

# Pre - Budget Recommendations 2024-25

## Indirect Taxes



### **American Chamber of Commerce in India**

PHD House, 4th Floor, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi - 110 016

Tel: 91-11-2654 1200 | Fax: 91 11-2654 1222

E-mail: [amcham@amchamindia.com](mailto:amcham@amchamindia.com) | Website: [www.amchamindia.com](http://www.amchamindia.com)

<b>Customs recommendations .....</b>	<b>5</b>
1. Introduction of digitalisation in the Customs .....	5
2. Amnesty Scheme for Customs .....	6
3. Rationalisation of MOOWR, 2019 scheme.....	6
4. Mechanism of Special Valuation Branch ('SVB') in Customs.....	7
5. Amendment of Section 28DA of the Customs Act, 1962, to remove the requirement of Bank Guarantee('BG'). .....	7
6. Levy of demurrages also on Custom holidays .....	7
7. Clarifying grounds & circumstances under which AEO application would not be rejected on pre-existing litigation.....	8
8. Common arm's length price under Customs and Transfer Pricing for transactions between related parties .....	8
9. Provisions for export of intellectual property right (IPR).....	8
10. Clarifying TR-6 challan is a duty payment document for availment of credit of IGST/ Compensation cess .....	9
11. Continuity of end-use exemption claimed under Notification No. 50/2017 under Sr. 168, 341 & 341A for specific raw materials of Optical Fiber / Optical fiber cables....	9
12. Revisiting BCD on Telecom products .....	9
13. The import of specified goods by the Ministry of Defence have been exempted from customs duty and import GST .....	9
14. Interest on payment of differential duty.....	10
<b>2. GST Recommendations .....</b>	<b>10</b>
1. Rationalization of Audit / Assessment.....	10
2. GST liability under Reverse Charge Mechanism ('RCM') should be allowed to be discharged through E-Credit ledger ('ECRL') .....	11
3. Allow transfer of balance available in E-Credit Ledger on similar lines with E-Cash Ledger .....	12
4. Removal of GST 'intermediary' definition .....	12
5. Interest rate for late payment of Tax [Section 50 & Section 56].....	13
6. Option for selecting a centralized address for section 9(5) registration by e-commerce operators across States - Section 9(5) read with section 22 and rule 12(1A).....	13
7. ITC Reversal on Gift and samples [Section 17(5)(h) of CGST act 2017] .....	13
8. Transfer of ITC through Form GST ITC-02 from one registration to another registration of a different State should be allowed - GST portal / Form GST ITC-02 .....	13
9. No penal action against the buyer for mala-fide intent of seller .....	13
10. Compliance burden on deemed supply of services between two registered premises/ branches of the same legal entity should be reduced - Section 25(4).....	14

11. Clarification required on secondment of employees to India .....	14
12. Clarification on the taxability of vouchers - Section 2(118) read with section 12(4) and section 13(4) .....	14
13. Delink secondary discount with terms of agreement - Section 15(3) .....	15
14. Input tax credit for supplies covered under reverse charge should be permitted - Section 17(2) and (3).....	15
<b>3. Automobiles.....</b>	<b>15</b>
1. Rate Rationalization .....	15
2. IGST on import of Aircraft parts, accessories and components .....	16
3. Maintenance, Repair and Overhaul (MRO) services provided by Indian Companies.....	16
4. Inclusion of Aviation turbine Fuel/Petroleum products under GST .....	16
<b>4. Healthcare .....</b>	<b>17</b>
1. Import Duties Rationalisation:.....	17
2. High Effective Import Duties on Medical Devices Under the HSN code 9018,9019,9020,9021 and 9022.....	17
3. Reduction of BCD rate on Lenscare solution, which is subservient to usage of contact lenses .....	18
4. GST on Free Goods .....	18
5. GST rate on Medical Devices .....	18
<b>5. Infrastructure.....</b>	<b>18</b>
1. Customs Duty Concession .....	18
2. Introduction of GST Exemption for the construction of military and commercial Airports .....	18
<b>6. FMCG .....</b>	<b>19</b>
1. Reduction in BCD rate of chemicals used for cleaning and disinfectant's purpose .....	19
2. Revocation of restriction imposed on refund under Inverted Duty Structure (IDS) for edible oil .....	19
3. Requirement of clarity on the taxability of undenatured extra neural alcohol/ rectified spirits which are eventually used for the purpose of 'alcohol for human consumption' .....	20

4. Cascading impact of levy of GST on all inputs/input services/ capital goods and levy of VAT on output supplies.....	20
<b>7. Telecom .....</b>	<b>20</b>
1. Tariff Rationalisation .....	20
2. glide path: Begin tariff decompression in FY2024-25 with an ultimate approach towards Zero tariffs by 2026-27. ....	21
<b>8. GST – Refunds .....</b>	<b>22</b>
1. Refunds on exports where payment against an invoice is received in multiple instalments should be permitted - Section 54 read with rule 89(2) .....	22
2. Refund which is rejected should be recredited to electronic credit ledger in a time-bound manner - Rule 93 .....	22
3. Filing of GST condonation for non-realization of export proceeds within the stipulated time should be made online - Rule 96A.....	23
4. Amendment to the definition of 'Turnover of zero-rated supply of goods' - Rule 89(4)(c) read with section 54 .....	23
<b>9. Foreign Trade Policy .....</b>	<b>23</b>
1. Incentive Scheme for Services Exports for improving resilience of service exports .....	23

