

BASICS ON EXPORT BENEFITS



- 1 Merchandise Exports From India Scheme (MEIS)
- 2 Service Exports from India Scheme (SEIS)
- 3 About Us

1

Merchandise Exports From India Scheme (MEIS)

Merchandise Exports From India Scheme (MEIS) PROXCEL

- Introduced vide Foreign Trade Policy (2015-2020) on 1st April 2015.
- Incentivizes export of specified goods in specified markets.
- Merges Focus Product Scheme, Market Linked Focus Product Scheme, Focus Market Scheme, Agri. Infrastructure Incentive Scrip and Vishesh Krishi and Gram Udyog Yojana.
- Sector specific use of scrip and actual user condition done away
- The rewards are ranging from 2 % to 5 % on FOB value of exports on realization basis
- To offset infrastructural inefficiencies and associated costs involved in export of goods produced/manufactured in India, especially those enhancing India's export competitiveness.
- Available for Exports undertaken from 1st April 2015 onwards.

Use of Credit Scrip

- Payment of Customs Duties for import of inputs or goods, except items listed in Appendix 3A of FTP 2015-20.
- Payment of excise duties on domestic procurement of inputs or goods, including capital goods as per DoR notification.
- Payment of service tax on procurement of services as per DoR notification.
- Payment of Customs Duty and fee as per paragraph 3.18 of FTP 2015-20.

Eligibility Criteria

- Available on exports of notified goods to notified markets (countries) as listed in Appendix 3B.
- Appendix 3B lists the rate(s) of rewards on notified products.
- The scrip shall be valid for 18 months from the date of issue.
- Available on the value least of realized FOB value of exports or FOB value of exports as given in the Shipping Bills in free foreign exchange.
- Foreign Exchange earned through international credit cards and other instruments, as permitted by RBI shall also be taken into account

- Application in ANF 3A in relation to exports (other than Export through courier or post using e-Commerce), shall be filed online, using digital signature, with the concerned RA.
- Shipping bills, Landing Certificates and e BRC shall be linked with the on line application.
- Proof of landing not required in case the benefit available to all countries.
- If exports made through EDI ports: no need to submit hard copy of the applications, shipping bills, e-BRC and RCMC to RA.
- If exports made through non EDI ports: need to submit export promotion copy of non EDI shipping bills.

Application Procedure (Cont..)

- Separate application is required for each port of export.
- Original documents to be retained for a period of 3 years from the date of issuance of scrip for future reference.
- All categories of the shipping bills need the declaration of intent for claiming the benefit:
“We intend to claim rewards under Merchandise Exports From Indian Scheme (MEIS)”

- Export of consignment upto Rs. 25,000 of FOB value through courier or foreign post office using e-commerce, shall be entitled under the scheme.
- In case the value of consignment is more than Rs. 25,000, the benefit shall be restricted upto Rs. 25,000 only.
- Such goods can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai.

- Application in ANF 3D shall be filed online, using digital signature.
- Proof of landing in the manner prescribed under paragraph 3.03 of HBP need to be submitted.
- Separate application is required for each port of export.
- RA shall manually examine the submitted documents before granting the scrip.

Classification of Countries

- **Category A:** Traditional Markets (30) which consists of European Union (28), USA, Canada.
- **Category B:** Emerging & Focus Markets (139) which consists of Africa (55), Latin America and Mexico (45), CIS countries (12), Turkey and West Asian countries (13), ASEAN countries (10), Japan, South Korea, China, Taiwan
- **Category C:** Other Markets (70)

Ineligible categories

- EOUs availing direct tax benefits/exemption?
- Supplies from DTA to SEZ
- Deemed exports
- SEZ products exported through DTA
- Export by units in FTWZ
- Diamond & precious stones, gold, silver, platinum, other precious metal, ores & concentrates, cereals, sugar, crude oil, milk & milk products, meat & meat products
- SEZ / EOU / EHTP / BPT / FTWZ products exported through DTA units

Time Frame For Filing

Application shall be filed within a period of:

- Twelve months from the Let Export Order (LEO) or
- Three months from the date of:
 - Uploading of EDI shipping bills onto the DGFT sever by Customs
 - Print/Release of shipping bills for Non EDI shipping bills.

