

WELCOME TO ALL DELEGATES
ON
REWARDS SCHEME & DEEMED EXPORTS
UNDER FOREIGN TRADE POLICY

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- ✓ **Basic Concepts**
- ✓ **Export Reward Scheme**
 - ✓ **For Goods**
 - ✓ **For Services**
- ✓ **Export Reward Scheme prior to 1.4.2015**
- ✓ **Utilisation of Scrips**
- ✓ **Deemed Export Benefits**

- ✓ **Import Export Code**
- ✓ **RCMC**
- ✓ **IEM**
- ✓ **INCO TERMS SUMMARY**
- ✓ **Exports – Physical / Deemed / Software / Third Party Exports**
- ✓ **Imports – Direct / High Sea Sale**
- ✓ **Classification**
- ✓ **Calculation of Customs Duty**

- ✓ Import Documents:-
 - ✓ Invoice
 - ✓ Bill of Entry
 - ✓ Bill of Lading / Airway Bill
 - ✓ Packing List
- ✓ Export Documents:-
 - ✓ Invoice
 - ✓ ARE 1
 - ✓ Shipping Bill
 - ✓ Packing List
 - ✓ e - BRC

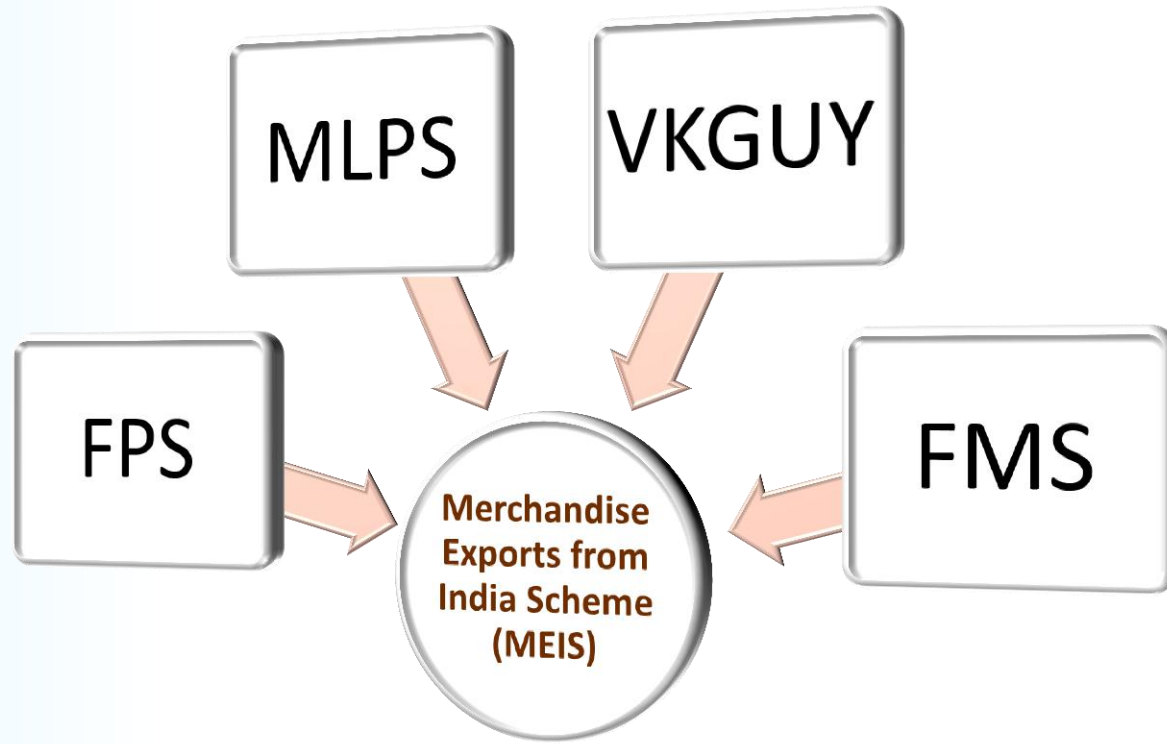
Capital Goods :

- ✓ Means any plant and machinery, equipment or accessories for manufacture or production of goods or services
- ✓ Including for replacement, modernization, technological up gradation or expansion
- ✓ Packing machinery, refractories, refrigeration equipment's, power generating sets, machine tools, equipments for testing, R&D, quality and pollution control .
- ✓ Capital goods for use in mining, agriculture, aquaculture, animal husbandary, floriculture, horticulture, pisciculture, poultry etc.