**INPUTS / SUGGESTIONS FOR PRE BUDGET-MEMORANDUM 2024-25**

**Indirect Taxes**

S. No	Area of challenge	Issue	Recommendation
Customs recommendations			
1	Introduction of digitalisation in the Customs	<p>The requirement of physical submission of documents is very onerous and against the Government's initiative of making tax digital. Currently, the process of adjudication as well as litigation under customs is completely physical. Physical submissions of reply to Show Cause Notices ('SCN') and appeals are made before the customs authorities. The documents also require physical signing by the authorized signatories.</p> <p>Further, presently, taxpayers are required to prepare and submit details for filing 'Bill of entry' and 'Shipping bills' in the '.be' format. The said file is manually submitted on the ICEGATE portal. A roadmap may be devised and implemented to further augment the automation drive in Customs</p>	<p>Relevant provisions to be introduced in the customs law to file letters, appeals and other correspondence with the authorities digitally in line with the GST law.</p> <p>Requisite details may be filed through APIs so as to reap benefits of technology and reduce manual errors. Thus, API connectivity can be primarily used for the following:</p> <ul style="list-style-type: none"> <li>• Uploading of data schema for Bill of Entry or Shipping Bill preparation which includes master information, invoice details, item details etc.</li> <li>• Payment gateway for making custom duty payment</li> </ul> <p>Licensed GSPs can be given access:</p> <ul style="list-style-type: none"> <li>• GSPs already have an infrastructure in place and taxpayers are familiar with them</li> <li>• GSPs have requisite skillset and manpower to implement such a large change               <ul style="list-style-type: none"> <li>○ GSPs have already evaluated and their infrastructure has been tested</li> </ul> </li> </ul>

2	<p><b>Amnesty Scheme for Customs</b></p> <p>In order to resolve longstanding disputes and to clear up the burdened judicial pipeline and also to upgrade the law to keep up with the times, technology and international best practices, Government should take steps to end long drawn disputes.</p>	<p>An amnesty scheme along the lines of Sabka Vishwas or similar schemes might be a welcome decision and may help in ending long drawn litigation under Customs. This will help people, especially small businesses, immensely in getting rid of their past baggage of disputes and move ahead with a clean slate.</p>	<p>Under India's indirect tax regime, several show cause notices are pending with the CBIC for Central Excise &amp; Customs Duty, involving crores of duty.</p> <p>The government in the Union Budget FY2019 and FY2020 introduced amnesty schemes for central excise and service tax disputes (Sabka Vishwas), and income tax disputes (Vivad se Vishwas) respectively, giving a chance to resolve past disputes.</p> <p>In order to resolve longstanding disputes and to clear up the burdened judicial pipeline and also to upgrade the law to keep up with the times, technology and international best practices Government should take steps to end long drawn disputes.</p>
3	<p>Rationalisation of MOOWR, 2019 scheme</p>	<p>MOOWR, 2019 was introduced in line with 'Make in India' objective. Procedural rationalisation/clarification is required to provide clarity and ease of doing business.</p> <p>Further, the Government has announced Section 65A of the Customs Act to disallow IGST deferment on import of goods for certain specified industry.</p>	<p><b><u>Rationalisation of clearance procedure</u></b></p> <ul style="list-style-type: none"> <li>• Allow payment of customs duty on a periodic basis: Customs duty saved in relation to imported raw materials used in manufacturing the finished goods is required to be paid when the said finished goods are cleared into the DTA, resulting in delay in clearances.</li> <li>• Accordingly, the payment of custom duty should be allowed to be made on a periodic basis as against each consignment; say fortnightly to ease the frequency of such compliance and through single TR-6 Challan</li> </ul> <p><b><u>Tagging of multiple in-bond BoE to ex-bond BoE/ shipping bill:</u></b></p> <ul style="list-style-type: none"> <li>• Enable the functionality on Customs EDI portal for tagging the multiple in-bond BoE with single ex-bond BoE / ex-bond shipping bill for domestic clearance or to a shipping bill for export of goods resulting in from manufacturing or other operations under section 65 in a bonded warehouse.</li> </ul> <p><b><u>Policy changes</u></b></p> <ul style="list-style-type: none"> <li>• Allow direct transition from EOU units into MOOWR, 2019 scheme. As of now, transition requires exit from EOU scheme and then apply under MOOWR, 2019 scheme</li> <li>• Allow RoDTEP benefit to the units working under MOOWR scheme since the non-creditable taxes are being borne by MOOWR units also.</li> <li>• Allow continuation of IGST deferment on warehoused goods by withdrawing Section 65A of the Customs Act</li> </ul>

