

Minutes of Outreach Program & Open House for EOUs & DTA units on Trade Credit Insurance & Recent Developments held on 25th October 2024 in Goa under the Chairmanship of Zonal Development Commissioner, SEEPZ-SEZ.

EPCES in association with Development Commissioner Office, SEEPZ organized an Outreach Program and Open House for EOU and DTA units on Trade Credit Insurance and Recent Developments on 25th October, 2024 in Goa. Shri Dryaneshwar Patil, IAS, Zonal Development Commissioner, SEEPZ-SEZ, Shri CPS Chauhan, IRS, JDC SEEPZ-SEZ, Dr Prasad Varwantkar, IRS, DDC, SEEPZ-SEZ, Shri G S Bhandari, ADC and Shri Palash Shankar, ADC were present during the occasion.

2. Also present were Shri Santosh Saran, IRS Addl Commissioner, Goa Customs and Shri Basant Kumar Addl Commissioner, CGST Goa Customs. Associate Partner ECGC Ltd and Knowledge Partner BDO India LLP. There were around 70 participants present during the event.

3. Shri Tanu Aggarwal, DDG EPCES welcomed the dignitaries on the dais and made a presentation on EPCES and services.

4. Shri CPS Chauhan IRS, JDC while addressing the participants said that the DC Office SEEPZ has been adapting measures for the ease of doing business for the unit holders, DC SEEPZ has been very pro-active and strengthened these developments. Web links have been created for the unit holders to discuss and share their points/suggestions with the respective officers to ease out their issues. Whatsapp groups created for the EOUs to enable them to share their queries, etc.

5. DC SEEPZ has initiated such open house programs outside the SEEPZ Zone so as to meet, discuss and understand and subsequently take effective steps in resolving the same. Such programs shall be initiated and organized from time to time in the areas under the SEEPZ jurisdiction.

6. He further said units instead of sending any individual representations can compile the issues and forward it through respective export promotion council, viz EPCES and the council can take it up on behalf of their members with DC Office for any routine matters / issues relating to the region. In case of any policy issue the council shall represent it to the higher authorities accordingly. The council bridges the gap between the authorities and the trade and has been providing their services in the best possible way for the benefit of the member units. They have been doing good work to ease out the hurdles as much as possible.

7. JDC also said that these meetings shall be repeated within the span of five to six months so as to get an update on the interactions had and review the status.

8. Shri Santosh Saran while addressing the participants expressed his appreciation to the organizers for organizing such an event wherein

the stakeholders and the authorities are on the same platform to share their views, suggestions and interact to resolve many of the queries. He further said government is trying in every way to ease doing of business and the exporting fraternity who are bringing foreign exchange to the country should not face any difficulties as far as possible. He further said if any of the participants are facing any difficulties which have not yet been resolved, they can forward an email or even visit the Goa Customs office so as to resolve such issues.

9. Shri Basant Kumar, Addl. Commissioner, CGST, Goa Customs while speaking to the participants said that any queries / issues relating to his department can be forwarded to his office or the concerned units can visit his office so as to resolve the issues.

10. The Zonal DC, SEEPZ-SEZ while addressing the participants said that he and his entire team have been taking proactive steps so as to eliminate the hurdles and ease of doing business. Regular discussions, whatsapp groups, web links have been provided to the unit holders to share their queries and initiative are being taken by him and his team to go through such issues and resolve them at the earliest. He appreciated that participants turned up in large numbers for the open house and said such events shall be organized in different areas under SEEPZ jurisdiction from time to time. He further requested to forward their queries by email, the contacts of all the officers are provided on the website and participants should take best advantage of all the platforms available to resolve their issues and queries. Also directed that all contact numbers and email id should be shared to all participants through registered email id of participants.

11. Shri Gyanendra Tripathi, BDO India LLP highlighted on EOU on the EOU scheme, its benefits and also specified on the handling of departmental audits. The presentation is **attached** with this minutes of meeting.

12. Shri Sanjay Kumar ECGC elaborated on the currency of the policy, the risks covered such as the commercial risks, political risks, premium and charges. The documents and the information requirements for processing of the policy proposals and also the major obligations post issuance of cover. The presentation is **attached** with this minutes of meeting.

13. Regional Director, EPCES, SEEPZ while proposing the vote of thanks thanked the dignitaries on the dais for all the proactive initiatives taken by the authorities in understanding, discussing as well as taking various steps to resolve the issues of the unit members swiftly. DC Office team has always been very cooperative and supportive whenever approached. Thanked the participants for coming together from different parts of Goa and sharing their views and interacting with the authorities. She further said in case of any queries / points / suggestions relating to their sector emails can be forwarded to the EPCES regional office so as to represent it accordingly.

