

Tax & Regulatory Query Log: April 2024 - February 2025

Welcome to the comprehensive Tax & Regulatory Query Log covering the period from April 2024 to February 2025. This presentation compiles important queries received from EPCES members and the corresponding responses provided by Grant Thornton. The document serves as a valuable reference for understanding various regulatory aspects, compliance requirements, and procedural clarifications related to SEZ operations, exports, imports, and other tax matters.

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Introduction to the Query Log



This document serves as an essential reference tool for SEZ units, developers, and exporters seeking clarity on complex regulatory matters. Each query has been carefully addressed by Grant Thornton experts to provide accurate and actionable guidance based on current laws and regulations.

Content Overview



Monthly Organization

Queries are organized chronologically from April 2024 to February 2025, allowing for easy navigation based on time period



Categorized Content

Each query is categorized by topic (GST Law, Import/Export, DTA Supplies, etc.) for efficient reference



Query Format

Each entry includes the querist's name, organization, category, detailed query, and comprehensive response



Authoritative Guidance

All responses are provided by Grant Thornton experts based on current regulations and best practices

April 2024: Letter of Approval and BLUT Queries

Form H for SEZ Units in IFSC

Clarification sought regarding Form H requirements for SEZ units in IFSC. While Rule 53A doesn't apply to IFSC units, they still need to submit Form H (BLUT) with positive NFE declaration. Response confirmed that IFSC units must adhere to the prescribed Form H as per SEZ Law, and EPCES would seek further clarification from MoCI.

APR Investment Reporting

Query about which values to include in SEZ APR Part II (Investment in zone since inception). Clarification provided that only duty-free assets acquired since inception should be reported in this section of the APR.

Factory License Requirements

Guidance sought on whether a Factory License is necessary for FTWZ unit operations like packing and repacking. Response noted that while Section 51(1) of SEZ Act overrides inconsistent laws, Factory Act provisions aren't inconsistent with SEZ Act, so compliance with factory license requirements is advisable.

April 2024: Job Work and GST Implications



Job Work Query

Clarification on whether an AA holder can send raw materials to EOU for manufacturing intermediate products



Response

EOU can undertake job-work for DTA unit only when goods are directly exported from EOU



GST Implications

Corporate guarantee services between SEZ units subject to GST regulations with specific valuation mechanisms



Compliance Requirements

Detailed guidance on invoicing, tax payment, and ITC claims for corporate guarantees

A significant query addressed the GST implications of corporate guarantees provided by SEZ units to sister concerns. The response clarified that such services constitute a supply under Section 7 read with Schedule I of the CGST Act, even without consideration. CBIC Circular No. 204/16/2023 confirmed that providing guarantees to banks/financial institutions on behalf of subsidiaries is a taxable service supply regardless of consideration.

April 2024: DTA Supplies and Asset Management

Write-off of Assets

A query about duty implications when writing off inventory and assets with minimal book value was addressed. The response clarified that duty implications arise only when assets are physically removed from SEZ premises, not when they're merely written off in books after reaching minimum base value.

This distinction is important for SEZ units managing their asset lifecycle, as it allows for proper accounting treatment without triggering customs duties when assets remain within the SEZ.

Transfer of IT Assets

A member inquired about transferring duty-paid or duty-exempted laptops to employees. The response explained that such transfers are classified as DTA sales under Rule 49 of SEZ Rules and paragraph 2.31 of FTP 2023.

These transfers are only permitted when the importer has a valid import license, which is generally unattainable for individual employees. This effectively means laptop transfers to employees are not valid under current regulations.

April 2024: Export and Import Procedures



Export of Used Machinery

Clarification that SEZ units may export unutilized goods out of India as per Rule 34(1) of SEZ Rules 2006, including used old machinery.



Payment Gateway Issues

Guidance provided regarding PayPal remittances that couldn't be reconciled on EDPMS portal by banks, recommending alternative payment methods to ensure proper compliance.



Inter-Unit Transfers

Confirmation that when transferring duty-free goods between EOU units, the receiving unit must debit its B17 bond with the value of transferred goods, and GST applies to such transactions.



Health Insurance Exemptions

Clarification that health insurance premiums for employees don't qualify for IGST exemption as they're not directly related to business activities and aren't included in the default list of services.