4	Mechanism of Special Valuation Branch ('SVB') in Customs	<p>There are inordinate delays in finalization of SVB investigations. There are cases where investigation has been pending for multiple years and decades in some cases.</p> <p>Presently, the SVB mechanism is entirely a manual exercise and should be in sync with Transfer Pricing regulations.</p> <p>Both these regulations continue to examine the intent of the assessee in opposite directions which increase complexity.</p>	<p>To ensure timely finalization of SVB investigations, a maximum time (including ceiling on the extension can be granted) should be specified within which the investigation must be finalized. There should be reasonable timelines defined up to which BoE can be provisionally assessed.</p> <p>Further, with regard to SVB, following initiatives to be made:</p> <ul style="list-style-type: none"> <li>• SVB may be made as self-declaration followed by scrutiny selection in deserving cases only (case to be basis).</li> <li>• There can be a declaration from a foreign supplier added to provide a confirmation that the price is not influenced by the relationship.</li> <li>• Indian government has been taking various steps toward improving the 'ease of doing business in India. Simplifying SVB is one such initiative.</li> </ul>
5	Amendment of Section 28DA of the Customs Act, 1962, to remove the requirement of Bank Guarantee('BG').	<p>Section 28DA of Customs Act 1962 should be suitably amended considering the hardships being caused to the importers for the ease of doing business.</p>	<p>Currently, hundreds of crores of BGs are submitted with the Customs authorities by Industry. While the CAROTAR regulations has stipulated a timeline of 60 days for completion of verification process but the same is not being followed leading to financial hardships to importer in the nature of cost of BGs.</p> <p>Section 28DA of Customs Act 1962 inter alia provides for a basic level of due diligence on the part of an importer to satisfy himself that the claimed originating criteria have been met, and that mere submission of a Certificate of Origin may not be sufficient. Further, in case where an officer has doubt, he may seek additional information or initiate verification proceedings. Pending verification, an importer can get the goods released on submission of security/bank guarantee amount equal to the difference between the duty provisionally assessed under section 18 and the preferential duty claimed</p> <p>The requirement of furnishing bank guarantee under CAROTAR 2020 is causing undue hardship and financial burden to the importers.</p>
6	Levy of demurrages also on Custom holidays	<p>While calculating the demurrage charges holidays are also counted while there may not be any fault of the importer.</p>	<p>The holidays (as per customs Act) are recommended to be kept out for calculation of penalty / demurrage charges at port.</p>

7	Clarifying grounds & circumstances under which AEO application would not be rejected on pre-existing litigation	A guidance note /circular should be issued by the department to ensure uniform interpretation. Also, Government should issue a list of exclusions as to when an application cannot be rejected for pre-existing litigation.	<p>As per para 3.2.1 of AEO Circular 33/2016, there should be no show cause notice issued to applicant during last three financial years involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Tax has been collected from customers but not deposited to the Government.</p> <p>The above criteria creates subjectivity in the assessment of AEO application. Further, depending on the port where the application is filed and interpretation on the same an application for AEO may be accepted or rejected if extended period is invoked. Hence, there is variance in practice depending on case to case.</p> <p>In several cases, wherever companies have notice invoking extended period, normally AEO application is rejected.</p>
8	Common arm's length price under Customs and Transfer Pricing for transactions between related parties	<p>There are contradicting decisions which require a greater need for convergence of transfer pricing mechanism under the Customs Act and the Customs Regulations</p> <p>There is a need for a common platform that would provide a 'middle-path' of arm's length price that is acceptable both under the Customs and Transfer Pricing laws.</p>	<p>Both Customs and Transfer pricing laws requires taxpayer to establish arm's length principle with respect to transactions undertaken between related parties. The main objective under respective laws is to provide safeguard measures to ensure that taxable values (whether it is import value of goods or reported tax profits) are the correct values on which respective taxes are levied. The above objective, while established on a common platform, has diverse end-results as seen below:</p> <p>To increase Customs duty amounts, the Customs Cell would prefer to increase the import value of goods</p> <p>To increase tax, the Revenue Authorities would prefer to reduce purchase price of goods</p> <p>The diverse end-results create ambiguity in the way the taxpayer should report values under the Customs and Transfer Pricing laws.</p> <p>There are various contradicting judicial precedents which favour and contradict the use of custom valuation while establishing arm's length price under transfer pricing</p>
9	Provisions for export of intellectual property right (IPR)	Custom Act provisions and procedures to be amended to incorporate impracticability involved in physical movement of IPR outside India.	<p>Various judicial pronouncements consider permanent transfer of IPR as supply of goods.</p> <p>However, there is no clarity in GST law for classification of permanent transfer of IPR from overseas affiliates to India company and from Indian affiliates to Foreign Company as goods or services, given that an entry for permanent transfer finds mention in both the notification prescribing rate for 'goods' as well 'services.'</p> <p>Further, as per Customs Act, 1962, export of goods means any goods which are to be taken out of India to a place outside India, however, IPR are intangible assets and hence, it is practically not possible to demonstrate export of IPR by way of physical movement outside India. Also, there is no clarity on payment of GST on import of IPR including the mechanism to file bill of entry, etc.</p>



