para 2.52 of Foreign Trade Policy, 2023, an SEZ Unit can receive export proceeds for goods and services in INR provided it is through Special Rupee Vostro Accounts opened by AD Banks. Further, as per RBI Circular RBI/2022-2023/90 dated July 2022, export contracts and invoices can be denominated in Indian Rupees (INR). However, the export proceeds must be realized through a Special Rupee Vostro Account (SRVA) maintained by an Authorized Dealer (AD) bank in India for the foreign correspondent bank of the buyer. 2. Rule 53 of the SEZ Rules, 2006 provides that a SEZ unit must achieve positive Net Foreign Exchange (NFE), where export earnings are considered based on the FOB value of exports realized in freely convertible foreign exchange. 3. Accordingly, export proceeds realized in INR through Special Rupee Vostro Accounts opened by AD Banks can be considered for NFE computation.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
31.	Manimaran Krishnamoorthy	SEZ	Would like to further clarify a few points based on the information provided below. We are importing laptops strictly for our SEZ unit's captive purposes. These materials are used internally for authorized operations, such as providing laptops to employees, supporting office functions, and facilitating software development. Please note that these laptops are not intended for sale to the DTA or any other purposes ; their use is limited exclusively to our own authorized operations. During the SEZ import process, when filing the bill of entry for our authorized operations, we categorize these laptops under capital goods and others. Given that our intent is solely for captive consumption—providing laptops to employees for official purposes and software development—we seek your guidance on whether paragraph (iii) applies to our case. Specifically, we would appreciate your insights on whether paragraph (iii) of the Policy Circular is applicable to SEZ units importing laptops for their own authorized operations. Your clarification will help us ensure compliance and streamline our import procedures.	1. From Para (iii) of Policy Circular No. 06/2023-24 dated 19.10.2023, it is clear that exemption from import licensing is available to laptop/tablets only when imported as accompanying machinery to capital goods. 2. In case, laptops are imported on standalone basis as capital goods for captive use and authorized operations of the Company, such import of laptop shall be subject to restricted import authorisation under Notification No. 23/2023-FTP dated 03.08.2023.

S. No.	Querist Name	Category	Query from member	Response by BDO Team
32.	Rahul Kalburgi Aequs Group	EOU	We seek your opinion on the customs implications arising from destruction of certain imported duty-free raw materials and consumables by our 100% EOU, and the subsequent sale of the remnants as scrap in the Domestic Tariff Area (DTA). • Our EOU unit has procured (duty free import) certain raw materials / consumables for manufacture of export products. Owing to a change in specifications / quality parameters prescribed by the overseas customer, these materials can no longer be used in production. • The materials are proprietary in nature and were supplied as per our designs, drawings, and specifications. Since these materials are proprietary and can no longer be utilised, we propose to destroy the unusable materials within the factory premises after due intimation to Customs authorities as allowed under the Customs notification 52/2003. • Post destruction, the remnants / waste would be sold in DTA as scrap on payment of applicable GST on the scrap value Our preliminary reading is that paragraph 6.14(b) of FTP 2023 provides that no duty shall be payable, other than applicable taxes under GST laws, where raw materials / consumables / scrap / waste / remnants / rejects are destroyed within the unit after intimation to Customs authorities. Further, Condition No. 8 of Notification No. 52/2003-Customs (as amended) appears to state that duty shall not be leviable where such goods are destroyed within the unit after intimation to Customs authorities or outside the unit with permission. Based on above, we have made an intimation to the Customs authority on the destruction of subject goods and have also paid applicable GST on the scrap value post destruction. The customs department has raised a query stating that, we need to pay (reverse) applicable duty (BCD and cess) since the goods have been sold as scrap post destruction. The specific issue on which we seek your advice is whether, after such destruction, any applicable basic customs duty is required to be paid when the resulting remnants are subsequently sold in DTA as scrap, or whether only GST on the scrap clearance would suffice in this case, since there is no incidence of duty on destruction as mentioned in FTP and notification 52/2003.	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 raw materials/ consumables are destroyed within unit after intimation to Customs authorities. Accordingly, no reversal/ payment of BCD,SWS, AIDC, etc. is required on imported raw materials/ consumables 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. 2. The Company has destroyed the duty free imported raw materials/ consumables within the factory after due intimation to Customs authorities and payment of applicable taxes under GST Law. Accordingly, once destruction of good is carried out, the imported duty raw materials cease to exist as imported goods for EOU unit. 3. Accordingly, the subsequent DTA clearance is not a clearance of imported duty-free raw materials “as such”, but only a disposal of scrap/remnants generated after destruction. 4. As per Para 6.07 (a) of Foreign Trade Policy, 2023, an EOU unit can sell waste and scraps arising in the course of production/ manufacturing to DTA unit 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, on the inputs contained in such waste and scrap. 5. Accordingly, reversal of Customs duty is required only with respect to imported inputs contained in the waste/ scrap arising in the course of manufacturing of finished goods and not in case of waste/ scrap arising post destruction of duty free imported raw materials/ consumables. 6. Accordingly, only GST is payable on DTA clearance of scrap arising post destruction of duty free imported raw materials/ consumables. 7. The Company can explain to the department that in case Customs duty is demanded merely because scrap generated post-destruction is sold in DTA, the specific remission provision under Para 6.14(b) of Foreign Trade Policy, 2023 read with Para 8 of Notification No.52/2003-Cus., dated 31.03.2003 permitting destruction of raw materials/consumables without payment of Customs duty would become redundant.

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

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