April 2024: MOOWR and Scrap Disposal

MOOWR Scheme Query

A client inquired about handling obsolete capital goods imported by OEMs under the MOOWR scheme. These goods were to be exported back to the client at FTWZ for either re-export or scrapping in India.

The response clarified that under Rule 39 of SEZ Rules, 2006, FTWZ units (treated as SEZ units) are permitted to dispose of goods according to the specified procedures.

Scrap Disposal with SION Approval

A query about scrap disposal procedures after receiving permanent SION approval was addressed. The response confirmed that if the disposal of scrap is within the fixed SION norms, merely intimating the authority would be sufficient.

This clarification helps streamline the process for units operating within approved norms, reducing unnecessary administrative burdens while maintaining regulatory compliance.

April 2024: Gold and Precious Metals Transactions



Import of Gold and Diamonds

Confirmation that SEZ units can import gold and precious stones like diamonds from foreign customers for export purposes.



Loan-Based Procurement

Clarification that SEZ units may procure gold, silver, or platinum on loan basis from foreign buyers for subsequent export to the same buyers, as per Rule 27 amendments.



Foreign Currency Invoicing

Guidance on bill-to-ship-to transactions where goods are delivered in India but invoiced in foreign currency to overseas buyers.



Payment Acceptance

Confirmation that receiving payment in foreign currency (GBP) is acceptable for local supplies when properly documented.

These clarifications provide important guidance for jewelry and precious metals businesses operating in SEZ units, particularly regarding the loan-based procurement model that was enabled through amendments to Rule 27 of SEZ Rules 2006.

April 2024: Documentation and Compliance

Job Work Documentation

Guidance provided on compliance procedures for sending goods from an SEZ trading unit to a MOOWR unit for job work.

Required documentation includes permission from Zonal DC, temporary removal challan from SEZ online portal, delivery challan, e-way bill, and proper record maintenance. Transaction must also be disclosed in GST return (ITC-04).

EPR Certification Requirements

Clarification on Extended Producer Responsibility (EPR) certificate requirements for EOU units importing PVC packing items. Response noted that while EOUs/SEZs are generally exempt from EPR guidelines per the Plastic Waste Management Rules, the exemption doesn't apply to pre-consumer plastic packaging waste generated by such units.

Lost Laptop Procedures

Guidance on procedures for de-bonding or paying applicable duty on laptops lost by employees. Response advised immediate filing of FIR, treating the transaction as transfer of used asset into DTA under Rule 49, informing Customs Officer, and settling applicable duties with supporting documentation.

April 2024: Destruction of Goods and Broad-banding

Destruction of Materials

A pharmaceutical SEZ unit sought guidance on destroying various materials without paying duty. The response confirmed that under Rule 39 of SEZ Rules, 2006, units may destroy goods including capital goods, DTA-procured goods, imported goods, manufactured goods, rejects, and waste without payment of applicable duties after advance intimation to the Specified Officer.

Product Inclusion in LOA

The same unit inquired whether every product name needs to be included in their LOA, even if they're just different versions of tablets or capsules with varying APIs. The initial response noted that since the unit already had approval for manufacturing tablets and capsules, variations in product names based on different APIs might not require individual inclusion in the LOA.

However, upon reviewing the LOA copy, it appeared the unit had approvals based on specific product names, suggesting new resulting products using different APIs might require additional approvals.

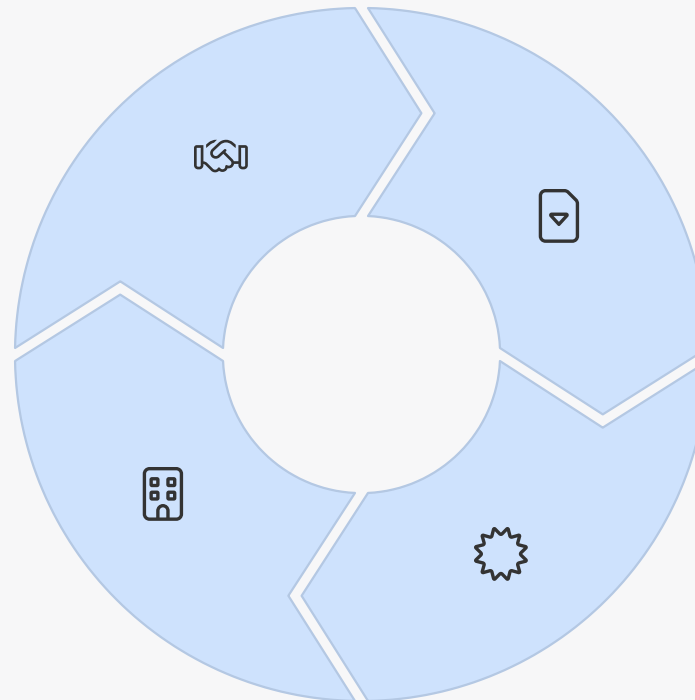
April 2024: Subcontracting and Exit Procedures

