



Service Exports from India Scheme (SEIS)

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1. Introduction

- Service Exports from India Scheme(SIES) has been introduced through the latest Foreign Trade Policy(FTP) 2015-2020 as a tool to encourage export of notified services from India.
- It replaces the Served from India Scheme(SFIS) that was introduced in the Foreign Trade Policy 2004-2009.
- The SFIS scheme was available only for the Indian Companies, while the SEIS scheme can be availed by all the companies in India which are exporting services.
- The SEIS scheme has expanded the scope of services for which the benefits were available under the SFIS scheme
- SFIS benefits were not available to SEZ units, whereas under the new FTP, SEIS benefits would be extended to SEZ units as well.
- SIES provides rewards in the form of **Duty Credit Scrip** to the eligible service providers which is calculated as specific parentage (in the range of 3% to 5%) of Net Foreign Earnings of the eligible service provider.



....contd. [1. Introduction]

- The reward scheme has come into force from 1st April, 2015 i.e., the rewards under SEIS shall be admissible for services rendered on or after 01.04.2015.
- SEIS rewards are available to service exporters **in addition to the rebate of input service tax** as per Notification No. 39/2012 dated 20th June'2012 under Rule 6A(2) of Service Tax Rules,1994.

2. Eligibility Criteria's

- Government has notified certain services which are eligible for SEIS benefits. These services has been listed in Appendix 3D of FTP.
- All type of Service Providers (i.e. Companies, Partnership, Proprietorship) providing notified services as per only two specified mode (out of four modes) will be eligible for SEIS.

Following mode of providing services has been specified under Para 9.51 of the FTP:

Mode	Title of Mode	Description	Eligible for SEIS
1	Cross border trade	Supply of a 'service' from India to any other country	Yes
2	Consumption abroad	Supply of a 'service' from India to service consumer(s) of any other country	Yes
3	Commercial Presence	Supply of a 'service' from India through commercial presence in any other country	No
4	Presence of natural persons	Supply of a 'service' from India through the presence of natural persons in any other country	No

...contd. [2 . Eligibility criteria's]

- Such Service Providers should have following minimum net free foreign exchange earnings in preceding financial year:
 - US\$10,000 : Individual Service Providers & Sole Proprietorship .
 - US\$15,000 : Others
- 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
- Net Foreign exchange earnings for the scheme are defined as under:
- $\text{Net Foreign Exchange} = \text{Gross Earnings of Foreign Exchange} - \text{Total expenses} / \text{payment} / \text{remittances of Foreign Exchange by the IEC holder, relating to service sector in the Financial year.}$



...contd. [2 . Eligibility criteria's]

- 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 other inflow of foreign exchange , unrelated to rendering of service, would be ineligible.
- Further, Service Provider must also have an active Importer Exporter Code(IEC) at the time of rendering the services, for which the rewards are being claimed.

3. Duty Credit Scrip

- Service Providers of eligible services shall be entitled to Duty Credit Scrip at notified rates(as given in Appendix 3D of the Foreign Trade Policy 2015-2020) on the net foreign exchange earned.
- The duty credit scrip can be utilized for:
 - Custom duties for import of inputs or goods except the notified items.
 - Excise duties on procurement of input and capital goods.
 - Service tax on procurement of services.
 - Custom duty in case of default in fulfillment of Export obligation & payment of value shortfall in Export obligation.
 - Reimbursement of duties on imported inputs under schemes such as The Export Promotion Capital Goods Scheme, The Duty Free Import Authorization Scheme and The Advance Authorization Scheme.
 - For payment of composition fee or Application fee under the FTP.

...contd. [3. Duty Credit Scrip]

- The reward issued as scrip would be freely usable for all goods and service tax debits on procurement of goods/services.
- The Duty Credit Scrip under SEIS is freely transferable i.e., an exporter can transfer the scrip he obtained, to any other person.
- The rates of reward are in the range of 3 to 5 percent of the net foreign exchange earned depending upon the category/ nature of services.
- The scrip so rewarded under this scheme shall be valid for a period of 18 months from the date of its issue.
- An application for obtaining Duty Credit Scrip shall be filed within a period of 12 months from the relevant financial year of claim period. Such application is filed in Form ANF 3B using digital signature.

