

GST updates

Date: 11 March 2019
Issues: Amendments to SEZ Rules, 2006

Renewal of validity of Letter of Approval

In case the application for renewal of validity of Letter of Approval is submitted within two months from the date of expiry the request for renewal and reasonableness of delay shall be examined by the Development Commissioner.

Earlier such request was placed before the Approval Committee. This amendment should result in faster approvals in such cases.

Computation of Net Foreign exchange Earnings ('NFE')

- For computation of FOB value of exports, the words '*manufactured in the Special Economic Zone and the value of the services (excluding traded goods)*' has been deleted. The impact is that an SEZ unit should now be eligible to import and re-export goods against foreign currency and such trading turnover should be included in the computation of NFE. This should have a positive impact.
- Supply of goods to any project or for any purpose notified by the Ministry of Finance now need not be under procedure of International Competitive Bidding.
- Services rendered in the Domestic Tariff Area and paid for in free foreign exchange are now included for computation of NFE. This should have a positive impact.
- For computation of costs, procurement of indigenous inputs would not be considered. This should have a positive impact on the computation of NFE.
- For the purpose of computation of value addition for the gems and jewelry sector, value of inputs domestically procured should not be considered. This should have a positive impact on the computation of value addition.
- It is pertinent to note that import of goods and subsequent sale to Domestic Tariff Area against foreign currency would still not be considered for computation of NFE.

Amendments to Annual Performance Report (Form-I)

Minor amendments in Part-I of the form requiring details of the SEZ unit and details to be provided for exports (foreign currency inflow).