Subcontracting Abroad

Clarification that EOUs may subcontract part of production process abroad as mentioned in LOP without permission when goods are exported from subcontractor premises

SEZ vs. EOU Setup

Clarification on differences between SEZ and EOU business models and their respective benefits



Exit Application

Guidance on applying for in-principle exit from SEZ scheme through Form L with DC approval

EODC Submission

Detailed step-by-step process for filing Export Obligation Discharge Certificate on DGFT portal

The guidance on EODC submission included a comprehensive 13-step process covering everything from visiting the DGFT website to submitting the final application with proper documentation. This detailed walkthrough helps exporters navigate the complex process of closing advance licenses after completing export obligations.

April 2024: GST Refund and Rule 96(10) Issues

78/2017

Notification Impact

EOU units utilizing benefits under Notification 78/2017 faced challenges with Rule 96(10) restrictions

96(10)

Rule Restriction

Rule prevented exporters who used certain notifications from claiming refunds by paying IGST on exports

16

IGST Act Section

Contradiction with zero-rated exports intent as outlined in Section 16 of IGST Act

An EOU unit raised concerns about being asked to return collected refunds due to alleged violations of Rule 96(10). The response acknowledged that Rule 96(10) restricts exporters who utilized benefits under Notification 78/2017 from claiming refunds of IGST paid on exports. However, it was noted that the validity of this rule has been legally challenged in various courts, with the Gujarat High Court granting interim relief in certain cases. The unit was advised to consider filing a similar appeal with jurisdictional authorities to seek a stay on further proceedings.

April 2024: RCM and Transportation Services

RCM Applicability Questions

A member sought clarification on whether Reverse Charge Mechanism (RCM) under GST applies only to intra-state supply or also to inter-state supply of services/goods. They also questioned whether RCM is payable under IGST or CGST/SGST components when utilizing transportation services from an unregistered party in another state.

Key Clarifications Provided

The response clarified that RCM applicability is determined by place of supply provisions under Sections 10-13 of the IGST Act, making it applicable to both intra-state and inter-state transactions. For transportation services specifically, the place of supply is governed by Section 12(8) of IGST Act for goods transportation and Section 12(9) for passenger transportation.

Additionally, it was explained that under Section 24(iii) of the CGST Act, any person required to pay tax under RCM must obtain GST registration regardless of threshold limits, as RCM is levied on specific transactions regardless of taxpayer nature.

April 2024: Import Authorizations and Laptop Imports



Multiple queries were received regarding import authorization requirements for laptops and IT hardware. Policy Circular No. 9/2023-24 provided additional clarification regarding Notification 23/2023, which restricts the requirement for obtaining valid import authorizations for specified categories of goods including laptops. However, Circular No. 06/2023-24 extends provisions of Notification 23/2023, exempting EOUs and SEZs from needing to obtain import authorization for IT hardware intended specifically for captive consumption.

This clarification was particularly important for IT/ITES companies operating in SEZ/EOU environments who regularly need to import laptops and other IT equipment for their operations without facing additional regulatory hurdles.

April 2024: DTA Sales and Used Vehicle Disposal

Used Vehicle Sale

A query about selling a used vehicle purchased in 2013 from SEZ to someone outside the SEZ was addressed. The response referenced Rule 34(iv) read with Rule 49(1) of SEZ Rules, 2006, noting that such removal may attract applicable IGST. The concessional GST rate on old and used vehicles as specified in Notification No. 9/2018 – Integrated Tax (Rate) might be applicable.

