



Service Exports from India Scheme Benefits under FTP

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Overview

Service Exports from India Scheme (hereinafter referred as 'SEIS') has been introduced by the Government of India under the Foreign Trade Policy 2015-20 w.e.f. 01.04.2015(hereinafter referred as 'FTP') replacing the erstwhile 'Served From India Scheme (SFIS)' under the FTP 2009-15. Under FTP, SEIS incentives are given to the service exporters in the form of scrips, which are transferrable and can also be used for making payment of duties.

Objective of the SEIS scheme:

According to Chapter 3.07 of the FTP, objectives of the SEIS scheme, were as under –

- Encourage and maximise the exports of notified services from India;
- Exports to be globally competitive;
- Provide exporters a level playing field;
- Rewards to exporters to offset infrastructural inefficiencies and associated costs involved.

I. Service Exports from India Scheme

Service Exports from India Scheme (SEIS), is an incentive scheme for export of notified services, in terms of Chapter 3 of FTP read with Para 3.04 of Handbook of Procedures (HBP). Under this scheme service providers of the notified services get rewards in the form of Duty Credit Scrips (hereinafter referred as 'scrips') at the rates specified in Appendix-3D of HBP on net foreign exchange earnings. Major services covered are Legal, Accounting, Architectural, Engineering, Educational, Hospital services, Hotels and restaurants and other business services.

II. Export of Services covered under SEIS

For obtaining reward under the SEIS, service provider should provide eligible services, as specified in Para 3.10 of FTP and applicable rates in Appendix-3D of HBP, which are covered under respective Central Product Classification (CPC) code. The list of eligible services, are

- a. Business Services
- b. Communication Services
- c. Construction and Related Engineering Services
- d. Educational Services
- e. Environmental Services
- f. Health-Related and Social Services
- g. Tourism and Travel-Related Services
- h. Recreational, Cultural and Sporting Services (other than audio visual services)
- i. Transport Services

III. **Benefits of SEIS:**

The benefits under SEIS would be admissible on Mode 1 and Mode 2 services provided by service provider. The term 'Service Provider' has been defined under Para 9.51 of FTP—means as under –

Mode	Particulars	Supply of Service From	Supply To
1	Cross border trade	India	Any other country
2	Consumption abroad	India	Service consumer(s) of any other country in India
3	Commercial Presence	India	Commercial presence in any other country
4	Presence of natural persons	India	Presence of natural persons in any other country

The features and benefits of the SEIS scrips, as per Para 3.02 of FTP, are given below –

- (a) Duty Credit Scrips and goods imported/procured against these scrips shall be freely transferable.



- (b) Scrips can be used for payment of basic customs duties, composition fee, for Export Obligation (EO) defaults, Authorisations issued under Chapters 4 and 5 (i.e. Duty exemption Schemes and EPCG Scheme) of FTP, application fee under FTP, if any and fee for permitted import of inputs or goods, except items listed in Appendix 3A of HBP i.e. except items not allowed for import under Export from India Schemes. However, penalty / interest shall be required to be paid in cash.
- (c) Once scrip has been issued, request for splits could be permitted with same port of registration for EDI enabled ports in terms of Para 3.09 of HBP.
- (d) However, as per Trade Notice No.11/2018 Dated-30.06.2017, GST Compensation Cess, IGST, CGST and SGST as applicable should be paid and can be availed as input tax credit, if eligible, as per GST provisions. [Trade Notice No.11 dt.30.06.2017 DGFT.pdf](#)

IV. Conditions for Obtaining Scrips under SEIS

Service providers should satisfy the eligibility for obtaining the scrips under SEIS. Service providers located in India are rewarded under this scheme for rendering the notified services on satisfying the eligibility as under –

- i. Service provider should have minimum net free foreign exchange earnings of US\$15000 in the preceding financial year, however, US\$10000 for sole proprietorship/individual.
 - a. Net Foreign exchange earnings for the SEIS scheme is 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.
 - b. If the IEC holder is a manufacturer of goods as well as service provider, then the net foreign exchange earnings shall be considered for service only.



- ii. 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 as specified in Appendix-3E of HBP.
- iii. Service provider shall have an active Importer and Exporter Code (IEC).
- iv. Should have the valid Registration cum Membership Certificate (RCMC) issued by the competent board or authority.
- v. Other conditions as specified by the Government under special provisions from time to time.

V. Ineligible categories under SEIS

There are certain ineligible categories specified in Para 3.09 of FTP, which are given below –

- i. Foreign exchange remittances/sources of earnings
 - a. equity or debt participation;
 - b. donations;
 - c. receipts of repayment of loans;
 - d. any other inflow of foreign exchange, unrelated to rendering of services, etc.
- ii. Export turnover relating to services of units operating under EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units
- iii. Special Provisions: Government reserves the right in public interest, to impose restriction /change the rate/ceiling on Duty Credit Scrip under this policy, etc.