REWARD / INCENTIVES

Incentives for Exports prior to 1.4.2015

- ✓ Focus Product Scheme (FPS)
- ✓ Focus Market Scheme (FMS)
- ✓ Market Linked Focus Product Scheme (MLFPS)
- ✓ Vishesh Krishi and Gram Udyog Yojana (VKGUY)
- ✓ Agri. Infrastructure Incentive Scrip
- ✓ Status Holder Incentive Scrip (SHIS)
- ✓ Incremental Export Incentivisation Scheme (IEIS)
- ✓ Served From India Scheme Service (SFIS)



Merchandise Exports From India Scheme

Objective

- ✓ To provide rewards to exporters.
- ✓ To offset infrastructural inefficiencies & associated costs involved.
- ✓ To provide exporters a level playing field.

Utilization of the Scrip : For Payment Of

- ✓ Customs duty
- ✓ Excise Duties
- ✓ Service tax except **Swaccha Bharat Cess**
- ✓ Customs Duties in case of EO defaults for Advance Authorisation, DFIA and EPCG Authorisation. However, payment of penalty and Interest has to be paid in Cash.
- ✓ Composition fees under FTP, for payment of application fees and for payment of value Shortfall in EO under Advance Authorisation

Entitlement

- ✓ Appendix 3B notified covering goods exported to notified market.
- ✓ Benefit of duty credit scrip ranging from 2% to 5% of FOB value of exports as given in the shipping bills or FOB value realized whichever is less as per the goods exported to notified markets.
- ✓ FOB value of export through courier or foreign post using E-Commerce only maximum up to Rs. 25,000/- per shipment shall be considered

- ✓ **Market has been categorized as :**
 - ✓ Traditional market (European Union, USA, Canada) – 30.
 - ✓ Emerging and Focus Market (Africa, Latin America & Mexico, CIS countries, Turkey & West Asian Countries, ASEAN Countries, Japan, South Korea, China, Taiwan – 139.
 - ✓ Other Market - 70 Countries.
- ✓ Benefits under this Scheme has been extended to SEZ units.
- ✓ Supporting manufacturer (Subject to disclaimer from the exporter) can also opt for the benefits if the shipping bill is jointly filed.

Ineligible categories under MEIS

- ✓ EOUs / EHTPs / BTPs/ STPs who are availing direct tax benefits / exemption.
- ✓ Supplies made from DTA units to SEZ units
- ✓ Export of imported goods covered under paragraph 2.46 of FTP
- ✓ Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India
- ✓ Deemed Exports
- ✓ SEZ/EOU/EHTP/BPT/FTWZ products exported through DTA units

Ineligible categories under MEIS

- ✓ Service Exports.
- ✓ Export products which are subject to Minimum export price or export duty
- ✓ Diamond Gold, Silver, Platinum, other precious metal in any form including plain and studded jewellery and other precious and semi-precious stones
- ✓ Ores and concentrates of all types and in all formations
- ✓ Cereals of all types
- ✓ Sugar of all types and all forms
- ✓ Export of milk and milk products.
- ✓ Export of Meat and Meat Products.
- ✓ Exports made by units in FTWZ.

- ✓ Online filing application using digital signature on DGFT website.
- ✓ Application to be filed in ANF 3A & the relevant shipping bills & e-BRC shall be linked with online application.
- ✓ No Application Fees
- ✓ For exports under EDI ports, applicant need not submit hard copy of applications to DGFT, including shipping bills, e-BRC's, RCMC etc. However, Landing Certificate is required to be submitted.
- ✓ For non EDI ports, applicant continues to submit EP copy of the shipping bill, proof of landing. But at same time, need not submit hard copy of application to DGFT, e-BRC RCMC only scan copies of documents to be uploaded.
- ✓ The application for duty credit scrip under MEIS is to filed within a period of 12 months from let export date or 3 months from the date of uploading EDI shipping bill on DGFT server by customs and printing/ release of shipping bills for non EDI shipping bills whichever is earlier.

