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Decoding MEIS & SEIS two new schemes in FTP



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The new five year Foreign Trade Policy, 2015-20 which was announced on 1st April, 2015 by Hon'ble Minister of Commerce & Industry Mrs. Nirmala Sitharaman, provides a framework for increasing exports of goods and services as well as generation of employment. The focus of the new policy is to support both the manufacturing and services sectors. During the last Foreign Trade Policy (2009-14), there were 5 different schemes

- Focus Product Scheme (FPS)
- Market Linked Focus Product Scheme (MLFPS)
- Focus Market Scheme (FMS)

Agri. Infrastructure Incentive Scrip (AIIS)

Vishesh Krishi And Gram Udyog Yojana (VKGUY)

All these above five schemes have been merged into a single scheme - **Merchandise Exports from India Scheme (MEIS)**. Similarly, in the last policy, one scheme - Served From India Scheme (SFIS) existed which was meant for incentivizing the service exports by service providers of India. This scheme is also now replaced with liberalized conditions as - **Services Exports from India Scheme (SEIS)**

Thus, in the present Foreign trade Policy (2015-20), two new schemes have been introduced. These two schemes are:

- (1) Merchandise Exports from India Scheme (MEIS)
- (2) Services Exports from India Scheme (SEIS)

Objective of the two schemes:

To provide rewards to exporters to offset infrastructural inefficiencies and associated costs involved and to provide exporters a level playing field.



Points to know

➤ **Whether the incentive under the schemes is paid in Cash?**

NO. Incentive is not given in the form of CASH. The incentive amount is given by DGFT in the form of a scrip/authorisation to exporter.

➤ **What is the mechanism to obtain the incentive under these schemes?**

Exporters have to make application to DGFT in proper prescribed proforma claiming the incentives by giving the details of the exports of goods or he services and realisation proceeds for such exports and DGFT would calculate the total export value and the applicable percentage and would give a scrip/authorisation indicating the amount of incentive in the scrip.

➤ **What is the mechanism to use the incentive under these schemes?**

The Scrip/authorisation obtained under MEIS or SEIS shall have to register the same with Customs before attempting to use. After that, the exporter can use this amount of incentive given in the scrip/authorisation for payment of:

❖ **Customs duties** at the time of import (in case he imports any goods) – upon importation of any inputs or goods including capital goods, in case any customs duties are payable, instead of making such payment in cash, scrip/authorisation holder can submit MEIS the scrip/authorisation to customs for debit of the equivalent amount of duty from the scrip/authorisation.

Refer Customs Notification 24/2015 Dt. 08-04-2015.

❖ **Excise duty** while clearing the manufactured goods from his factory.

Refer Excise Notification No. 20/2015 Dt. 08-04-2015.

❖ **Service Tax** payable by him - Refer Service Tax Notification 21/2015 Dt. 08-04-2015

➤ **What is the validity period of the scrip/authorisation for use?**

The scrip/authorisation holder should use the same within 18 months from the date of its issue. In case he does not want to use it, he may transfer/sell the same to another use who needs to use the same within that originally prescribed 18 months time.

➤ **What if an exporter does not require to use the incentive scrips/authorisation for payment of any of the duties?**

In case an importer does not want to use the incentive scrip he is at liberty to transfer/sell such scrip/authorisation to any other user.

For the benefit of readers, the salient features of both the schemes have been tabulated for easy reference and understanding

Merchandise Exports from India Scheme (MEIS)

Exports of notified goods/products to notified markets (countries) as listed in Appendix 3B.

Notified markets (countries) -
<http://dgft.gov.in/exim/2000/dn/ftpdn/MEISApp3BTable1.pdf>

Notified goods/products -
<http://dgft.gov.in/exim/2000/dn/ftpdn/MEISApp3BTable2.pdf>

Services Exports from India Scheme (SEIS)

Service Providers of notified services, located in India, shall be rewarded. Notified services and rates of rewards are listed in Appendix 3D and can be accessed at

<http://dgft.gov.in/Exim/2000/PN/PN15/pn0315.pdf>.

Service providers who have minimum net free foreign exchange earnings of US\$15,000 in preceding financial year are only eligible for the incentive.

For Individual Service Providers and sole proprietorship it is US\$10,000

Merchandise Exports from India Scheme (MEIS)

Three different rates for export of goods to the three different groups of countries - calculated as a percentage ranging from 2% to 5% on the realized FOB value of the export

Services Exports from India Scheme (SEIS)

Service providers to get 3% to 5% on the foreign exchange realised by providing services. The list of services and the rates of rewards would be reviewed after 30.9.2015

Some examples :

| | |
|--|----|
| ➔ Legal services | 5% |
| ➔ Accounting, auditing and Book keeping services | 5% |
| ➔ Taxation services | 5% |
| ➔ Rental/Leasing services | |
| ➔ Relating to ships and aircrafts | 5% |
| ➔ Advertising services | 3% |
| ➔ Printing, publishing | 3% |
| ➔ General Construction work for building | 5% |
| ➔ Educational services | 5% |
| ➔ Transport services | 5% |

Merchandise Exports from India Scheme (MEIS)

- ◆ Exports of EOUs / EHTPs / BTPs/ STPs
- ◆ Supplies made from DTA units to SEZ units
- ◆ Re-exports ◆ Deemed Exports
- ◆ Exports through trans-shipment
- ◆ Restricted/prohibited goods under Foreign Trade Policy ◆ Service Export
- ◆ Red sanders and beach sand
- ◆ Export products which are subject to Minimum export price or export duty,
- ◆ Diamond Gold, Silver, Platinum, other precious metal,
- ◆ Ores and concentrates of all types,
- ◆ Cereals of all types.,
- ◆ Sugar of all types and all forms,
- ◆ Crude / petroleum oil and crude / primary and base products of all types and all formulations,
- ◆ Export of milk , milk products, Meat and Meat products

Services Exports from India Scheme (SEIS)

- ◆ Foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc
- ◆ Exports of Goods.
- ◆ Service providers in Telecom Sector
- ◆ Supplies of services made to SEZ / EOU / EHTP / STPI / BTP

For further information in this regard Para 3.09 of Foreign Trade Policy may be verified.
<http://dgft.gov.in/exim/2000/ftp2015-20E.pdf>

Entitlement

Incentives provided

Ineligible exports

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