VI. Due Dates of filing SEIS application under FTP

Last date for filing of SEIS Application:

According to Para 3.15(b) of the HBP last date for filing of SEIS application, for obtaining Duty Credit Scrips, shall be 12 months from the end of relevant financial year of the claim period.

Filing of SEIS Application after Last Date with Late Cut:

In order to file SEIS application after expiry of the last date, then the late cut would be applicable as per Para 9.02 of the HBP i.e. wherever any application for any fiscal/financial benefits under FTP is received after expiry of last date, then application may be considered after imposing a late cut as under:

S.No.	Particulars	Eligibility as on Due Date	Late Cut Rate	Net Eligibility
I	Application received after the expiry of last date but within six months from the last date	100%	2%	98%
ii	Application received after six months from the prescribed date of submission but not later than one year from the prescribed date	100%	5%	95%
iii	Application received after 12 months from the prescribed date of submission but not later than 2 years from the prescribed date	100%	10%	90%

VII. Procedure for obtaining duty credit scrips under SEIS

According to Para 3.04, an application for grant of scrip under the SEIS for eligible services rendered shall be filed in the respective Aayat Niryaat Form(ANF) by opting respective Jurisdiction of Regional Authority(RA). Procedure for obtaining SEIS – duty credit scrips as under –

- I. An application should be filed online for a financial year on annual basis in form ANF-3B along with Certification from Chartered Accountant/ Cost



Accountant/Company Secretary, as per Para 3.10 of the Policy, in prescribed format/enclosures of form ANF-3B by choosing any port as port of registration

- II. Opting the Jurisdictional Regional Authority(RA) based on Corporate Office/ Registered Office/Head Office/ Branch Office address endorsed on the IEC. Once an option is exercised, no change would be allowed for claims relating to that year.
- III. However, after online filing, it would be recommended to submit the said application along with the duly signed supporting documents to the RA, as few RA's were issuing deficiency letter seeking self-certified copies.
- IV. Jurisdictional Regional Authority (RA) shall process the application received online after due scrutiny and may issue the Duty Credit Scrips at the specified rate on their net foreign exchange earnings.
- V. Issuing hard copy of physical duty credits scrips had been discontinued and made it online for ease of doing business w.e.f. 10.04.2019 vide Trade Notice No.03/2015-2020 dated 03.04.2019.

VIII. Risk Management System/Audit mechanism

As per Para 3.19 of FTP read with Para 3.17 of HBP, every month computer system in DGFT Headquarters, on random basis, will select 10% of cases for each RA where scrips have already been issued. In this process, for examination in detail, RA may call for original documents, such as –

- i. Original supporting documents (ensure backed by proper acknowledgement);
- ii. Annexures attached to ANFs;
- iii. Any other document uploaded digitally at any time within three years from the date of issue of scrip;
- iv. In case any discrepancy and/or over claim – The applicant shall rectify such discrepancy and/or refund over claim in cash or surrendering the original scrip



with interest at the rate prescribed under section 28AA of the Customs Act 1962, from the date of issue of scrip, in prescribed manner, within one month;

- v. In case the applicant fails to submit the original documents/rectify the deficiencies/refund the excess claim as stipulated above, RA will initiate action as per FTDR Act and Rules.

IX. Validity of Scrips and Preserving of Records

Validity Period of Scrips

According to Para 3.13 of HBP, Duty Credit Scrips 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.

Revalidation of Scrips

In terms of Paragraph 2.20(c) of HBP, Revalidation of Duty Credit Scrip shall not be permitted unless validity has expired while in custody of Customs Authority/Regional Authority.

Preservation of the Scrips, Documents and Records

The applicant should maintain the records, documents, certificate etc., as per the policy, for a period of at least three years from the date of issuance of scrips.

Conclusion

SEIS rewards may be claimed, under Chapter-3 of FTP, on notified services such as Legal, Accounting, Architectural, Engineering, Educational, Hospital services, Hotels and restaurants, other business services, etc. On fulfilling the eligibility criteria specified for SEIS, Duty Credit Scrips would be issued, which could be used for payment of all Customs duties such as Basic Customs Duty, Additional Customs Duty and fee for import of inputs or goods, except items listed in Appendix 3A of HBP i.e. except items not



allowed for import under Export from India Schemes. It would be the responsibility of the applicant to maintain certificate, certain documents, etc., if applicant fails to submit original documents, rectify, refund, etc action could be initiated by concerned RA as per Foreign Trade (Development and Regulation) Act, 1992 and its Rules. In case any discrepancy and/or over claim, then the same shall rectify and/or refund/surrender the original scrip with penalty/interest as applicable/specified within one month from the date of issue of scrip. However, on submission of any document to department should have proper acknowledgement.

Disclaimer: This is purely for educational/information purpose, which are personal views. Please refer the respective provisions of the policy, trade notice, public notice, etc. and take the professional advise before taking any action in this regard.

Special thanks to CMA Srikanth Manne for penning this article. For any further queries/comments please write to srikanth@hiregnage.com.

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