10	Clarifying TR-6 challan is a duty payment document for availment of credit of IGST/ Compensation cess	A suitable clarification/modification should be made in Circular 16/2023-Cus dated 7th June 2023 to treat TR-6 challan as an eligible duty paying document for the purpose of availing ITC.	<p>There are multiple scenarios where Customs duty are deposited only through TR-6 Challan only like de-bonding of EoU/STP units &amp; suo-moto payment of duty under section 28 etc. The Circular issued by CBIC will impose significant hardships for Industries engaged in import and lead to litigations, since it has been a practice to deposit customs duty through TR6 Challan and avail ITC basis the TR6 Challan.</p> <p>Circular No. 16/2023-Cus dated 7th June 2023 issued by Central Board of Indirect Taxes and Customs states that under GST Law the BoE is a prescribed document for availing the ITC of IGST/Compensation cess not the TR-6 challan. This has created undue hardship/challenges for the importers who have availed credit basis payment vide TR-6 Challan.</p>
11	Continuity of end-use exemption claimed under Notification No. 50/2017 under Sr. 168, 341 & 341A for specific raw materials of Optical Fiber / Optical fiber cables	An exemption was there from payment of BCD on the import of certain raw materials for manufacturing of telecommunication grade optical fibers or optical fiber cables as mentioned in SN 168, 341 and 341 A under Notification No. 50/2017-Customs dated June 30, 2017. However, the said exemption was withdrawn w.e.f. April 1, 2023, vide Notification No. 2/2022 Customs dated February 1, 2022.	<p>It is recommended that said exemption from payment of duty shall be introduced retrospectively from April 1, 2023.</p> <p>This restoration of exemption would be in line with Government's Digital India and will act as a push to 5G Initiative and Smart City Initiative and any disruption through the increase of tariff will derail our existing initiative</p>
12	Revisiting BCD on Telecom products	India applies a 20 percent customs duty on certain telecommunication products including the component and final product such as Optical Transceiver with Printed Circuit Board Assembly which are falling under tariff item nos. (hereinafter referred to as HSN) 85171290 of the First Schedule to the Customs Tariff Act, 1975 (First Schedule).	<p>Authorities should consider revisiting the application of BCD on key telecommunication networking products, including Optical Transceivers and Printed Circuit Board Assembly with Optical transceivers.</p> <p>India is at the cusp of a digital revolution, auctioning of 5G spectrum, and large-scale digitization of all sectors, most importantly, the finance sector and Micro, Small, and Medium Enterprises (MSMEs). The duty has not only impacted Original Equipment Manufacturers (OEMs) but also telecom operators and end-consumers.</p>
13	The import of specified goods by the Ministry of Defence have been exempted from customs duty and import GST	The customs duty exemptions are available for specific defence products imported by the Ministry of Defence. Though it has been expanded to include imports by defence and other public sector units, but it has a sunset clause. Such exemption notification shall cease to be effective on or after 1st July 2024	Support a GST zero rate on imports of ALL types of defence goods or harmonization of rate irrespective of classification without any sunset clause to have tax certainty.

14	Interest on payment of differential duty	Taxpayers are burdened with interest liability at higher rate of interest which is adding to the cost of the products.	To benefit the trade community, the current interest payable on differential customs duty under section 28AA is 15% since several years.  The interest rate should be brought down to 12% from the existing 15%.
<b>GST Recommendations</b>			
1	Rationalization of Audit / Assessment	<ul style="list-style-type: none"> <li>• There are various sectors such as banking, insurance, travel and logistic operator, hotels, media entertainment, financial services and large manufacturing enterprises wherein the Companies are engaged in providing services on pan-India basis. Thus, such companies have to obtain GST registrations in almost all of the states.</li> <li>• Every registration of a legal entity is treated as a separate registered person. Each of them undergoes assessment and there can be circumstances that a tax position taken by the Department for one State may differ from the position taken by the Department for another State. The divergent positions create uncertainty. The Government should bring in a mechanism that once a particular tax position is finalized for one state, the same position should be applied for other registrations where circumstances are similar.</li> <li>• Different jurisdictions follow different audit procedures and data requirement list such as requirement to furnish state level trial balances, expense GLs at registration level etc. As a result, the data and documents called for differ from one another.</li> </ul>	<p>Centralised Audit / Investigation: Government should consider allowing the concept of centralised Audit / Investigation for large taxpayers having pan-India presence and significant turnover with multiple GSTINs. This will:</p> <ul style="list-style-type: none"> <li>• Eliminate the requirement of multiple audits for each registration separately</li> <li>• Ensure uniform tax positions with respect to entity as a whole</li> <li>• Save time and efforts leading to significant ease of doing business</li> </ul> <p>Standardization of information requisition list for Audit/ Assessment procedure: Where taxpayers have obtained multiple registrations under GST which falls under different jurisdictions, it is suggested that information shall be required in the standard formats by all the jurisdictions so as to remove duplication of efforts and ease the overall process of collation and submission of data/ information required by authorities.</p>

		<ul style="list-style-type: none"> <li>Similar issues are being faced as multiple agencies open up parallel investigation across various registrations and follow different interpretations of the same law. Substantial time is elapsed in explaining the issues in person to the officers, including submission of the entire data set at all locations.</li> </ul>	
2	<p>GST liability under Reverse Charge Mechanism ('RCM') should be allowed to be discharged through E-Credit ledger ('ECRL')</p>	<ul style="list-style-type: none"> <li>Section 9(3) and section 9(4) of the CGST Act prescribes for the levy and collection of tax where recipient shall be liable to pay tax under RCM. Similarly, Section 5(3) of the IGST Act also prescribes similar provision.</li> <li>According to rule 85(4) of the CGST Rules, it has been stipulated that the amount payable under reverse charge shall be paid by debiting the E-Cash Ledger ('ECL'). In other words, reverse charge liability cannot be discharged by using input tax credit.</li> <li>Pursuant to discharging reverse charge liability, credit of the same may be availed by the recipient where such ITC is eligible. Payment of such liabilities through cash unnecessarily results in blockage of working capital and accumulation of input tax credit.</li> <li>The recipient should be entitled to ITC (subject to the provisions of GST) the moment liability accrues, given that the GST paid is anyway available as credit and the same would be revenue neutral situation for the Government.</li> </ul>	<p>Sub-rule 85(4) of the CGST Rules may be amended in order to remove the requirement of payment of GST under reverse charge in cash.</p> <p>The above would result in improved cash flows in the hands of the business in India, which further results in avoiding working capital blockage.</p>