Packing Material Manufacturing

An EOU with valid LOP for producing laminated windscreens inquired about using their in-house facility for manufacturing packing materials (wooden crates) for sale to nearby SEZ units. The response cautioned that this would be a new operation beyond their current authorized activities, requiring approval from the jurisdictional officer before incorporating a non-similar product into their LoP.

Inter-Unit Transfers

Clarification that a unit may transfer goods imported into the zone to another unit without payment of duty, as per Rule 34 of SEZ Rules, 2006.

April 2024: ICEGATE Registration and SIMS Requirements



ICEGATE 2.0 Registration

SEZ Developer sought guidance on registering with ICEGATE 2.0 and uploading digitally signed LOA



UAT Testing Phase

Clarification that User Acceptance Testing was being conducted with select units before full implementation



SIMS Application

Questions about Steel Import Monitoring System requirements for metal scrap and used drums



Registration Requirements

Explanation that SIMS applies to imports under specific chapters, not local procurements

The response regarding ICEGATE registration clarified that "digitally signed" documents refer to those signed by the unit itself, not by the issuing authorities. It also explained that UAT was being conducted in a controlled environment before the system would be available for general registration, advising the developer to stay in regular contact with the DC office for the latest status updates.

April 2024: Capital Goods Debonding

Proactive Debonding Request

A unit with decade-old imported CNC machines sought to partially debond them after applying appropriate depreciation and paying applicable customs duty and taxes. They proposed a proactive approach to finalize the debonding before identifying a buyer, keeping the machinery in their facility until a sale transaction is completed.

Procedural Guidance

The response explained that Rules 48 and 49 of SEZ Rules govern removal/sale of goods to DTA units, requiring a Bill of Entry with comprehensive descriptions, invoice, and packing list. Since there's no specific provision for debonding before identifying a buyer, it was clarified that duty computation and documentation are only feasible with a confirmed DTA buyer.

For EOUs specifically, the unit was advised to obtain in-principle approval for partial debonding of capital goods and then approach customs authorities with a duty certificate once a buyer is identified. In cases where depreciated value reaches zero, only GST on transactional value would apply.

May 2024: SEZ Benefits and Non-Processing Areas

Electricity Duty Waiver

Query about implications of Rule 11B on electricity duty waiver for SEZ Developers planning to demarcate partial area as Non-Processing Area (NPA). Confirmation that tax exemptions won't be available proportionate to space demarcated as NPA.

IT and ITES Services Definition

Request for elaboration on which types of services fall under IT versus ITES categories. Response explained that while no specific definition exists in FTP/SEZ law, IT generally involves technologies for managing information (software development, network management, cybersecurity), while ITES uses technology to enhance business processes (BPO, KPO, customer support).

Interest Equalization Scheme

Question about applicability of interest equalization scheme for software exporters. Clarification that per RBI Circular RBI/2023-24/124, the scheme applies to manufacturers and merchant exporters under specified HS lines, not to service industry.

May 2024: Job Work and Subcontracting



SEZ to EOU Works Contract

Query about SEZ unit
taking up works
contract for EOU unit



Rule 43 Application

Confirmation that SEZ
units can undertake
subcontracting for
EOU units per Rule 43



Service with Goods

Clarification on
providing services
along with goods to
EOU unit



Export Requirements

Explanation of
documentation and
export procedures for
such arrangements

The response clarified that SEZ units may undertake sub-contracting on behalf of EOU units based on annual permission per Rule 43. This arrangement requires the DTA exporter (EOU) to supply all raw materials including semi-finished goods and consumables, with finished goods exported directly by the SEZ unit on behalf of the DTA exporter. Export documents must be filed jointly in the name of both parties, though such exports don't count toward the SEZ unit's NFE obligations.

May 2024: GST Refund Calculations

Rule 89(4B) vs. Rule 89(4)

An EOU inquired whether their GST refund claims should be filed under Rule 8(4B) instead of Rule 89(4) of the CGST Act 2017, as per Customs Notification 78/2017. They noted that Rule 89(4B) lacks a defined formula and questioned whether the formula from Rule 89(4) should apply.

Clarification on Applicable Rules

The response confirmed that if a unit is claiming exemption under Notification No. 78/2017-Customs, refunds must be claimed according to Rule 89(4B). It further clarified that Rule 89(4B) provides a specific formula based on one-to-one correlation of imported goods with exports made during the relevant period, and the formula outlined in Rule 89(4) cannot be used for determining refund amounts in this scenario.