14. Thanked the partners BDO & ECGC for their elaborate

presentations which have been helpful to the participants.

POINTS DISCUSSED

1. Reintroduce the scheme of source based exemption for EOU as against refund based exemption for domestic supply of goods & services to EOU.

It is submitted that, the existing scheme of export refund under rule 89 of CGST Rules read with section 54 of the CGST law or Deemed export refund as per CGST notification 48/2017 has many procedural aspects and this has created undue burden on the assesses to file exhaustive documents either at the time of filing refund application or subsequent to filing of refund application in pursuance of notice from refund adjudicating authority. Further, this has also created burden on Govt. machinery to verify & sanction GST refund claims of assesses. During this process effectively, the working capital of assesses gets blocked atleast for 6 months to 8months from the date we procure inputs or input services for manufacture & export of pharmaceutical product.

In the light of above, it is submitted that, Govt. may kindly reintroduce the scheme of source based GST exemption on submission of certain form by EOU's for domestic procurement of inputs & capital goods by EOU's. In the pre-GST regime, EOU's were enjoying source based exemption from central excise duty against CT3 form for procurement of inputs & capital goods from manufacturer. Similarly, under Goa Value added tax, EOU's were enjoying Goa VAT exemption for all goods supplied by dealer in Domestic Tariff Area (DTA) to EOU against form "A" provided it is used for manufacturing, processing or assembling within the state of Goa.

It is submitted that, if the Govt. can re-introduce source based GST exemption for inputs & capital goods then it will release significant working capital requirement for running the business by EOU's. Further, it will reduce procedural requirement of refund filing by assesses and verification by Govt. authorities. This will release substantial burden on Govt. machinery to dispose of GST refund claims within the statutory timelines under GST law.

2. Requirement of filing monthly & half yearly return to customs authority by EOU's to be done away and all the requisite information to be included in quarterly compliance:

Currently, EOU's are required to file monthly, quarterly and half yearly returns to the customs in manual form & assesses is required to give information for details of goods imported, duty forgone, quantity consumed, goods manufactured & exported, closing balance etc. It is submitted that, the periodicity of such compliances should be made quarterly containing all the requisite information & to do away with

monthly & half yearly filing of return by EOU with jurisdictional customs authorities.

3. Facility of avilaing the re-credit in the B-17 bond should be available for EOU's inthe ICEGATE portal:

Recently customs has implemented automated system for (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 in respect of EOUs for registration & generation of IIN No. and utilizing continuity bond. However, in respect of EOU, B-17 bond is multipurpose bond and used for import as well as for export purpose. Currently in the ICEGATE va Pharma portal, there is no facility of re-credit of bond amount when the finished goods are exported. It is submitted that, the automated system of Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 in respect of EOUs for registration & generation of IIN No. should also contain complete feature of B-17 bond and therefore, it should also contain the facility of re-credit on export of goods. Once this is completely automated, it will be beneficial to the assesses as well as to the Govt. and it will be certainly a positive step towards ease of doing businesses in India.

1)Teva Pharma (Watson Pharma)

Customs / DGFT / DC Office should come under one window scheme so that the EOUs do not have to go through all the three authorities. The matter has been represented and the required decisions are still awaited.

JDC directed to concerned officers that the representation from M/s Teva Pharma shall be taken further by his good office.

2) Import of Steel parts

As per DGFT clarification F.No. 01/89/180/Moni-5852/AM-03/PC-2, for circular Policy Circular No. 29/2015-2020,

Can steel and steel parts be imported through airfreight without SIMS registration? Response: There is no restriction on mode of transport but SIMS will not be applicable on air freighted goods as this mode is used for emergency/small volume -high value goods required at short notice.

The above clarification does not clarify to what extent of volume registration is not required. As a ship building sector where certain items are needed as one set from one supplier. Normally because of high volume these items are coming by sea in India (use Nhava Sheva port). There may be 100 items out of which one or two may be covered under

CH 72,73. Weight of the item is also negligible. For example the item is integrated is integrated system for prevention of corrosion to vessel. It contains various components. Total weight of the consignment is 1800 kgs, but the steel in the consignment is just 0,2 kgs.

Similar are the cases in case of copper and Aluminium, these are raw materials and will be exported by ship.

The concerned departments may be requested to make compulsory registration based on the quantum / quantity of import and not on the mode of import."

It is suggested that SIMS (Steel Import Monitoring System) should be clearly on weight basis, irrespective of mode of transport.The office of Development commissioner will examine this issue if needed then clarification will be issued to concern custom authority.

M/s Chowgule & Co.

Every small amount of import of steel registration is mandatory with SIMS even if there are small steel items forming a part of a huge consignment. The unit requires exemption of import of small quantities of steel from mandatory registration under SIMS.