		<ul style="list-style-type: none"> <li>The concept of RCM is not new and adopted in various countries, the law prevailing in certain countries (including Singapore, UK) do not require RCM liabilities to be mandatorily discharged through cash. The taxpayers in these countries are eligible to ITC on such RCM liability the moment they report the RCM liability in the returns (i.e., in the same tax period), thereby negating the requirement to pay such RCM liability through cash.</li> <li>Given that a significant expense in business operations is undertaken on reverse charge basis, enabling the payment of these taxes through credits would aid seamless operations.</li> </ul>	
3	Allow transfer of balance available in E-Credit Ledger on similar lines with E-Cash Ledger	<ul style="list-style-type: none"> <li>The functionality to transfer the unutilised balance in E-Cash ledger has been introduced i.e., taxpayer has the option to transfer the unutilised balance in E-Cash ledger to another head under the same registration or to another registered person under the same PAN. However, there is no such mechanism for transfer of unutilised balance in E-Credit ledger.</li> </ul>	Such welcoming move of seamless transfer should be extended to other credit ledger balances of CGST and IGST, subject to necessary conditions as deemed fit.
4	Removal of GST 'intermediary' definition	The GST legislation contains the definition of 'intermediary' services which makes supplies that would normally be treated as an export free of GST be subject to GST and as such adds costs. As a result of the inclusion, services provided by Indian subsidiaries are liable to GST which used to qualify as exports prior to 1st October 2014. This results in significant tax costs for the group and is a barrier to business in India.	Re-instatement of export benefits for intermediary services under the GST regime. These provisions are out of step with Global Best Practice (e.g., EU VAT)

5	Interest rate for late payment of Tax [Section 50 & Section 56]	High interest rates for late payment of Tax i.e., 18% in comparison to rate of interest on refund i.e., 6%.	It is recommended that this high rate of interest be reduced as it can be demotivating to the assessee, especially in cases of unwilful default.
6	Option for selecting a centralized address for section 9(5) registration by e-commerce operators across States - Section 9(5) read with section 22 and rule 12(1A)	The facility allowed to persons applying for registration under section 51 and section 52 should be extended to e-commerce operators, allowing them to select a single address across States where they do not have their own office and discharge their liability under section 9(5).	E-commerce operators are required to obtain State-wise registrations to discharge GST liability under section 9(5) on specified supplies. They have no option but to rent office premises in different States merely for GST registration purposes. Rule 12(1A) allows an option to persons applying for registration under section 51 (TDS) and section 52 (TCS) to select a common address across multiple registrations.
7	ITC Reversal on Gift and samples [Section 17(5)(h) of CGST act 2017]	ITC needs to be reversed for Business promotion expenses, like gift, samples.	Since cost of such gifts or samples are already included in the cost of main products, GST also gets discharged on the same as well as these expenses are incurred to promote business only, this is recommended for consideration of clauses under section 17(5)(h) based on which it could either be allowed or disallowed.
8	Transfer of ITC through Form GST ITC-02 from one registration to another registration of a different State should be allowed - GST portal / Form GST ITC-02 <i>(Declaration for transfer of ITC in case of sale, merger, demerger, amalgamation, lease or transfer of a business)</i>	Necessary changes in the GSTN portal should be made immediately to enable users to transfer balance of input tax credit even if the transferee and transferor are from different States/UT.	Although there is no requirement in the law that the transferor and transferee in cases of transfer of business as a going concern should be registered in the same State for transferring input tax credit through Form GST ITC-02 in terms of section 18(3) read with rule 41 of CGST Rules, GSTN system is not allowing the transfer of input tax credit in such cases. As per the existing system, "transferee and transferor should be of the same State/UT".
9	No penal action against the buyer for mala-fide intent of seller	Buyer should not be penalised for default / mala-fide intent of seller.	GST Input Tax Credit should be available basis fully paid invoices. If the seller has applied and received GST from the buyer, the consequences of default should be fully borne by seller.

