Service Exports from India Scheme (SEIS)

Foreign Trade Policy (2015-2020)

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Background:

- SEIS is to encourage export of notified services from India.

- The new five year Foreign Trade Policy (FTP) 2015-2020 introduces the ‘**Service Exports from India Scheme (SEIS)**’ replacing former ‘**Served From India Scheme (SFIS)**’ (**FTP 2010-14**). SEIS shall applicable for ‘**Service Providers located in India**’ instead of ‘**Indian Service Providers**’. Earlier, under SFIS the benefit was not available for the foreign brand of the Indian companies.

Eligibility criteria under SEIS:

- Service Providers of notified services, located in India shall be rewarded under the scheme subject to the rending of services in the mode as specified by Para 9.51(i) and 9.51(ii) of the FTP 2015-20:

a) Cross border trader: Supply of a 'service' from India to any other country.
b) Consumption abroad: Supply of a service from India to service consumer(s) of any other country in India

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- Such service provider should have a **minimum net foreign exchange** of earnings in the preceding financial years for:

a) Individual Service Providers: US$ 10,000

b) Others: US$ 15,000

Ineligible categories under SEIS:

- The following modes specified by Para 9.51 (iii) and 9.51 (iv) of FTP 2015-20 is not eligible for the reward under the scheme:

a) Commercial presence: Supply of a service from India through commercial presence in any country.

b) Presence of natural presence: Supply of a Service from India through the presence of natural person in any other country.

Reward under the Scheme:

- The reward under this scheme is given in the form of **Duty Credit scrips** based on '**net foreign exchange earned**'. The present rate of rewards are **3% and 5%.**

- On request, split certificates of Duty Credit scrips subject to minimum of Rs. 5 Lakhs each and multiples thereof may also be issued at the time of application.

List of services notified:

- The services eligible under SEIS are notified in Annexure to Appendix 3D of FTP 2015-2020

Computation Mechanism:

Net Foreign Exchange = Gross earnings of foreign exchange (in USD) minus Total expenses/payments/remittances of foreign exchange (in USD), relating to service sector in the Financial year.

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- If an entity providing service is also engaged in manufacturing or trading of goods, then foreign exchange earnings and the total expenses/ payments/ remittances shall be taken into account for the service sector only.
- Free foreign exchange earned through International Credit Cards and other instruments, as permitted by RBI shall also be considered for computation of value of exports.

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- 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 yet to be notified.
- Foreign Exchange earned for rendering of services other than the notified service will not be counted for entitlement. For E.g. equity or debt participation, donations, receipts of payments of loans, foreign exchange earned related to financial services sector like raising of foreign currency loan, etc.

Pre-requisites:

- The service provider should have an active Import Export Code (IEC) at the time of application for the Scheme

Utilization of Duty scrips:

- Duty credit scrips shall be valid for the period of **18 months** from the date of issue.
- The Duty credit scrips issued are **freely transferable**.
- They can be used for:

a) **Payment of Customs Duties** for import of inputs or goods, except items listed in Appendix 3A

b) **Payment of Excise Duties** on domestic procurement of inputs or goods and capital goods

c) **Payment of Service Tax** on procurement of services

d) Custom duty in case of default in fulfillment of Export Obligation for authorization under Advance Authorization/EPCG etc, composition fee and application fee under FTP and payment of value shortfall in Export Obligation.

How to apply?

- An application for obtaining Duty Credit Scrip shall be filed within 12 months from the end of the relevant financial year of the claim period.
- Such application need to be filed online for a financial year on annual basis in **Form ANF 3B** using digital signature.
- However, a certificate from a Chartered Accountant (CA) / Cost and Works Accountant (ICWA) / Company Secretary (CS) is require as per **Annexure to Form ANF 3B.**

Thank You