Whichever is later

2

Service Exports from India Scheme (SEIS)

- Export of services have been rewarded under SEIS scheme
- Served From India Scheme (SFIS) has been replaced with SEIS
- Rewards to all service providers of notified services who are providing services from India, regardless of their constitution or profile. Clarity on Indian Brands *vs* Foreign Brands.

- *Yum Restaurants (I) Pvt. Ltd. - W.P.(C) 7011/2012*

Eligibility

- Benefit is available on 'net foreign exchange earned' (NFEE)
Gross earning of foreign exchange minus Total expenses of foreign exchange relating to service sector.
- Minimum NFE of US\$ 15,000 (US\$ 10,000 for individual) in preceding year
- In respect of some specified services even Indian rupees would also be considered as 'deemed foreign exchange'.
- Service provider must have an active IEC at the time of rendering services
- The benefit of this scheme would be available on the services rendered on or after the date of notification

Ineligible categories

- Other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. unrelated to rendering of service
- EOU/ EHTP/ STPI/ BTP Schemes or supplies of services made to such units. (SEZ removed from this list w.e.f. 01.04.2015 vide Notification No. 8/2015-2020 dated 04.06.2015)
- Clubbing of turnover of services rendered by SEZ/ EOU/EHTP/ STPI/ BTP units with turnover of DTA Service Providers,
- Exports of goods
- Airlines, Shipping lines service providers plying from any foreign country X to any foreign country Y routes not touching India at all
- Telecom Sector
- DTA supply of services to SEZ (Policy Circular 1/2015-20 dated 11.06.2015)

Common provisions for MEIS and SEIS

➤ **Utilization of Scrip**

Payment of customs duty, excise duty on goods (including capital goods) and service tax on procurement of service tax per notification issued by Department of Revenue (DoR).

➤ **Freely transferable**

'freely transferable' and no 'actual user' condition or restricted usage for specified types of goods.

The goods, imported or domestically procured by debiting the SEIS and MEIS scrips, would be freely transferable.

➤ **Cenvat credit and drawback**

Debits of CVD, excise duty and service tax would be eligible for CENVAT credit and drawback.

BCD paid through cash and debit shall be adjustable for duty drawback.

Benefits of scrips

- Payment of Duties and Taxes.
- Payment of Composition Fee & Application Fee under FTP.
- Payment of Customs Duty for EO default.
- Freely transferable & Tradable (including SEIS Scrips)
- Clarity on availability BCD paid as DBK
- Scrips can be surrendered, to avoid interest.