			Tax authorities have wide powers provided by legislations. Those power should be rightfully used. Genuine buyers shouldn't be targeted and asked to pay the amount again only for ease of authorities for not tracking sellers.
10	Compliance burden on deemed supply of services between two registered premises/ branches of the same legal entity should be reduced - Section 25(4)	It is a settled law that one cannot do business with itself. However, due to the deeming provision under section 25(4), there is a significant compliance burden on the taxpayers to determine the nature of services, ascertain the value and raise GST invoices for the deemed supply of services apart from the blockage of funds. This is against the concept of ease of doing business.	Section 25(4) of the CGST Act states that a person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.  It is recommended that the deeming fiction to levy GST on supply between two registered premises/branches of the same entity be restricted only to transfer goods and not services.
11	Clarification required on secondment of employees to India	Since the definition of 'input tax' includes tax payable on reverse charge, the tax purported to be paid on secondment of overseas employees is revenue neutral. To avoid the existing uncertainty, it is recommended to amend Schedule III of the CGST Act to include secondment of employees.	The Supreme Court, in the case of Northern Operating Systems Pvt Ltd., had held that service tax is payable on secondment of the employee from overseas group companies as there is quid pro quo since the Assessee, located in India, has had the benefit of experts for a limited period of secondment. The industry's general view over the years has been that since 'control' over the seconded employees is with the Indian entity, no tax is payable as there is an employee-employer relationship. Further, various prescribed forms under the Income Tax Act, 1961, applicable to employees, are issued by the Indian entity to the seconded employees. Moreover, the structure of the transaction dealt with by the Supreme Court is not the same in all cases. Since this judgement is based on a 'substance over form' approach, the industry is uncertain about the applicability of GST on the secondment of employees to India vis-à-vis compliance with the Income Tax Act, 1961.
12	Clarification on the taxability of vouchers - Section 2(118) read with section 12(4) and section 13(4)	There are contrary rulings from different State AARs on the subject matter. It is recommended to provide clarification on the incidence of levy on vouchers, rate of tax and person liable to collect and pay tax to avoid litigation.  Alternatively, it may be considered to remove provisions related to vouchers and bring in an entry under schedule III that vouchers redeemable against goods or services are not liable to GST	Voucher is defined in section 2(118) whereas section 12(4) and section 13(4) prescribe the time of supply of vouchers.  The Karnataka High Court in the case of Premier Sales Promotion Pvt Limited v. Union of India & Ors has held that vouchers are mere instruments accepted as consideration for the supply of goods or services. They have no inherent value of their own. As vouchers are considered as instruments, they would fall under the definition of 'money' under the CGST Act. Since the CGST Act excludes 'money' from the definition of 'goods and 'services', vouchers would not be leviable to tax.  If voucher is money which is not eligible to tax, there is obfuscation due to provisions of time of supply for vouchers. Further, the GST law does not provide any clarity on when vouchers will be treated as a supply of goods vis-à-vis services.

			While the Act or the circulars do not specifically discuss taxability of section 12 and 13 still provide for time of supply provision in respect of vouchers. Most of the vouchers are redeemable against more than one good or service and therefore the time of supply would be at the time of redemption. This means that there will a tax on issue of vouchers at the time of redemption while tax on sale of good or services which are redeemed against the same voucher. This would be tantamount to double taxation as the individual who buys a voucher suffers tax while purchasing the voucher as well as redeeming it (as tax on goods/ services purchased on redemption).
13	Delink secondary discount with terms of agreement - Section 15(3)	Though the delinking functionality has already been activated for credit notes on the GST portal, it is recommended to amend section 15(3) of the CGST Act to remove the condition of linkage with relevant invoices for adjustment of discount.	<p>To incentivize sales, Companies provide various post-sale offers /schemes and additional discounts to their distributors/stockists etc. to pass it to the consumers. In this regard, section 15(3) of the CGST Act states that the value of the supply shall not include any discount which is given —</p> <p>(a) before or at the time of the supply if such discount has been duly recorded in the invoice issued in respect of such supply; and</p> <p>(b) after the supply has been affected, if—</p> <p>(i) such discount is established in terms of an agreement entered into at or before the time of such supply and specifically linked to relevant invoices; and</p> <p>(ii) input tax credit as is attributable to the discount on basis of document issued by the supplier has been reversed by the recipient of the supply.</p> <p>In practice, the supplier cannot establish the linkage of these post-supply discounts with each individual original invoice. Discount is passed by issuing commercial credit note in accordance with Circular No. 92/11/2019 dated 7 March 2019. This causes a huge loss of GST for suppliers as there is no provision to adjust GST on discounts without linkage.</p>
14	Input tax credit for supplies covered under reverse charge should be permitted - Section 17(2) and (3)	It is recommended to allow an option to levy GST on forward charge on supplies covered under reverse charge or to amend section 17(3) to allow credit to suppliers whose supplies are covered under reverse charge.	Section 17(2) requires that suppliers should reverse input tax credit apportionable to exempted supplies. Further, section 17(3) provides that exempt supplies include supplies where GST is payable on a reverse charge basis. Because of this provision, supplies which are covered under reverse charge are considered exempted services and the supplier of such services is required to reverse input tax credit on goods and services used for making such supplies. Because of this provision, GST paid on procuring inputs and input service for such service becomes the cost to the supplier. The fact that tax is paid by the service recipient instead of the service provider should not disentitle a supplier from input tax credit.
<b>Automobiles</b>			
1	Rate Rationalization	Reduction in GST rate on parts of tractors to remove inverted duty structure.	It is therefore recommended to rationalize GST rate of all inputs of tractors in line with the output, which shall render such goods to be cheaper. <b>(Annexure 1 included for inputs for which rationalization is recommended)</b>