- ✓ Original documents not submitted at the time of application has to be retained by the applicant for a period of 3 years from the date of issue of the scrip, & needs to be presented on demand at any time within 3 years.
- ✓ Non production of documents will result into surrendering the scrip or in case if used, liable to duties, along with interest.
- ✓ The application has to be submitted year wise and only 50 shipping Bills can be considered in one application.
- ✓ Split Certificate of Duty Credit Scrip subject to minimum of Rs. 5 lakhs and in multiples thereof.

- ✓ If MEIS is available to all countries, then landing certificate is not required.
- ✓ For export to specific countries, landing documents have been prescribed and to be submitted alongwith the application.

Landing Certificate :

1. Self Attested Copy of Import Bill of Entry filed by the Importer
2. Delivery Order issued by the Port Authorities
3. Arrival Notice issued by Goods Carrier
4. Tracking Report from the Goods Carrier (Shipping Line / Airline etc..) duly certified by him evidencing the arrival of Cargo
5. For Land Locked notified Market, Rail / Lorry Receipts of transportation
6. Any other document that proves satisfactorily that the goods have reached the destination.

Declaration on the Shipping bill is required to be made w.e.f 1st June, 2015 as under :

“We intend to claim rewards under Merchandise Exports from India Scheme (MEIS)”

For the Exports made from 1.4.2015 to 30.09.2015, clarification has been given that wherever declaration has put on the Shipping Bill but the Exporter has inadvertently Marked as “N” in the Export reward Scheme and the exporter wishes to seek benefit of the scrip then,

DGFT (Systems) shall transmit the said Shipping Bills and in these case, EP Copy of the Shipping Bill will be required to be submitted to DGFT.

Service Exports From India Scheme

Objective

- ✓ SEIS apply to 'Service Providers located in India' instead of 'Indian Service Providers'.
- ✓ Service providers providing notified services in Appendix 3D are covered under this scheme.

Utilization of the Scrip : For Payment Of

- ✓ Customs duty
- ✓ Excise Duties
- ✓ Service tax except **Swaccha Bharat Cess**
- ✓ Customs Duties in case of EO defaults for Advance Authorisation, DFIA and EPCG Authorisation. However, payment of penalty and Interest has to be paid in Cash.
- ✓ Composition fees under FTP, for payment of application fees and for payment of value Shortfall in EO under Advance Authorisation

Eligibility

- ✓ Supply of Services from India to any other country i.e. Cross border trade & supply of services from India to service consumer(s) of any other country i.e. services consumed abroad will be eligible for SEIS.
 - ✓ Thus SEIS is applicable to all service providers located in India.
 - ✓ Ongoing litigation due to “Indian Service Providers” have been put to rest.
- ✓ Service providers having minimum **Net free foreign exchange** earning US \$ 15,000 in preceding F.Y. are only eligible for this scheme.
- ✓ Minimum limit for individual service provider is NFE more than or equal to US\$ 10,000 in preceding financial year.

Eligibility

- ✓ Net foreign Exchange
 - (=) Gross earnings in foreign exchange relating to service sector by the IEC holder in the FY.
 - (-) Total expenses/ payments/ remittances in foreign exchange relating to service sector by IEC Holder in the FY.
- ✓ Similar service providers of services listed in Appendix 41 of HBP v1 are specified in Appendix 3D. (3% & 5% Reward)
 - ✓ Services with 5% reward:
 - ✓ Professional Services (Legal, Accounting, Auditing, Book Keeping etc.).
 - ✓ Research & Development Services (On natural Sciences, on social Sciences etc.).

Eligibility

- ✓ Rental / Leasing Services without operators (Ships, Aircrafts etc.)
- ✓ Communication Services (Audio visual, Motion Picture, Production & distribution etc.)
- ✓ Construction & related Engineering services.
- ✓ Educational Services (Primary, Secondary, higher education etc.).
- ✓ Environmental Services (Sewage, sanitation etc.).
- ✓ Health related & Social Services (Hospital Services).
- ✓ Travel Agencies & Tour operator Services.
- ✓ Recreational, Cultural & sporting services
- ✓ Transport Services (Maritime, Air, Road Transport Services).

