

Impex # 1

## Department of Revenue notifies procedure under e-commerce exports under MEIS scheme

CBEC issues circular on procedure for exports through Foreign Post Offices of Delhi/Mumbai/Chennai using e-commerce platform under MEIS scheme.

A lot of business these days takes place via e-commerce. The trend is increasing day by day. The mode is used in exports as well. In order to facilitate the use of e-commerce in exports, DGFT has made a provision of e-commerce in FTP of 2015-20, provided in para 3.05 of the FTP of 2015-20. Now, CBEC has issued a Customs Circular no. 36/2016-Customs, dt 29-07-2016 containing the 'Procedure for exports through FPO (Foreign Post offices), Delhi/Mumbai/Chennai using the platform of e-commerce under MEIS scheme of chapter 3 of FTP 2015-20. A copy of circular is reproduced below:

### **Copy of Circular No. 36/2016-Customs, dated 29th July, 2016**

Subject: Procedure for exports through FPO, Delhi / Mumbai / Chennai using e-commerce platform under MEIS Scheme of Chapter 3 of Foreign Trade Policy (2015-20)

Para 3.05 of the Foreign Trade Policy (FTP) 2015-20 provides for export of goods through select foreign post offices as a part of e-commerce exports. Exports of goods through foreign post office using e-commerce shall be permitted through the Foreign Post Offices at Delhi, Mumbai & Chennai. The exports shall be entitled for rewards under MEIS. The list of eligible categories of goods under MEIS have been listed in Appendix 3C of the FTP. If the value of exports using e-commerce platform is more than Rs 25,000 per consignment, then MEIS reward would be restricted to an FOB value of Rs.25,000 (Rs. Twenty five thousand only).

2. DGFT vide Notification No. 02 dated 11th April 2016 has defined e-commerce for the purpose of MEIS under Chapter 9 of the Foreign Trade Policy (2015-2020) as under: 9.17A: "e-commerce means buying and selling of goods and services including digital products, conducted over digital and electronic network. For the purposes of merchandise Exports from India Scheme (MEIS) e-commerce shall mean the export of goods hosted on a website accessible through the internet to a purchaser. While the dispatch of goods shall be made through courier or postal mode as specified under the MEIS the payment for goods purchased on e-commerce platform shall be done through international credit/debit cards and as per the Reserve Bank of India Circular "(RBI/2015-16/185) [AP (DIR Series) Circular No. 16 dated September 24 2015] as amended from time to time."

3. In view of the above, the Board has prescribed the following procedure for export of goods sold through e-commerce from FPOs at Chennai, Delhi and Mumbai. Any exporter holding a valid Import-Export Code shall be permitted to export goods sold through e-commerce through the FPOs at Delhi, Mumbai & Chennai. The exporter shall be required to file a Postal Bill of Export (PBE) in the format appended to this circular.

4. The declaration for claiming of benefit under MEIS shall be made by the exporter on the PBE. Every PBE shall be filed in duplicate and shall cover only one consignor and up to ten consignees. In other words, a maximum of 10 shipments can be effected using a single Postal Bill of Export.

5. The exporter shall be required to attach the invoice(s) with the PBE. He shall also be required to provide specific details of the e-commerce transaction in the PBE, namely:

- (a) URL of the website through which goods have been sold;
- (b) the "stock keeping unit" (SKU) number as a reference link to the sale through e-commerce on the website; and
- (c) payment transaction reference number corresponding to the payment received through international credit card / debit card for the sale made on the website.

Impex # 2

## DGFT issues Trade Notice containing clarification of counting exports to SEZs against EPCG authorizations

DGFT issues Trade Notice on 'Closure of EPCG authorisations in case of supplies to SEZ units which has been made prior 01-04-2015 and where export proceeds have not been realised through Foreign Currency Account (FCA) of the SEZ unit.