This clarification is particularly important for EOUs that import raw materials duty-free under Annexure III and need to understand the correct methodology for claiming GST refunds, especially when there are different rules that might apply based on their specific circumstances.

May 2024: Zero-Rated Supplies and Services



Canteen and Gardening Services

Clarification that canteen maintenance, rework, and gardening services are not part of the default list of services for authorized operations, making them ineligible for tax exemption.



Payment Aggregator Services

Guidance that payment aggregator services (HSN-997158) may qualify under entry no. 6 "Banking and other financial services" or entry no. 64 "Business Support service" in the uniform list, subject to jurisdictional AO categorization.



Nasscom Membership Fees

Confirmation that membership service fees paid to Nasscom qualify for authorized operations under entry no. 67 - "Management and business consultant services" in the default list.



Water Supply Exemption

Guidance on obtaining GST exemption for TWAD water tariff bills based on Notification No. 12/2017-Central Tax (Rate), which exempts services by government entities concerning municipal functions.

May 2024: Export Procedures and Documentation

ECGC Insurance

Explanation of Export Credit Guarantee Corporation (ECGC) services, including credit risk insurance for exporters, credit insurance for banks providing export facilities, and export factoring for MSMEs. Guidance provided on accessing relevant insurance products through the ECGC website.

INR Invoicing for Exports

Clarification on exporting to USA with invoicing in INR. Response referenced RBI circular allowing invoicing and payments in INR through Special Rupee Vostro Accounts, noting that such exports cannot be counted for NFE computation but are eligible for export benefits/incentives per FTP provisions.

SOFTEX Reporting Issues

Guidance for a company facing issues with AD Bank (Kotak) regarding SOFTEX reporting to RBI, where incorrect matching of payments to invoices was creating compliance problems. Recommendation to maintain proper records of remittances/FIRCs and work with senior bank personnel to reconcile discrepancies.

May 2024: DTA Sales and Scrap Disposal

Non-Recyclable Waste Disposal

A query about duty applicability on disposal of non-recyclable plastic scrap mandated by government was addressed. The response referenced Rule 39 of SEZ Rules 2006, which permits SEZ units to dispose of manufactured goods/rejects/waste/scrap within the SEZ without paying applicable duties, after notifying the Specified Officer and obtaining necessary environmental clearances.

These clarifications help SEZ units understand their options for disposing of waste materials and selling services to domestic customers while remaining compliant with applicable regulations and duty requirements.

DTA Service Sales

Clarification was provided regarding DTA sales of services. The response cited Rule 47 of SEZ Rules, 2006, in conjunction with Section 2(z) of SEZ Act, 2005, confirming that an SEZ unit may sell goods and services with payment of Customs duties, subject to the terms and conditions outlined in Rule 47. Additionally, it was noted that revenue from service supply must be earned in foreign exchange.

May 2024: E-Waste and EPR Authorization



E-Waste Management Rules

Clarification that E-Waste Management Rules 2022 apply to manufacturers, producers, recyclers, refurbishers, and dismantlers, not end-users or consumers



Importer Classification

Explanation that certain importers may be classified as "producers" under Rule 3(t), requiring EPR Authorization



Battery Waste Management

Confirmation that STPI units importing battery-containing equipment for self-use require EPR registration



CPCB Guidelines

Reference to CPCB's Standard Operating Procedure for detailed compliance requirements

The responses provided important clarification on regulatory requirements for e-waste management and EPR authorization, helping units understand their obligations under current environmental regulations. For battery waste management specifically, STPI units were directed to the CPCB's online centralized portal for EPR registration.

May 2024: Licensing and Reimbursement

Licensing Activities Reimbursement

A company involved in manufacturing antibiotic formulations sought guidance on reimbursing licensing costs from clients through financial debit notes, noting that clients were deducting TDS. The response clarified that according to Section 34(3) of CGST Act, debit notes are only for undercharged tax invoices, not expense reimbursements, so a GST invoice must be issued for such transactions.