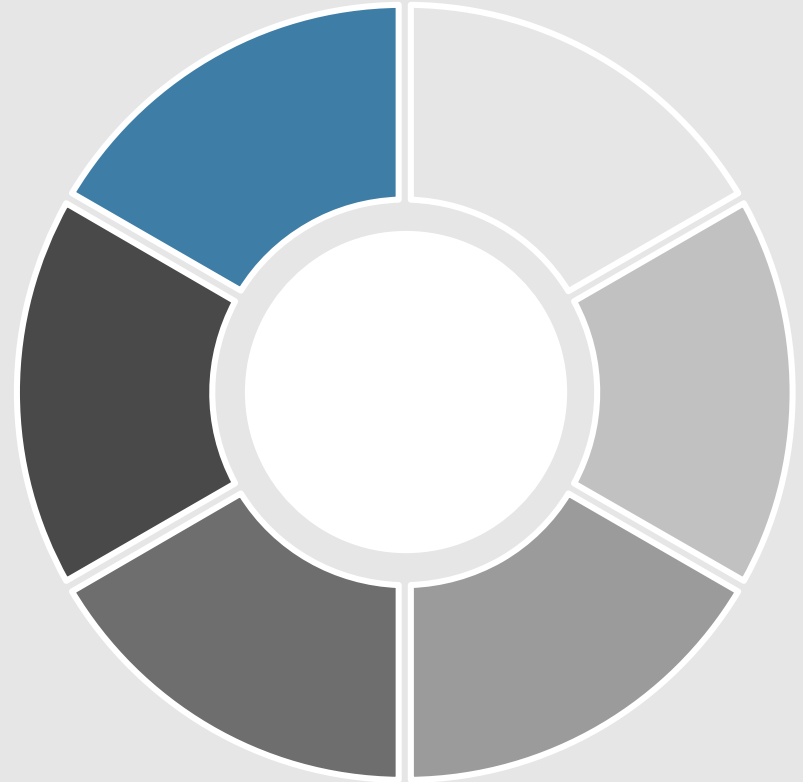
Abbreviations

- FTP – Foreign Trade Policy
- FTWZ – Free Trade Warehousing Zones
- DoR – Department of Revenue
- ANF – Aayaat Niryaat Form
- ITC – Indian Trade Clarification
- HS – Harmonized System of Coding
- EDI – Electronic Data Interchange
- RCMC – Registration-Cum-Membership-Certificate
- EHTP - Electronic Hardware Technology Park
- BTPs – Biotechnology Park
- STPs – Software Technology Park
- DTA – Domestic Tariff Area

About ProXcel

ProXcel is a specialized corporate advisory firm and specialize in the area of offering business valuation services for merger, acquisitions, regulatory compliances, purchase price allocation, setting up ESOPs, Joint Ventures, business structuring, impairment testing etc.

Our team of professionals consists of young and dynamic professionals who possess the acumen and wide experience in the business valuation domain.



Core Team Members



Rajendra Prasad Bansal - B.Com, FCA

Rajendra Prasad Bansal is a Fellow Chartered Accountant (FCA) and a commerce graduate. He has over twenty years of rich experience in the profession. He has been advising various clients in different areas including internal and external audits, direct and indirect tax consulting, financial planning, legal compliances etc.

Naveen Goyal - B.Com, FCA, DISA, LLB, Certificate Course on Valuation by ICAI, Diploma in IFRS by ACCA – UK

Naveen Goyal is a Chartered Accountant, a bachelor of law and commerce graduate. He also holds certificate on Valuation by ICAI, Diploma in IFRS by ACCA – UK and is an Information System Auditor certified by ICAI (DISA).

Naveen specializes in the area of internal & external audit and business valuation services. His experience with Grant Thornton has given him wide experience in handling audits of multinational clients. Naveen is an active member in the northern chapter of ICAI and has prepared the study material for the certificate course on valuation of ICAI. In addition, he also drafted the Business Valuation Practice Standards notified by the ICAI as guidelines for valuers in relation to valuation exercises.

Shweta Goyal - B.Com, ACA

Shweta Goyal is an Associate member of the Institute of Chartered Accountants of India and specializes in the area of external audit, internal audit and regulatory compliance. She has worked with Ernst and Young, a global advisory firm and has wide experience of handling work of MNCs.

Core Team Members

Sharul Agarwal -B.Com, FCA, Diploma in IFRS by ACCA – UK

Sharul Agarwal is fellow member of the Institute of Chartered Accountants of India, and has over 7 years of post qualification experience with Grant Thornton and LakshmiKumaran & Sridharan. He specializes in the area of Custom advisory, opinion and compliances, **Special Valuation Branch** under customs, export incentives under **Foreign Trade Policy**, EOUs, STPIs and other related matters.

Manuj Singhal - B. Tech, MBA

Manuj Singhal is an engineer as well MBA graduate from Lal Bahadur Shashtri Institute of Management, Delhi and has been trained with one of the leading finance and accounting business process outsourcing company. His core area of specialization is **business valuation for** Merger & Acquisition, PPA allocation, Regulatory compliance, ESOP valuation etc. He has conducted numerous valuations under Internal Revenue Code (IRC) and US GAAP including 409A Common Stock valuation, 142 Goodwill, 141 Purchase Price Allocation, 133 Derivative etc.

Sumit Goyal - B. Com, ACA

Sumit Goyal, an Associate member of the Institute of Chartered Accountants of India, specializes in the area of Indirect Taxation & compliance. His tenure with APRA and Associates, a specialized indirect taxation advisory firm has given him deep insight of various indirect tax related issues and advisory services.

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Rakshit Kochhar

Rakshit Kochhar is a Cost Accountant and has been trained with pioneer Cost Accountants and Consulting firms. His tenure with a leading cost accountant firm has also given him wide experience in handling cost audits of multinational clients. He has extensive experience in the area of Costing, MIS, Budgeting, cost audits, development of costing system and Maintenances of cost Records.

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