Ineligible categories under SEIS

- ✓ Foreign exchange remittances other than those earned for rendering of notified categories of services are ineligible under SEIS.
- ✓ Export Turnover relating to services of units operating under SEZ/EOU/EHTP/STPI/BTP Schemes or supply of services made to such units.
- ✓ Export of goods.
- ✓ Foreign Exchange remittances relating to financial service sector
- ✓ Raising of FCC Loans, Foreign Equity, sale of securities etc.
- ✓ Foreign Exchange remittances through contract / regular employment abroad (Labour remittances).
- ✓ Payment from EEFC account.
- ✓ Service providers in Telecom Sectors.
- ✓ Services provided by Airlines, Shipping lines, plying from any foreign country to any other foreign country without touching India.

Procedure

- ✓ Application for SEIS scrip to be made on annual basis in ANF 3B
- ✓ Online application to be made using digital signature.
- ✓ No application Fee
- ✓ The last date for filing of application is 12 months from the end of relevant financial year.
- ✓ E-BRC to be linked with DGFT site

REFER SEPARATE SHEET

Other Points :

- ✓ Validity of the Scrip is 18 months.
- ✓ The Scrips are freely transferrable without any condition.
- ✓ Scrip being goods, VAT / CST is applicable on sale of the scrip
- ✓ Supplementary Claim can be filed with late cut of 2% on the entitlement
- ✓ Cenvat Credit / Drawback can be claimed
- ✓ **CA Certification is required for Earnings in NET Foreign Exchange under SEIS and not required for MEIS Application**

LATE CUT Charges :

Delay in Application	% Late Cut on the Scrip Value
Application received after the expiry of last date but within six months from the last date	2%
Application received after six months from the prescribed date of submission but not later than one year from the prescribed date	5%
Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date	10%

Transitional Arrangements

- ✓ The exports of service & goods made up to 31-March-2015 which were eligible for FPS/MLFPS/VKGUY/SFIS can submit in formats as prescribed under HBP v1 2009-14.
- ✓ Application for SHIS, IEIS & Agri Infrastructure incentive scheme to made in form and as per procedure prescribed in previous policy(ies).
- ✓ For goods exported and services rendered up to 31-March- 2015 of eligibility entitlement, transferability, usage of scrip and any other condition in force at the time of export of goods or rendering of the services, shall be applicable to such scrips.

SCHEME	FPS	FMS	MLFPS
Eligibility	Export of Notified Products to any country	Export to Notified Countries of any product	Export of Notified Product to Notified Country
Entitlement	2% to 7% of the FOB Value	3% of the FOB Value	2% of the FOB Value
Utilisation	For Payment of Customs Duty, Excise Duty, Service tax on inputs and Capital goods	For Payment of Customs Duty, Excise Duty, Service tax on inputs and Capital goods	For Payment of Customs Duty, Excise Duty, Service tax on inputs and Capital goods
Transferability	Free	Free	Free
Time for Application	12 months from date of Export / 6 months from the date of realisation whichever is later	12 months from date of Export / 6 months from the date of realisation whichever is later	12 months from date of Export / 6 months from the date of realisation whichever is later

SCHEME	SFIS	SHIS	IEIS
Eligibility	Export Earning by Indian Service Provider exceeding Rs. 10 lacs p.a.	Being Status Holder and not availed EPCG in the previous year. Eligible for Year 2009-10, 2010-11, 2011-12, 2012-13	Incremental Exports for the year 13-14 over 12-13 and exports for the quarter JM 13 over JM 12 of USA, Europe, Asia, and to specific countries of America and Africa
Entitlement	10% of the Exports Earnings	1% of the Export Turnover	2% of the Incremental Turnover
Utilisation	For payment of Excise duty and Customs duty on Capital Goods	For payment of Excise duty and Customs duty on Capital Goods of Eligible Sectors	For Payment of Customs Duty, Excise Duty, Service tax on inputs and Capital goods
Transferability	Transferable between Group Companies	Transferable between Status Holders	Free
Time for Application	12 months from the end of year	12 months from the end of year	12 months from date of Export / 6 months from the date of realisation whichever is later

DEEMED EXPORTS

- ✓ Physical Exports - Exports outside the country & Supplies to SEZ
- ✓ Deemed Exports are those transactions wherein the goods do not leave the country and the payment is received either in INR or FC.
- ✓ Chapter 8 changed to Chapter 7

Supply by Manufacturer :