It is an underlined principle of all incentive schemes of FTPs that the export proceeds should be realized in free foreign exchange. This is natural, otherwise how does one earn a major chunk of foreign exchange for imports. The provision of earning foreign exchange only against supplies to SEZ was not clear in para 5.7.2 of HBP(Vol. 1) of 2009-14. Since EPCG authorizations issued under FTP of 2009-14 have not ended with the end of 2014 but many of them continue much beyond, DGFT has issued a Trade Notice No. 10/2016 dt 20-07-2016 containing clarifications in para 3 and para 4 of the Trade Circular. A copy of the Trade Notice is reproduced below:

### **Copy of Trade Notice No. 10/2016-Customs, dated 20th July, 2016**

Subject: Closure of EPCG authorizations in case of supplies to SEZ units which have been made prior to 01.4.2015 and where exports proceeds have not been realized through Foreign Currency Account (FCA) of the SEZ unit

Attention is invited to Para 5.7.2 of HBP 2009-14, Para 5.7.2 of HBP 2004-09 (RE 2008) and the relevant Paras of the earlier policies. Para 5.7.2 stipulates as under: "Export proceeds shall be realized in freely convertible currency except (or deemed exports. Exports to SEZ units/Supplies to developers / Co-developers, irrespective of currency of realization would also be counted for discharge of Export obligation."

2. The matter has been examined. It is reiterated that, Para 5.7.2 of HBP 2009-14 read with relevant Paras of earlier policies did not stipulate that DTA units supplying goods under EPCG scheme to SEZ units had to realise payment from Foreign Currency Account (FCA) of SEZ unit, for discharge of Export Obligation. Moreover Rule 30 (8) of SEZ Rules, 2006 do not stipulate that it is mandatory for SEZ units to make payment to EPCG authorisation holders from Foreign Currency Account (FCA) of the unit.

3. It has been decided, in consultation with SEZ Division of Department of Commerce, that closure/redemption/ EODC may be allowed in cases where EPCG authorisation holder has made supplies to SEZ units and has not realised the proceeds from the Foreign Currency Account (FCA), in case of supplies which have been made prior to 1.4.2015.

4. However, It is further clarified that Para 5.11 of HBP 2015-20 under the current FTP provides that exports to SEZ units /supplies to developers /co-developers shall be taken in to account for discharge of EO provided payment is realised from Foreign Currency Account of the SEZ unit. Hence condition of Para 5.11 of HBP 2015-20 shall have to be complied in respect of EPCG authorisations issued under FTP 2015-20. Para 5.11 of HBP shall also be applicable in respect of EPCG authorizations issued under the earlier policies but where exports have been made on or after 01.04.2015 or payments have been realised after 31.03.2015.

## CBEC issues a Custom Circular to raise the limit of sale of goods at Duty Free Shops in Indian Currency to Rs. 25,000 from Rs. 5000.

Since our foreign exchange reserves are quite comfortable at more than \$350 billions, RBI has no problem in liberalising provisions of no big nature, here and there. In Dec 2015, RBI permitted export from and import into India of Indian Currency upto an amount not exceeding Rs. 25,000 per person. In view of the aforesaid liberalisation, CBEC has issued a Custom Circular No. 31/2016-Customs dt 06-07-2016 containing the decision that in consonance with the regulation of RBI, passengers shall be permitted to purchase goods at duty free shops in Indian rupees to an amount not exceeding Rs. 25,000. Extracts from Custom Circular dt 06-07-2016 referred to above is reproduced below:

### **Copy of Custom Circular No. 31/2016-Customs, dated 6th July, 2016**

Subject: Sale of goods at Duty Free Shops in Indian Currency

Please refer to Circular No. 495/7/2005– Cus VI dated 28th September 2005 regarding the ceiling in payments in Indian currency of Rs. 5000/- for purchases by passengers at duty free shops at International Airports.

2. RBI has vide Notification no. FEMA 6 (R)/RB–2015 dated 29th December 2015 permitted export from and import into India of Indian currency up to an amount not exceeding Rs 25,000/- (Rupees twenty five thousand) per person. Any person resident in India is permitted to take outside India (other than to Nepal or Bhutan) or bring into India (other than from Nepal or Bhutan) currency notes up to an amount not exceeding Rs 25,000/-. Similarly, any person resident outside India, not being a citizen of Pakistan or Bangladesh, and visiting India, has also been allowed to take outside India or bring into India, Indian currency notes upto an amount not exceeding Rs 25,000/-.