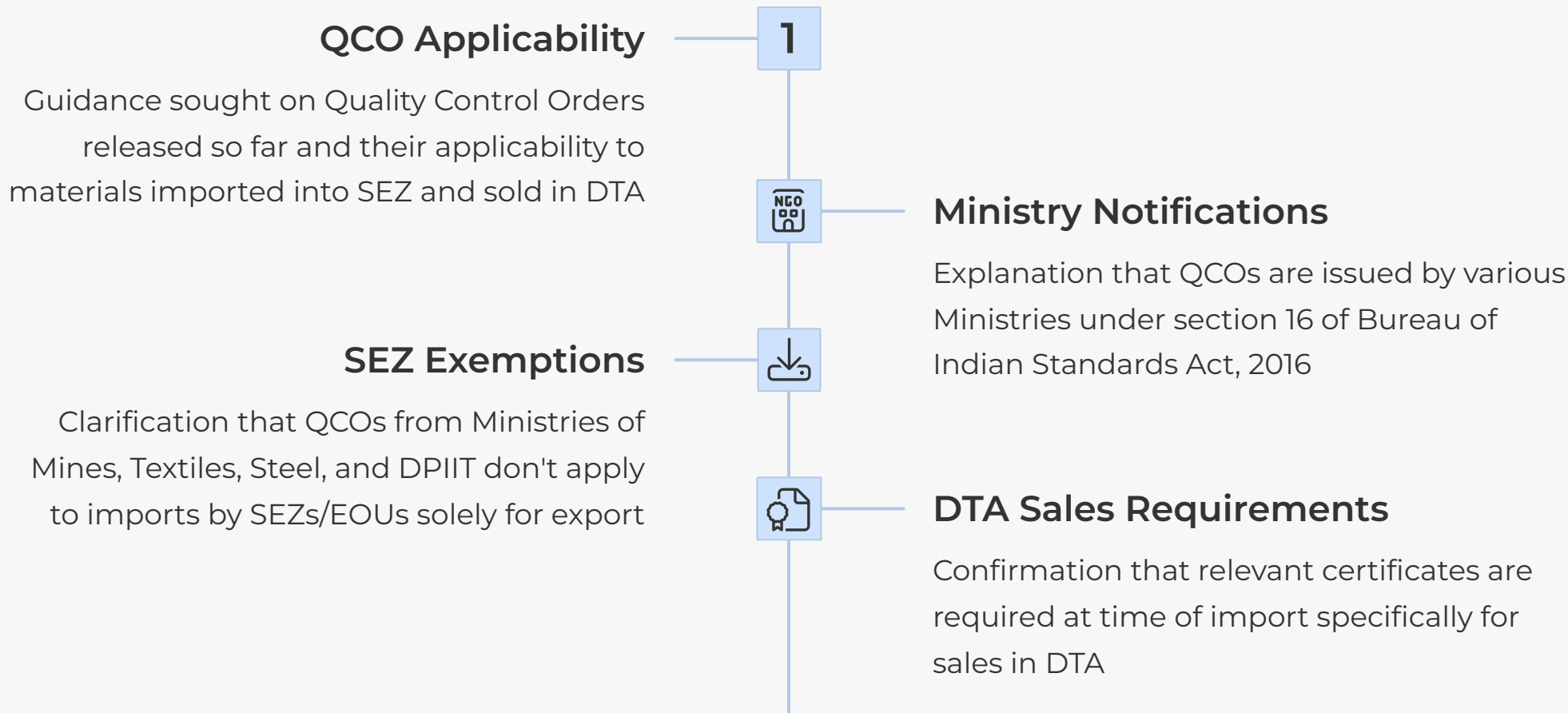
GST on Licensing Fees

Further clarification was provided that reimbursement of license fees along with other charges (traveling, printing, postage, etc.) appears to be a taxable supply under Section 7 read with Section 15 of CGST Act, requiring applicable GST to be charged. The appropriate SAC code was suggested as 998599 (Other support services).

Laptop Transfers

Guidance on transferring laptops from SEZ to DTA as branch transfer, confirming that import authorization is required unless conditions in Notification No. 56/2023 are met. For transfers to third parties, import authorization is mandatory if conditions aren't met.

May 2024: Quality Control Orders (QCOs)



This guidance helps SEZ units understand when they need to comply with Quality Control Orders, particularly distinguishing between goods imported solely for export (exempt from QCOs) versus those intended for eventual DTA sales (requiring compliance with QCOs).