- ✓ Supply of goods against Advance Authorisation & DFIA
- ✓ Supply of goods to EOU / STP / EHTP/ BTP
- ✓ Supply of capital goods against EPCG Authorisation
- ✓ **Supply of Marine Freight Containers by 100% EOU, provided that said containers are exported out of India within 6 months**

Supply by Main / Sub contractor :

- ✓ Supply of goods to projects financed by multilateral or bilateral agencies, funds notified by DEA, MOF under ICB
- ✓ Supply and Installation of goods and equipment to Projects financed by multilateral or bilateral agencies, funds notified by DEA, MOF under ICB.
- ✓ Supply of goods to project approved by MOF by notification, where imports are at Zero Customs Duty
- ✓ Supply to Mega Power Projects
- ✓ Supply of Goods to United Nations or International Organisations
- ✓ Supply of Goods to projects funded by United Nations or International Organisations
- ✓ Supply of goods to Nuclear Power projects through ICB

BENEFITS OF DEEMED EXPORTS :

1. Supply of Goods against Advance Authorisation / DFIA
2. Deemed Export Drawback
3. Refund of Terminal Excise Duty.

- ✓ Supplies will be eligible for Deemed Export Drawback under ALL INDUSTRY RATE only if the supplier has not availed the Cenvat Credit. (Rate without Cenvat Credit)
- ✓ In case the supplier has availed Cenvat Credit, then AIR Drawback is not allowed and under Drawback under Brand rate will be admissible

- ✓ Refund of TED shall be allowed only when the recipient of goods does not avail Cenvat Credit.
- ✓ In case, where Excise duty is exempted ab-initio, then TED will be ineligible.
- ✓ In Following cases Excise duty is exempted ab-initio :
 - ✓ Supplies under ICB
 - ✓ Supplies of Intermediaries under Invalidation / ARO
 - ✓ Supplies to EOU / EHTP / STP
 - ✓ Supplies to UN / International Organisations or Projects funded by them

- a) Purchase Order**
- b) Disclaimer Certificate**
- c) ARE-3 duly attested by Central Excise Authorities w.r.t. duty free goods along with Excise invoice**
- d) Excise invoice / statement of invoices duly attested by Central Excise Authorities w.r.t. duty paid goods**
- e) Bank Payment Certificate**
- f) Indemnity Bond**
- g) Pre-receipt**
- h) Valid RCMC of the supplier (where supplier intends to take benefit)**

- (a) Purchase Order**
- (b) Disclaimer Certificate**
- (c) Bill of Material for goods supplied**
- (d) Manufacturing Process and Flowchart**
- (e) Bill of Entries / Excise invoices w.r.t. procurements during 3 months prior to date of first shipment**
- (f) Statement of stock as on commencement date (i.e. date of first Bill of Entry / Excise invoice as per above)**
- (g) ARE-3 duly attested by Central Excise Authorities w.r.t. duty free goods along with Excise invoicectd**
- (h) Excise invoice / statement of invoices duly attested by Central Excise Authorities w.r.t. duty paid goods**
- (i) Bank Payment Certificate**
- (j) Indemnity Bond**
- (k) Pre-receipt**
- (l) Valid RCMC of the supplier (where supplier intends to take benefit)**

- (a) Purchase Order**
- (b) Disclaimer Certificate**
- (c) Excise invoice / statement of invoices duly attested by Central Excise Authorities w.r.t. duty paid goods**
- (d) ER-1 / ER-3 of the supplier as proof of payment of duty on supplies**
- (e) Bank Payment Certificate**
- (f) Indemnity Bond**
- (g) Pre-receipt**
- (h) Valid RCMC of the supplier (where supplier intends to take benefit)**

Type of Benefit	Benefit by Supplier	Benefit by EOU
Deemed Exports Drawback – All Industry Rate	Jurisdictional Office of DGFT	Development Commissioner, SEEPZ only of cenvat credit is not availed by Supplier
Deemed Exports Drawback – Brand Rate	Jurisdictional Office of DGFT	Development Commissioner, SEEPZ
Advance Authorisation / EPCG / DFIA	Jurisdictional Office of DGFT	N.A.
Terminal Excise Duty	Jurisdictional Office of DGFT	Development Commissioner, SEEPZ

THANK YOU.

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