		The present levy is of 18%/ 28% GST on parts and components of tractors, but parts and components of tractors results in unnecessary accumulation of credit for the tractor industry, for which the refund route is required to be adopted. During the period of delay of processing of refund, the cash flows and working capital are blocked of working capital, and such costs get embedded in the price of products making them more expensive for the ultimate buyers which is predominantly the agricultural sector.	
2	IGST on import of Aircraft parts, accessories and components	Currently the Government provides for a 5% lower GST rate on import of aircraft parts covered under Chapter Heading 8803.  There are still lingering issues on classification and credits that should be addressed.	Harmonization of the 5% lower GST rate entry to include all parts, components, and accessories of aircrafts.
3	Maintenance, Repair and Overhaul (MRO) services provided by Indian Companies	Effectively April 1, 2020, GST rate is reduced to 5% in MRO services related to Aircraft – which is welcomed.	A further reduction to Zero Rate is recommended to make it even more comparable and Indian MRO companies competitive with foreign MRO companies.
4	Inclusion of Aviation turbine Fuel/Petroleum products under GST	Petroleum products such as petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel are now covered under both Union List & State List (except during inter-state trade) enabling them to be subsumed under GST, however, the same is proposed to be deferred to a later date. GST Council has been empowered to decide the date from which said goods would be leviable to GST. Since the above taxes would presently not be subsumed under GST, input tax credit would not be available, and the taxes paid thereon would remain a cost. Considering the huge amount of taxes involved, it would increase the cost of doing business while at the same time breaking the	Considering seamless flow of credit as one of the agenda for introduction of GST, introduction of these items under GST will allow input tax credit without any break in chain.  It is suggested that petroleum products and electricity may also be brought under GST at an early date to allow input tax credit thereon without break in the chain of credit. duty may also be brought under GST to minimize the cascading effect of taxes.



		seamless chain of credit thereby defeating the purpose and principle of input credit scheme. In the GST regime, the break in the chain of input tax credit substantially increases	
<b>Healthcare</b>			
1	<p>Import Duties Rationalisation:</p> <p>Eye Care (HS Code: 90213900, 90185090)</p>	<p>Duties for intraocular lenses, ophthalmic accessories and ophthalmic instruments and accessories are at 27.40% not allowing this solution to proliferate adequately</p>	<p>Basic Customs Duty on Intra Ocular Lenses, Ophthalmic equipment &amp; Accessories should be made Zero and Health Cess should also be rolled back since:</p> <p>(a) According to the World Health Organization, cataract is the main cause of preventable blindness. The global prevalence rate of visual impairment due to cataract rose from 791.4 per 100,000 population to 1253.9 per 100,000 population in 2019 and disability adjusted life years (DALYs) rose from 65.3 per 100,000 population in 1990 to 86.3 per 100,000 population in 2019.</p> <p>(b) The annual incidence of cataract in India is about 3.8 million and the backlog is about 6 million people annually. In India, cataract has been reported to account for 50%–80% of the bilaterally blind</p> <p>(c) Ophthalmic equipment &amp; devices play a central role in the efficient diagnosis, treatment and management of preventable blindness.</p>
2	<p>High Effective Import Duties on Medical Devices Under the HSN code 9018,9019,9020,9021 and 9022</p>	<p>The prevailing “effective customs duty” on Medical Devices stands as follows:</p> <p>Basic Customs duty: 7.5 % to 10 % Cess on BCD: 1 % Health Cess Ad Valorem: 5 % Total effective Customs duty is 13.75 % (for all HSN codes 9018, 9019, 9020 9021, 9022)</p>	<p>To provide a much-needed relief to the medical device industry, we seek the following:</p> <p>a. reduction of customs duties (at the minimum, bring down to 2.5%) and b. rollback of the additional 5% health Cess ad valorem imposed on imported medical devices.</p> <p>One area of concern within the Medical Technology sector is the high custom duties levied on medical devices and equipment. For products where the ability to substitute import is still some time away, the high customs duty should be decreased. The high customs duty ( along with currency depreciation by more than 8 % and high operational/ logistic cost due to enhancement of energy cost and other inflationary trends with WPI in double digit) have adversely impacted the costs for these products in India which is derailing the government’s efforts to provide affordable healthcare to masses through schemes like Ayushman Bharat program (PMJAY)and also to the other mid-income group patients- outside the PMJAY scheme- India having &gt;60 % of Out of Pocket expenditure. The customs duty regime on most of the medical devices in many neighbouring countries like Nepal, Bangladesh, Sri-Lanka, Bhutan is much lower than in India, the difference in duties created could lead to the smuggling of the low-bulk-high-value devices. The result will not only be loss of revenue for the government but also the patient being treated with products which are not backed by adequate legal &amp; service guarantees.</p>