May 2024: Infrastructure and Compliance

Weighbridge Installation

A query about whether approval from SEZ authority is required for installation of a personal weighbridge (60 MT capacity) for exclusive internal usage. The response indicated that if the weighbridge is part of the approved list of goods for authorized operations, it should be allowed. Alternatively, the unit could get it included in the authorized list through approval by the Zonal DC, with no need for a separate circular or notification.

The response on self-certification directed exporters to specific resources for understanding the new policies, requirements, and procedures involved in availing tariff concessions under the DCTS, ensuring they could properly implement the required changes to their export documentation.

Self-Certification Process

Guidance was sought regarding self-certification procedures related to Trade Notice 39/2023-24 for Exports. The response explained that the notice clarifies that Indian exporters should use origin declaration wording under the DCTS scheme instead of the previous GSP wording, directing exporters to specific URLs for detailed information on DCTS requirements, formats, and procedures.

May 2024: Compliance Checklists and Deadlines

5th

MPR Deadline

Monthly Progress Report due by 5th of the following month

10th

SERF Deadline

Service Exports Report Form due by 10th of the following month

30

SOFTEX Deadline

Due within 30 days from invoice date or last invoice raised in a month

180

APR Deadline

Annual Performance Report due within 180 days from end of financial year

A comprehensive compliance checklist was provided, covering regular filings along with their due dates. This included Monthly Progress Report (MPR), Service Exports Report Form (SERF), SOFTEX for software exports, Half Yearly Performance Report for Developers, Annual Performance Report (APR), Registered Lease Deed Submission, and Import Export Code annual updates. This information helps SEZ units maintain timely compliance with all reporting requirements.

May 2024: DGFT Notifications and Exemptions

Notification No. 71/2023

Clarification provided regarding DGFT Notification No. 71/2023, which introduced provisions for exempting inputs imported by SEZs from mandatory Quality Control Orders (QCOs), subject to certain conditions. The notification specifically exempts mandatory QCOs issued by four ministries as listed in Appendix 2Y.

Exemption Conditions

Further explanation that SEZs are exempt from mandatory QCOs issued under the BIS Act, 2016, for inputs required solely for export production. This exemption does not extend to goods which are supplied to DTA units, meaning that if processed UCO to be exported falls under prohibited category under Schedule 2, procurement for such exports would not be allowed to be made domestically.

DTA Sales Implications

Clarification for a stainless steel and aluminum cut pieces manufacturer that exemption on import of goods which are supplied to DTA unit is not available, even if the final export product is executed by the DTA unit.

May 2024: Anti-Dumping Duties and Import Regulations

Steel Fabrication Query

A query sought clarification on whether import duty/anti-dumping duty would apply to steel used in fabrication of Topside/Jacket delivered from various countries (India/Korea/Japan), or if it would apply to the fabricated structure with country of origin as India. Additional questions concerned the percentage of anti-dumping duty/import duty applicable in USA on fabricated structures and steel used in fabrication delivered from India/Korea/Japan.

This guidance helps SEZ units understand their exemptions from anti-dumping duties for goods used in export production, while also clarifying when such duties might apply if goods are eventually cleared into the domestic market.

SEZ Exemptions

The response referenced sub-section 2A of section 9A of Customs Tariff Act, 1975, clarifying that Anti-dumping duty shall not apply to articles imported by 100% EOU or SEZ unit, unless specifically made applicable in the notification or when such articles are cleared into DTA or used in manufacturing goods cleared into DTA. For USA-specific anti-dumping duties, the unit was directed to a specific resource link for detailed information.

May 2024: SOFTEX Filing and Contract Documentation

SOFTEX Filing Options

Clarification sought on SOFTEX utility filing options: "SOFTEX Contract (Gist of contract) Request I'd" versus "Internal project code/Date". Response confirmed that a Gist of contract needs to be submitted once for a particular project, after which contract details would automatically be mapped for each SOFTEX.

Job Work Permissions

Guidance for an EOU with valid LOP for production and sale of laminated windscreens, considering using in-house facility for manufacturing packing materials (wooden crates) for sale to nearby SEZ units. Response cautioned that the EOU is venturing into a new operation beyond current authorized activities, requiring approval from jurisdictional officer before incorporating a non-similar product into their LoP.

