
Service Export from India Scheme

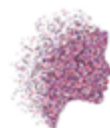


SEIS Scheme – FTP (2015-2020)

Ms. Santhi Badigunchala

APT AND CO LLP

Direct Tax Department



Contents

<i>1. Objective</i>	<i>3</i>
<i>2. Eligibility Criteria For Claiming Incentives Under Seis Scheme</i>	<i>3</i>
<i>3. Foreign Exchange Which Is Not Be Considered For The Purpose Of Incentives</i>	<i>4</i>
<i>4. Procedure For Filing Of Application For Claiming Incentives Under Seis</i>	<i>4</i>
<i>5. Port Of Registration Under Seis</i>	<i>5</i>
<i>6. Other Relevant Points For Incentives Under This Scheme</i>	<i>5</i>
<i>7. Rate Of Incentives Under Seis Scheme For Service Exporters</i>	<i>6</i>

1. OBJECTIVE

Government of India has introduced the Service Exports from India Scheme (SEIS) under the Foreign Trade Policy (FTP) - 2015-20, replacing the earlier scheme 'Served from India Scheme' under Foreign Trade Policy, 2009-15.

- The service Exports from India Scheme has been introduced in 2015 and is valid for 5 years i.e., from 2015-2020
- These incentives are not given in the form of money but are given in the form of duty-free credit scrip. The duty credit scrips issued under SEIS scheme can be for payment of various taxes levied on goods and services. These scrips are also freely transferable and can also be easily sold to some other Assessee.



2. ELIGIBILITY CRITERIA FOR CLAIMING INCENTIVES UNDER SEIS SCHEME

Services Eligible

Only Services rendered in

Mode I: Cross Border Trade (Supply of services from India to any other country)

Mode II: Consumption Abroad (Supply of a service from India to service consumers of any other country)

- ❖ To be eligible under this scheme, the service provider shall have minimum net free foreign exchange earnings of **\$ 15,000/-** in the preceding Financial Year.
- ❖ For individual service providers and sole proprietorships such minimum net free foreign exchange earnings of **\$ 10,000/-** in the preceding Financial year.
- ❖ To claim the incentives, the service providers is required to have an active IEC code at the time of rendering such services.

Services Not Eligible

Supply of a service through

Mode III: Commercial Presence (i.e., Supply of a service from India through Commercial presence in any other Country

Mode IV: Presence of Natural Persons in any other country- not eligible for reward under this scheme.

3. FOREIGN EXCHANGE WHICH IS NOT BE CONSIDERED FOR THE PURPOSE OF INCENTIVES

The following exchange remittances would not be considered as a part of Net Foreign Exchange earned for the purpose of claiming exemption under this scheme

1. Foreign Exchange remittances other than those earned for rendering of notified services would not be counted for entitlement.
2. Other sources of foreign exchange such as equity or debt participation, donations, receipts or repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of services.

4. PROCEDURE FOR FILING OF APPLICATION FOR CLAIMING INCENTIVES UNDER SEIS

1. An application for grant of duty credit scrip for eligible services shall be filed online for a financial year on an annual basis in ***ANF-3B using DSC***
2. The last date for filing an application for claiming incentives for service exporters under this scheme is ***12 months from the end of relevant Financial Year.***
3. The applicant shall have the option to choose Jurisdictional Regional officer on the basis of corporate office / registered office/ Head office/ Branch office address endorsed on IEC for submitting applications.
4. This option for the determination of officer shall be exercised ***at the beginning of the Financial year.***
5. Once the option is exercised, ***no change*** would be allowed for claims relating to that year.

5. PORT OF REGISTRATION UNDER SEIS

1. In case of scrip applied under SEIS, the applicant can choose any port as the port of registration and mention it in the application at the appropriate column.
2. The scrip would be issued with such port of registration.
3. Such duty credit scrip needs to be registered at the port of registration of duty credit, once registered at the EDI port for import and at any manual port under Telegraphic Release Advice (TRA) procedure.
4. In case the port of registration is a manual port, TRA shall be required for imports at any other port.



