

'Service Exports' from India Scheme [SEIS] 2015

Background:

- SEIS is an Incentive scheme through which, Government nurture Service Exporter by way of several incentives. Through this scheme, the infrastructural inefficiencies attached to the present system of trading in India is intended to be reduced along with prime focus of generating more employment opportunities and Forex Reserves.
- In line with many other developed or developing countries, India too encourages exports of goods and services by providing various tax concessions. Although, the Government is putting massive efforts in encouraging Indian entrepreneurs to export products and services, the result is only moderate. Due to various reasons like quality, price, brand, etc., still Indian goods are not so attractive at world market but export of service has different success stories due to its varied nature viz., invisible, quick mode of transformation, economical etc.
- Until 2015, limited services, such as Travelling agency, Hotel accommodation, Hospitality etc., were attracting Incentives framed under 'Served from India Scheme'. As per the Scheme, the service provider who could earn foreign exchange to the tune of INR 10 lac during the preceding financial year would be entitled to the rewards granted in the form of points. However, reward percentage was not uniform across eligible services. Reward points were allowed to be utilized against offsetting only Customs/ Excise duty on inputs or capital goods.
- After 2015, Service Exporter can avail one or more of the following incentives.
 - Making services cost competitive
 - Improving cash flow
 - Avoid cash outflow against Import Duties
 - Avoid service tax refund procedures
 - Encash benefits by open market sale
 - All benefits flowing upfront. No waiting
- Exporter of service can enjoy benefits under SEIS which is in addition to the existing benefits, such as tax free exports, refund mechanism etc. The added flavour in the scheme is that the service provided may be in or outside India.



Eligibility: For availing SEIS incentives, the following criteria needs to be fulfilled -

- Export of services shall be as specified in the Appendix 3D – Approximately 70 services
- Reward points would vary based on the nature of services, as specified in the Appendix
- Realisation shall be from the Export of Services only
- Exporter shall hold Import Export Code (IEC)
- Exporter should have a minimum net free foreign exchange earnings of USD 10,000 (in case of Individual/Sole



Proprietorship) and USD 15,000 (in case of other category of service providers) in the preceding Financial Year

- Exports of service may have happened in any of the following manner -
 - a) Supply of a 'service' from India to any other country
 - b) Supply of a 'service' from India to service consumer(s) of any other country
 - c) Supply of a 'service' from India through commercial presence in any other country
 - d) Supply of a 'service' from India through the presence of natural persons in any other country

- **Following are the mode of receipts permitted under SEIS**

Free foreign exchange earned through International Credit Cards and other instruments as permitted by RBI for rendering of services shall also be taken into account for computation of exports.

However, Foreign exchange remittance other than those that are earned for rendering of notified services would not be counted for entitlement. Example: Equity or debt participation, Donations, Receipts of repayment of loans, Payments for services received from EEFC Account, Exports of Goods, Services providers in Telecom Sector, etc.

Benefits to Service Exporters:

1. Reward points in the form of Duty Credit Scrips (DCS) would be granted to Exporter on the basis of value of foreign exchange earned against export of service. However, Exporter of service shall have to ensure the minimum foreign exchange earning in order to be entitled to SEIS.
2. Duty Free Imports – Exporters can import duty free goods by offsetting reward points. The burden of Basic Customs duty and Special Additional Customs Duty would get lost permanently in the offsetting process since there was no CENVAT credit on the aforesaid duties.
3. Procure excisable goods without excise duty - Exporters can buy the products without paying excise duty by way of offsetting reward points.
4. Avail Services without Service Tax – Exporters can avail the services without paying service tax by way of offsetting reward points. Whether reward points can be utilized for meeting RCM liability needs clarification from the department.
5. Encash benefits by open market sale –If exporter could not utilize the reward points for any of the above purposes, 2 to 4, can resort to transfer the reward points for consideration since reward points are transferrable.
6. The transferee of reward points can utilize for any of the purpose mentioned in 2to4.

For further information, please visit <http://dgft.gov.in> - Page 2 for further information.



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