Bank Guarantee Exemption

Confirmation that as per Para 1.29(c) of FTP, 2023, a status holder is exempt from furnishing bank guarantee for any scheme under FTP.

May 2024: EPR Registration Requirements

Plastic Waste Management

A query about EPR registration for plastic waste management for 100% EOU under STP and SEZ scheme, specifically regarding the condition that "pre-consumer plastic waste generated by such units is not exempt." The IT-ITES company imported goods for own use, not resale, and sought clarification on whether they fall under this condition.

Detailed Guidance

The response referenced Rule 2 of Plastic Waste Management Rules as amended on 30th October 2023, confirming that EPR guidelines shall not apply to EOU/SEZ units except for pre-consumer plastic waste. Pre-consumer plastic waste was defined as packaging waste generated during manufacturing or packaging before reaching end-use consumers.

While an IT service company importing goods for captive consumption might not appear to fall under this definition, the Ministry's understanding is that if any plastic waste gets generated and dumped in India, EPR guidelines must be complied with. The unit was advised to consult the EPR helpdesk for specific clarification.

May 2024: GST Refund Timelines



1 Filing Deadline

Confirmation that taxpayers can file GST refund up to 2 years from the relevant date as defined in section 54

2 Processing Timeline

Clarification that refunds should be sanctioned within 60 days after acknowledgment of RFD01

3 Initial Review Period

Department has 15 days to acknowledge or issue deficiency note from date of filing online refund application

These timeline clarifications help SEZ units and exporters understand both their deadlines for filing refund claims and the expected processing timelines from the tax authorities. The reference to section 56 of CGST Act provides the legal basis for these timelines, giving businesses a clear understanding of when they should expect their refunds to be processed.

May 2024: Export Terminology and Payments

GCA vs. RPA Exports

Clarification on the difference between General Currency Area (GCA) Exports and Rupee Payment Area (RPA) Exports. GCA refers to countries with which trade is settled in freely convertible foreign currencies like USD, EUR, or GBP, while RPA is a zone where trade is conducted using Indian rupee (INR) as the settlement currency, typically with specific neighboring or partner countries.

Certificate Transfer After Merger

Guidance for a company amalgamating with a sister concern on whether certificates and licenses (LOP, Green Card for 100% EOU, self-sealing permission, Export House certificate, RCMC) can transfer to the new company. Response confirmed that after a merger order, the change needs to be intimated to jurisdictional officer, and the unit may need to furnish revised documents with respective authorities.

Russian Export Payments

Confirmation that as per Rule 45(2) of SEZ Rules, 2006, a unit may export to Russia and receive payment in Indian Rupees through State Credit or Escrow Rupee Account, subject to RBI approval if required.

June 2024: DTA Procurement and Job Work

Furniture Procurement Query

A furniture manufacturing unit inquired about purchasing finished furniture products from DTA Unit and whether they could purchase finished products as samples. They also asked if they could purchase raw materials from their own DTA unit to SEZ Unit under LUT.

Regulatory Framework

The response referenced Rule 27 of SEZ Rules, 2006, confirming that SEZ units can procure various goods including raw materials, semi-finished goods, and capital goods from DTA without paying duty if used for authorized operations. DTA suppliers must have valid LUT to benefit from zero-rating. For finished goods, the SEZ unit can purchase these for trading only if explicitly stated in their Letter of Approval (LOA).

This clarification helps SEZ units understand the scope and limitations of their procurement options from DTA units, particularly distinguishing between raw materials procurement (generally permitted) and finished goods procurement (permitted only if trading is included in the LOA).

June 2024: EUDR Documentation and Compliance



EUDR Purpose

European Union Deforestation Regulation aims to minimize EU's contribution to global deforestation



Implementation Timeline

Effective from June 2023, with main prohibitions starting December 2024



Due Diligence Statement

DDS requires traceable and verifiable information about commodity origins



Affected Commodities

Regulation covers palm oil, soya, wood, cocoa, coffee, cattle, and rubber

The response provided an overview of the European Union Deforestation Regulation (EUDR), explaining that it regulates the availability and export of certain commodities linked to deforestation. Products covered by the regulation must be deforestation-free, legally produced, and accompanied by a Due Diligence Statement (DDS) that provides traceable and verifiable information about their origin.