JDC asked for a detailed representation with the quantity of import being undertaken so that the matter can be reviewed and represented to DGFT.

EPCES shall also follow up the matter.

3) EOU to EOU supplies may be covered under Form A procedure so that the GST paid on supplies can be claimed as refund.

GST free procurement of services or procurement of services under Form A may be allowed for EOU.

Challenges faced for import consignment clearance against the IGCR

Suggestion : point 1 and 2 will have positive impact on working capital and point no 3 will ease the process of issuing Annexure and custom clearance.

M/s Deccan Chemicals

JDC - Presently form A does not cover EOU to EOU supplies.

The unit has been requested to forward a detailed representation so that it can be taken up with the concerned authorities.

4) GST Law:

Syngenta Biosciences Private Limited (SBPL) is an EOU set up in 2005 having its registered place of business at Santa Monica Works, Ilhas, Corlim, North Goa. LOP NO : PER/40(2005)EOU/33/05-06/7460 dated 05.08.2005 & Green Card No. 21113 dt. 25/06/2021. Registered under GSTIN 30AAACZ0348M1ZE on 1st July 2017. SBPL is a part of Syngenta Group which is headquartered in Switzerland. Syngenta Group of Companies worldwide are one of the leading companies in innovation and manufacturing of agrochemical products (Insecticide, Pesticide, Herbicide, Fungicide, etc.) and Syngenta Group has set up four Chemical Research and Development Centre across the world, i.e at Jealott's Hill (United Kingdom), Stein (Switzerland), Greensboro (USA) and Goa (India) (i.e. SBPL, Goa). Total impact is INR 641 million from July 2017 to March 2024.

SBPL carries out the 'Research & Development Activity' vide major two divisions, i.e., the Research Division works on developing the new chemical compounds Product Technical and Engineering Division is engaged in performing various product chemistry tests and analytical tests in respect compound developed across the world

Average annual NFE - 1300 Mio

Average annual Export Turnover of SBPL is approx. - 1200 Mio

Despite EOU, following all the provisions set by GST LAW and all services provided are in nature of export services, GST refund claims are rejected which can be additional cost to the recipient of services, therefore, GST revenue authorities are to be advised accordingly to close litigations and allow refund claims filed by Syngenta Goa.

Requested to unit to share specific case to DC office .

(2) Product Technical and Engineering Division (T&E) :

T&E division carries out the activity of chemicals / products / Active ingredients received as samples from other Labs of the Syngenta - Global and test reports are sent to the Syngenta Global.

As per GST law, since the testing is done on samples received from Syngenta (Global) same is treated as Performance based services and GST is applicable @ 18% which is additional burden to the recipient of the services outside the country.

Total impact of additional tax alibility INR 183 Million from July 2017 to March 2024

Despite EOU, following all the provisions set by GST LAW and all services provided are in nature of export services, therefore, GST revenue authorities are to be advised accordingly to consider this as export of services and GST is not applicable.

Similar issue of Pharma Industry has been addressed by GST council by issuing Notification No 04/2019 IGST, dated 30/09/2019 for research and development services wherein the place of supply for such export

transactions of research and development services shall be the place of recipient of services even if the samples are received from the recipient of service located outside India, is treated as export of services and GST is not applicable

Similarly, GST revenue department is not considering the same while adjudicating the similar matters related to R&D. Export of service companies of non pharmaceutical sectors.

Align to the legal framework and its applicability for any Research and Development center.

LAW

- are compliant with GST law and followed all the legal provisions.
- are eligible to get the accumulated Input tax credit against export of services as per GST Law which has been rejected by Goa CGST Office without considering the point of views / LAW.

Problem statement

- All refund claims are rejected by Goa CGST Commissioner office without considering the point of views / LAW.
- Huge amount of cash working capital blocked which is impacting the research center to manage the operation.

Solution

- Therefore, support is required to align / inform to CGST Commissioner's office - Goa to allow the input tax refund claims which was rejected earlier without considering the law.
- **The DC directed to JDC for examine this issue and needs any clarification then issue at our level.**

M/s Syngenta Biosciences Pvt Ltd

The matter is pending with GST Department Goa Customs. The unit has been requested to meet the concerned officer to discuss the matter and also share the updates with regard to the same so that it can be represented accordingly with the concerned authorities.

JDC further requested the participants who raised their queries to forward a complete representation of their issues to the D C Office so as to review and represent the issues.

EPCES has also requested the participants to forward their queries / representations so as to take up the issues with the concerned authorities.

The meeting ended with vote of Thanks

Signed by Dnyaneshwar

Dnyaneshwar B Patil

Date: 19-11-2024 14:45:49

Development Commissioner

Seepz