6. OTHER RELEVANT POINTS FOR INCENTIVES UNDER THIS SCHEME

Validity

These scrips are valid for a period of 24 months from the date of issue and must be valid on the date on which such actual debit of duty is made.

Revalidation

Revalidation of such duty credit scrip is not permitted unless validity has expired while in the custody of Customs Authority/ RA.

Splitting of Scrips

These scrips can be split if requested subject to maximum of Rs. 5,00,000/-Each and multiples thereof may also be issued, at the time of application. After issue of scrip in case of export through non-EDI ports.

Attestation

Some of the annexures attached to ANF-3B is required to be signed by a chartered accountant /Cost accountant/ company secretary.

7. RATE OF INCENTIVES UNDER SEIS SCHEME FOR SERVICE EXPORTERS

The following type of service providers are eligible to claim incentives for export of services at the rates mentioned below,

Sectors	CPC PROV CODE	Admissible rate in% 01.04.2017 to 30.10.2017	Admissible rate in% 01.11.2017 to 31.03.2018
1. Business Services			
A. Professional services			
Legal Services	861	5	7
Accounting, Auditing and Bookkeeping Services	862	5	7
Taxation Services	863	5	7
Architectural Services	8671	5	7
Engineering Services	8672	5	7
Integrated Engineering Services	8673	5	7
Urban Planning and Landscape architectural services	8674	5	7
Medical and dental services	9312	5	7
Veterinary Services	932	5	7
Services provided by Mid - Wives, Nurses, physiotherapists and Paramedical personnel	93191	5	7

B. Research and development Services			
R & D Services on Natural Sciences	851	5	7
R & D Services on Social sciences and Humanities	852	5	7
Interdisciplinary R& D Services	853	5	7
C. Rental/ Leasing Service Operators			
Relating to ships	83103	5	7
Relating to Aircrafts	83104	5	7
Relating to other transport Equipment's	83101 83102 83105	5	7
Relating to other machinery and Equipment	83106- 83109	5	7
D. Other Business Services			
Advertising Services	871	3	5
Market research and public Opinion polling Services	864	3	5
Management Consulting services	865	3	5
Services relating to management Consulting	866	3	5
Technical testing and Analysis Service	8676	3	5
Services incidental to agriculture, Hunting and Forestry	881	3	5

Services incidental to fishing	882	3	5
Services incidental to mining	883	3	5
	5115		
Services incidental to Manufacturing	884 885	3	5
Services incidental to Energy distribution	887	3	5
Placement and supply Services of personnel	872	3	5
Investigation and Security	873	3	5
Related Scientific and Technical Consulting Service	8675	3	5
Maintenance and repair of Equipment (not including maritime Vessels, Aircraft, or other transport Equipment)	633 8861- 8866	3	5
Building -Cleaning services	874	3	5
Photographic services	875	3	5
Packaging Services	876	3	5
Printing, Publishing	88442	3	5
Convention services	87909	3	5
2. Communication Services			
Audio-visual Services			
Motion Picture and Video Tape Production and Distribution Centre	9611	5	7

Motion picture Projection service	9612	5	7
Radio and Television Service	9613	5	7
Radio and television transmission service	7524	5	7
Sound recording	n.a	5	7
3. Construction and Related Engineering Service			
General Construction work for building	512	5	7
General construction work for Civil engineering	513	5	7
Installation and assembly Work	514 516	5	7
Building completion and Finishing Work	517	5	7
4. Educational Services			
Primary Education services	921	5	7
Secondary Education services	922	5	7
Higher Education Services	923	5	7
Adult Education	924	5	7
5. Environmental Services			
Sewage Services	9401	5	7
Refuse Disposal Services	9402	5	7
Sanitation and Similar Services	9403	5	7

