

COVID-19: Government extends Foreign Trade Policy 2015-2020 till 31 March 2021

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Summary

In view of the COVID-19 crisis, the government has decided to continue relief under various export promotion schemes by extending existing Foreign Trade Policy (FTP) by another one year i.e., **up to 31 March 2021**. Further, various other changes have also made in the FTP and procedures to ease the compliance burden of the business concerns.

Key changes notified in FTP¹

- **Exemption from IGST and compensation cess:** Exemption from payment of Integrated Goods and Services Tax (IGST) and compensation cess on the imports made under Advance/Export Promotion Capital Goods Scheme (EPCG) authorisations and by Export Oriented Units (EOUs) etc. has been extended up to 31 March 2021.
- **Duty Free Import Authorisation (DFIA):** Validity period for making imports under various duty-free import authorisations expiring between 1 February 2020 and 31 July 2020 has been allowed automatic extension for another six months from the date of expiry.
- **Export Promotion Capital Goods Scheme (EPCG):** Benefit under the EPCG scheme shall be available till 31 March 2021. In case where the validity is expiring between 1 February 2020 and 31 July 2020, the same shall be automatically extended for another six months from the date of expiry.
- **EOUs, Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Biotechnology Parks (BTPs):** Benefit under the EOUs/EHTPs/STPs/BTPs scheme shall be available till 31 March 2021.

¹ Notification No. 57/2015-2020-DGFT dated 31 March 2020

- **Services Export from India Scheme (SEIS):**

The service categories eligible under SEIS scheme and rates of rewards on such services as rendered from 1 April 2019 to 31 March 2020 shall be notified separately. For the services rendered with effect from 1 April 2020, decision on continuation of the scheme will be taken and notified subsequently.

Key changes notified in the Handbook of Procedures²

- **Import of scrap by designated seaports:** The

time limit granted to existing designated seaports for importing un-shredded scrap has been extended from 31 March 2020 to 30 September 2020.

Further the deadline for de-recognition for the purpose of import of un-shredded metallic scrap has also been extended from existing 1 April 2020 to 1 October 2020.

- **Application for Duty Credit Scrips:**

- Last dates for applying for **Merchandise Exports from India Scheme (MEIS)** duty credit Scrips has been extended from 12 months to 15 months from the 'Let

Export' date falling between the period 1 February 2019 to 31 May 2019.

- Last date for filing **SEIS** applications for FY 2018-19 shall be 31 December 2020.
- Last date for filing online claims for Rebate of State and Central Levies and Taxes (**RoSCTL**) has been extended from 30 June 2020 to 31 December 2020.

- **Validity of Status certificates:** Validity period of the status certificates is extended from a period of five years from the date on which application for recognition was filed or **31 March 2021 whichever is later**.
- **Advance authorisations:** For all advance authorisations where the validity for imports is expiring between 1 February 2020 and 31 July 2020, the validity stands automatically **extended by six months** from the date of expiry.
- **Export obligation period:** For all advance authorisations/EPCG/EOUs/EHTPs/STPs/BTPs scheme where the export obligation period is expiring between 1 February 2020 and 31 July 2020, the export obligation period stands automatically **extended by six months** from the date of expiry.

² Public Notice No. 67/2015-2020 dated 31 March 2020

- **Replenishment Authorisation applications:** Where the last date of filing applications for Replenishment Authorisation falls between 1 February 2020 and 31 July 2020, the last date stands extended by six months.
- **Submission of Installation Certificate for capital goods under EPCG Scheme:** The period for submission of Installation Certificate for capital goods, where the six-month period expires during 1 February 2020 to 31 July 2020, has been further extended by six months from the original due date.
- **Validity period of Letter of Permission (LOPs)/Letter of Intent (LOIs):** Validity period of Letter of Permission/Letter of Intent as granted to EOUs, units in STPs/EHTPs/BTPs is further extended up to 31 December 2020.
- **Applications for refund of TED/Drawback extended:** Last date of filing applications for refund of Terminal Excise Duty (TED) or Drawback has been extended to **30 September 2020.**
- **Transport Marketing Assistance Scheme:** The scheme providing Transport Marketing

Assistance on the specified Agricultural Products is extended by one year.

Application for refund for the quarter ending 31 March 2019 and 30 June 2019 may be filed upto 30 September 2020.

- **Submission of application:** The last date of submission of application for the purpose of late cut shall be taken as per applicable extensions mentioned above.

Our comments

In light of the COVID-19 crisis, the government's move to provide various tax and compliance reliefs for the businesses at large will help the business community to a great extent during this difficult time.

The decision of the government to continue relief under various export promotion schemes by granting extension of FTP by one more year is another significant and welcome move in this direction.

Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI National Office Outer Circle L 41 Connaught Circus, New Delhi 110001 T +91 11 4278 7070	NEW DELHI 6th floor, Worldmark 2, Aerocity, New Delhi - 110037 T +91 11 4952 7400	AHMEDABAD 7th Floor, Heritage Chambers, Nr. Azad Society, Nehru Nagar, Ahmedabad - 380015	BENGALURU 5th Floor, 65/2, Block A, Bagmane Tridib, Bagmane Tech Park, C V Raman Nagar, Bengaluru - 560093 T+91 80 4243 0700	CHANDIGARH B-406A, 4th Floor, L&T Elante office Industrial area, Phase-I, Chandigarh 160002 T +91 172 4338 000
CHENNAI 7th Floor, Prestige Polygon 471, Anna Salai, Teynampet Chennai - 600 018 T +91 44 4294 0000	DEHRADUN Suite 2211, Michigan Avenue, Doon Express Business Park, Saharanpur Road, Dehradun - 248002T +91 135 264 6500	GURGAON 21st Floor DLF Square Jacaranda Marg, DLF Phase II, Gurgaon 122002 T +91 124 462 8000	HYDERABAD 7th Floor, Block III White House Kundan Bagh, Begumpet Hyderabad 500016 T +91 40 6630 8200	KOCHI 7th Floor, Modayil Centre Point, Warriam road junction, M.G. Road, Kochi 682016 T +91 484 406 4541
KOLKATA 10C Hungerford Street5th Floor, Kolkata 700017 T +91 33 4050 8000	MUMBAI 16th Floor, Tower Indiabulls Finance Centre SB Marg, Elphinstone (W) Mumbai 400013 T +91 22 6626 2600	MUMBAI 9th Floor, Classic Pentagon, Nr Bisleri, Western Express Highway, Andheri (E)Mumbai 400099 T +91 22 6176 7800	NOIDA Plot No. 19A, 7th Floor Sector - 16A, Noida 201301 T +91 120 4855 901	PUNE 3rd Floor, Unit No 309 to 312, West Wing, Nyati Unitree Nagar Road, Yerwada Pune- 411006 T +91 20 6744 8800

For more information or for any queries, write to us at contact@in.gt.com



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