- Following are the reward rates notified under the Annexure to Appendix 3D of The Foreign Trade Policy 2015-2020:

Services	Reward Rates
Professional Services	5%
Research & Development Services	5%
Rental/Leasing services without operators	5%
Other Business Services	3%
Audiovisual services	5%
Construction & related Engineering Services	5%
Educational Services	5%
Environmental Services	5%



...contd. [4. Reward Rates]

Services	Reward Rates
Health-Related and Social Services	5%
Tourism and Travel Related Services	3-5%
Recreational, Cultural and Sporting Services (other than audio visual services)	5%
Maritime Transport Services	5%
Air Transport Services	5%
Road Transport Services	5%
Services auxiliary to all modes of Transport	5%

5. Conclusion

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- Service Exports from India Scheme (SEIS) not only replaces the earlier scheme i.e., Service from India Scheme (SFIS) but also rationalizes the incentives under the erstwhile schemes.
- The SEIS scheme is an easily monitisable scheme for the eligible service providers.
- This scheme removes various kinds of restrictions of use of scrip and significantly enlarges the scope of the earlier scheme.
- Services and reward rates under SEIS were initially applicable for a period of 6 months ending on 30 September 2015, vide [Public Notice No.3/2015-20 20 dated 1st April,2015](#) but later the eligible period was extended up to 31.03.2016 vide [Public Notice No. 42/2015-2020 dated 26th October, 2015.](#)



6. How we can help you?

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- If you need any clarification or additional information related to this scheme, please feel free to get in touch with us at chandan.goyal@blueconsulting.co.in or call us at 9810410421.
- We provide end to end solution to get maximum benefits under this scheme which includes:
 - Deciding the eligibility criteria's
 - Preparation of application to be filed for issuance of Duty Credit Scrip
 - Follow up with Department to expedite the process of issuance of scrip.
 - Helping in identifying a buyer of Duty Credit Scrip, if the same can not be utilized by the client.

7. About us



Served more than
70 clients in past
10 years



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100+ energetic
people



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office of **6,250 sqft**



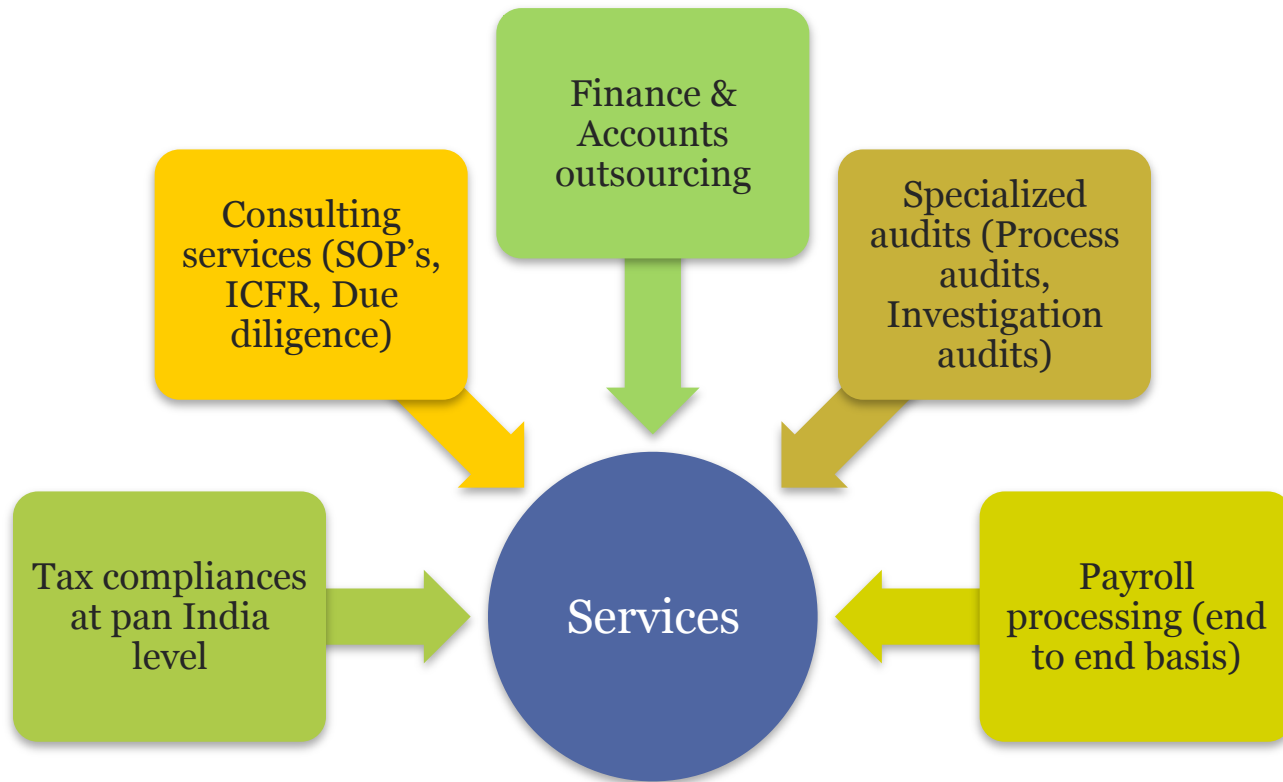
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period : **>7 years**



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to Rs.1,500 cr



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to SLA's





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