3. In view of the aforesaid regulations notified by the RBI, the Board has reviewed the circular dated 28th September 2005. It has been decided that in consonance with the regulation of the RBI, passengers shall be permitted to purchase goods at duty free shops in Indian rupees up to an amount not exceeding Rs 25,000/-.

4. Representations have also been received from travelers that duty free shops neither display prices in Indian Rupees nor display India made goods at duty free shops, which depreciates the visibility of Indian manufactured products and Indian currency. This issue was discussed during the course of consultations with Duty Free Shop operators. It was explained that CBEC has provided the facility of duty free procurement of excisable goods by Duty Free“shop operators and the procedure has been prescribed under circular no. 970 / 04 / 2013-Cx dated 23rd May 2013 read with Notification 7/2013 C.E(NT) dated 23rd May 2013. They were also requested to display prices of goods in Indian currency alongside of international currencies. It was also suggested that as a measure of transparency and fair practice, they should display the rate of exchange published by the commercial banks for conversion of foreign currency or the rate of exchange notified by the CBEC on a fortnightly basis for import and export of goods. The Industry representatives were agreeable to implementing the above measures.

**Question :** We are participating in a B2C exhibition where we intend to sell goods to recover some cost. How can we bring money in lieu of goods which will be sold abroad?

**Answer :** Participants in international exhibitions and trade fairs have been granted general permission vide regulation 7 (7) of the Foreign Exchange Management (Foreign Currency Account by a Person Resident in India) Regulations for opening a temporary foreign currency account abroad.

You may deposit the foreign exchange obtained by sale of goods at the International exhibitions and trade fairs and operate the account during your stay outside India provided that the balance in the account is repatriated to India through normal banking channels within a period of one month from the date of closure of the exhibitions and trade fair and full details are submitted to the concerned banks.

**Question :** How much support is available to a MSME manufacturer under MDA Scheme of Ministry of MSME?

**Answer :** The Govt. of India will reimburse 75% of air fare by economy class and 50% space rental charges for micro and small manufacturing enterprises of General Category entrepreneurs. For women / SC / ST entrepreneurs, and those from North Eastern Region, Government of India will reimburse 100% space rent and economy class air fare. The total subsidy on air fare and space rental charges will be restricted to Rs.1.25 lakh per unit.

**Question :** Can we submit Chartered Engineer certificate for installation of a machine imported under EPCG though we are an excisable unit? How can we install a machine at the factory of our supporting manufacturer?

**Answer :** Installation Certificates (ICs) for capital goods have been permitted to be from Jurisdictional, Central Excise or independent Chartered Engineer under EPCG scheme. In the latter case, the unit would send copy to the Jurisdictional Central Excise office. Capital goods may be installed at supporting manufacturer's premises if prior to such installation the latter's details are endorsed on the authorization by Regional Authority, who shall also as per Paragraph 5.02 of Policy, intimate the change to jurisdictional Central Excise offices and the Customs where authorisation is registered.

**Question :** Kindly let us know the important regulatios for "Sawn Timber" into India and basic import duty, if imported from Vietnam.

**Answer :** The import of sawn timber is free in India under the Foreign Trade Policy 2015-2020. All the consignments of timber, however, shall be inspected onboard prior to unloading at the port of arrival by an officer duly authorized by the Plant Protection Adviser to the Government of India and if necessary, fumigated or treated on board before unloading as per Clause 9 (2) of Plant Quarantine (Regulation of Import Into India) Order, 2003. Provided that this condition shall not apply for containerized cargo, which shall be Inspected by an authorized Plant Quarantine Officer after unloading of the containers from the ship at the port or Container Freight station or Inland Container Depots under the jurisdiction of concerned Plant Quarantine Station as per Clause 9 (2) para 2 of PQ Order 2003.

The MFN tariff is 10%. However, if imported from Vietnam under India ASEAN FTA, the basic customs duty (MFN) is reduced zero provided you meet the Rules of Origin Criteria of CTSH + 35% RVC.