6. Health and Social Services			
Hospital Services	9311	5	7
7. Tourism and Travel Services			
Hotel	641-643	3	5
Restaurants	641-643	3	5
Travel Agencies and Tour Operator Services	7471	5	7
Tourist Guide Services	7472	5	7
8. Recreational, Cultural and Sporting Services Other than audio-visual services)			
Entertainment Services (incl. Theatre, Live Band and Circus Services)	9619	5	7
New Agency Services	962	5	7
Libraries, Archives, Museums and Other cultural services	963	5	7
Sporting and other recreational Services	964	5	7
9. Transport Services			
A. Maritime Transport services			
Passenger transportation	7211	5	7
Freight transportation	7212	5	7

Rental of vessels with crew	7213	5	7
Maintenance and Repair of vessels	8868	5	7
Pushing and Towing Services	7214	5	7
Supporting Services for maritime transport	745	5	7
B. Air transport services			
Rental aircraft with crew	734	5	7
Maintenance and repair of Aircraft	8868	5	7
Airport operations and ground handling		5	7
C. Road transport services			
Passenger transportation	7121 7122	5	7
Freight transportation	7123	5	7
Rental of commercial vehicles with operator	7124	5	7
Maintenance and Repair of road transport Equipment	6112 8867	5	7
Supporting Services for Road Transport Equipment	744	5	
D. Services auxiliary to all modes of transport			
Cargo handling Services	741	5	7



Storage and Warehouse services	742	5	7
Freight transport Agency Services	748	5	7

NOTE

- Instructions for filing SEIS application online: please right click on below link to follow the instructions online

<http://dgftcom.nic.in/SeisOnlnInstruction.pdf>

- Services eligible in case of payment in Indian rupee SEIS appendix-3E

<http://dgft.gov.in/sites/default/files/PN46Eng.pdf>



1. Who is eligible for SEIS Scheme?

Service Providers of notified services, located in India, shall be rewarded under SEIS, subject to conditions as may be notified. Only Services rendered in the manner as per Para 9.51(i) and Para 9.51(ii) of the Foreign Trade Policy 2015-20 shall be eligible.

Such service provider should have minimum net free foreign exchange earnings of US\$15,000 in the year of rendering the services to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US\$10,000 in financial year when the services have been rendered.

2. Are all the Services eligible for SEIS benefits?

Only the notified services listed in Appendix 3D are eligible for the benefits.

3. What is the entitlement value for the SEIS benefits?

The rates of rewards for each of the notified services are listed in Appendix 3D.

4. How do we calculate the Net Foreign Exchange (NFE) Earnings?

Net Foreign exchange earnings for the scheme are defined as under: Net Foreign Exchange = Gross Earnings of Foreign Exchange minus Total expenses / payment / remittances of Foreign Exchange by the IEC holder, relating to service sector in the Financial year.

5. Is having an IEC Number mandatory to avail the SEIS Incentive?

In order to claim reward under the scheme, Service provider shall have to have an active IEC at the time of rendering such services for which rewards are claimed.

6. Payments in Indian Rupees eligible for SEIS incentive?

Payment in Indian Rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of Reserve Bank of India. The list of such services is indicated in Appendix 3E.

7. All the remittances received in Foreign Exchange are eligible for the SEIS Incentive?

Foreign exchange remittances other than those earned for rendering of notified services would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible. Following shall not be taken into account for calculation of entitlement under the scheme

Foreign Exchange remittances related to:

- Financial Services Sector
- Raising of all types of foreign currency Loans
- Export proceeds realization of clients
- Issuance of Foreign Equity through ADRs / GDRs or other similar instruments
- Issuance of foreign currency Bonds
- Sale of securities and other financial instruments
- Other receivables not connected with services rendered by financial institutions

- Earned through contract/regular employment abroad (e.g. labour remittances)
- Payments for services received from EEFC Account
- Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc
- Foreign exchange turnover by Educational Institutions like equity participation, donations etc
- Export turnover relating to services of units operating under SEZ / EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units
- Clubbing of turnover of services rendered by SEZ / EOU / EHTP / STPI / BTP units with turnover of DTA Service Providers
- Exports of Goods
- Foreign Exchange earnings for services provided by Airlines, Shipping lines service providers plying from any foreign country X to any foreign country Y routes not touching India at all
- Service providers in Telecom Sector

8. What is the effective date of the SEIS Scheme?

The rewards under SEIS shall be admissible for export of services rendered on or after 01.04.2015, i.e. the date of notification of the Foreign Trade Policy 2015-20.

9. How can the Srips issued under SEIS Scheme be utilized?

Duty Credit Srips shall be granted as rewards under Service Exports from India Scheme (SEIS). The Duty Credit Srips and goods imported against them shall be freely transferable. The Duty Credit Srips can be used for:

Payment of Basic Customs Duty and Additional Customs Duty specified under sections 3 (1), 3(3) and 3(5) of the Customs Tariff Act, 1975 for import of inputs or

goods, including capital goods, as per DoR Notification, except items listed in Appendix 3A.

10. All the Foreign Exchange Expenses need to be considered for calculating the NFE?

If the IEC holder is a manufacturer of goods as well as service provider, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into account for service sector only.

11. How can we apply for the SEIS Benefits?

An Online Application needs to be filed on the DGFT Server and the relevant fields of information need to be entered in the SEIS ECOM Module.

12. Are the forms for filing the SEIS Application available online?

Yes, all the relevant forms which are ANF3B and Annexure to ANF3B are available online. You may also refer the link <http://dgft.gov.in/links/appendices-and-anf-ftp2015-2020> on the DGFT Server to view the Forms applicable for SEIS Application.

13. How do we identify the jurisdiction for filing our SEIS Claim?

You may kindly refer Para 3.06 of the Handbook of Procedures 2015-2020 to know your applicable jurisdiction.

14. How much time does the department take to process the SEIS Claims?

As per para 9.10 of the Handbook of Procedures 2015-20, the Schemes under Chapter 3 should be disposed of in 3 Working Days. However, in case there are any deficiencies / discrepancies in the file then the process may take longer.

15. Can we today process our SEIS Claims for previous financial years?

Kindly refer Para 9.02 which clarifies whether that SEIS Application for previous years can be filed, subject to certain limitations and late cut applicability.

16. Can we file the SEIS Application on a monthly / quarterly / half-yearly / annual basis?

The SEIS Application can be filed on an Annual Basis only, which means for each FY only One Application can be filed.

17. How do we file our SEIS application, if we render multiple services?

The ANF 3B form seeks “Service Category information” from the Exporter. Therefore, the Exporter needs to classify the eligible services as per Appendix 3D and claim the incentive accordingly.

18. I have billed my clients and rendered the Services, however the foreign exchange earnings have not been received?

The SEIS incentives will be issued only on the amount which has been realized against the Services Rendered.

19. Is SEPC RCMC compulsory?

If you are a service provider and want to avail SEIS incentives, then SEPC RCMC is compulsory. If you are manufacturer and a service provider, then RCMC from the relevant export promotion council needs to be availed, which is connected to your main line of business. As per Public Notice No. 26/2015-2020 dated 01.08.2018 issued by Directorate General of Foreign Trade, Department of Commerce to add an “Others” category in list of 14 service sectors of SEPC

20. What is validity period of Duty Credit Scrips?

Duty Credit Scrips issued on or after 01.01.2016 under chapter-3 shall be valid for a period of 24 months from the date of issue and must be valid on the date on which actual debit of duty is made. (Public Notice No. 33/2015-2020 dated 23.10.2017).



DISCLAIMER:

This article is prepared by APT AND CO LLP, Chartered Accountants (APT). This article is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third party sources. APT does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources.

No entity in the APT Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.