3	Reduction of BCD rate on Lenscare solution, which is subservient to usage of contact lenses	Contact lenses are subject to 10 percent BCD under Chapter Heading 9001 (HS code 90013000), however, Lenscare solution is subject to 20 percent BCD under Chapter Heading 3307 (HS code 33079020).	<p>It is therefore recommended that Basic Customs Duty ('BCD') on Lenscare solution is reduced to 10 percent, in line with the BCD on contact lenses and spectacle lenses.</p> <p>Lenscare solution is a lens disinfectant that is used regularly by patients and is a mandatory requirement for wearing contact lenses. However, currently, it is taxed at 20 percent BCD as 'Cosmetics', even though it neither fits into the category of cosmetics nor has any cosmetic purpose. Higher customs duty has impacted contact lens consumption in India adversely and has moved customers to use spectacle lenses.</p> <p>Lenscare products being used in conjunction with the usage of contact lenses, should be taxed at the same rates as a contact lens so that a level playing field can be provided to contact lenses with spectacle lenses</p>
4	GST on Free Goods	Current dispensation requires GST input credit to be reversed on any free goods	Doctors need samples/free trials/demos to satisfy on efficacy of product in best interest of patients. Cost of trials already built into cost structures and hence a business expense. Hence it is recommended that GST should not be charged on Free Goods and Samples – Healthcare products
5	GST rate on Medical Devices	High GST on Medical Devices @12% for most	With a need to promote expansion of healthcare sector through reduced costs improving patient accessibility and overall share of healthcare in national GDP, it is recommended that medical devices should be brought at par with other preferential products and taxed at preferential GST rate of 5%
<b>Infrastructure</b>			
1	Customs Duty Concession	Similar to CBG projects, it is recommended to extend the benefit of availing concession in custom duty on the imported goods required for the initial setting up of the bio-fuel projects after obtaining Concessional Custom Duty Certificates from the concerned ministry.	<p>CBG project developers can avail concession in custom duty for the imported goods required for the initial setting up of the project up to March 31, 2024, after obtaining Concessional Custom Duty Certificates from Waste to Energy Division, MNRE.</p> <p>On the other hand, advanced biofuels projects which are also based on similar waste feedstocks like waste biomass, municipal waste, industrial residues etc. are not eligible for any such consideration. Extending similar concessional custom duty on all imported items used for setting up of advanced Ethanol production units harnessing waste feedstocks (like agro-residue, municipal waste and industrial residues and streams etc.) on fulfilment of similar conditions as applicable to CBG projects will help advance bio-fuel projects in India and Ethanol blending Program.</p>
2	Introduction of GST Exemption for the construction of military and commercial Airports	Exemption in relation to the construction of Airports which existed under the Service tax law has not been applied within the GST legislation.	Re-instatement of blanket exemption for the construction of both defence and commercial airports should be re-introduced under the GST regime.

**FMCG**

1	Reduction in BCD rate of chemicals used for cleaning and disinfectant's purpose	The Import duty on Chemicals used for cleaning, and disinfection covered under chapter 3808 should be reduced to make the product affordability high.	<p>The import duty of 10% remains unchanged even during the time when there is a high need for hygiene chemicals in the country.</p> <p>It is recommended that BCD on chemicals used for cleaning and disinfectant purpose is reduced to 5% percent so that the overall cost of procurement of the same can be considerably reduced.</p>
2	Revocation of restriction imposed on refund under Inverted Duty Structure (IDS) for edible oil	<p>(a) Disallowance of input tax credit has resulted in a significant accumulation of credit in the electronic credit ledger on the GSTIN Portal of organizations in the industry.</p> <p>(b) This accumulated credit acts as an additional cost to the industry, as it cannot be utilized, leading to substantial financial losses.</p> <p>(c) Circular No. 181/13/2022-GST, issued on 10 November 2022, restricts the refund for applications filed post 18th July 2022. This circular is arguably contrary to the GST law, which provides for a two-year period for claiming a refund, and a notification cannot restrict this right via a circular.</p> <p>(d) The impact on the industry is enormous, running into crores of rupees, due to the non-availability of refund caused by the inverted duty structure.</p>	<p>(i) It is suggested that revoking the restriction imposed on the refund under the inverted duty structure (IDS) may be considered as it is causing significant losses to the industry. Furthermore, removing the restriction will lead to decrease in prices of edible oil products, benefiting consumers and reducing inflation. It will also contribute to higher sales and increased GST revenue for the government.</p> <p>(ii) It is requested that that the impact of the restriction on refunds is applied prospectively.</p>

3	Requirement of clarity on the taxability of undenatured extra neutral alcohol/ rectified spirits which are eventually used for the purpose of 'alcohol for human consumption'	<p>AlcoBev companies manufacturing alcoholic beverages meant for human consumption use Extra Neutral Alcohol (ENA) / Grain Neutral Spirit (GNS) produced from molasses / grain as the raw material for manufacturing such potable alcoholic beverages. The AlcoBev industry used to pay VAT on ENA / GNS in the pre-GST era and continue to do so, on account of the status quo ordered by the GST Council from time to time. However, certain field authorities in some States have been seeking GST on such ENA.</p> <p>The industry is facing issues across numerous states w.r.t the taxation of 'ENA', the issue of 'C' forms for inter-state supplies, demands for GST by some states on 'ENA' suppliers. This calls for a lot of time, cost and effort by the industry in an attempt to resolve (and litigate) the issues.</p>	<p>It is recommended to provide clarity on the taxability of undenatured ENA rectified spirits, etc. which is eventually used in manufacture of 'alcohol for human consumption' such that the issue achieves finality.</p> <p>Without prejudice, it is suggested the clarity should be made effective prospectively.</p>
4	Cascading impact of levy of GST on all inputs/input services/ capital goods and levy of VAT on output supplies.	The taxes paid by AlcoBev industries on procurements (under forward charge and reverse charge) are proportionately shared between center and state governments. Further, VAT is paid to State Government at time of final sales of liquor. So, proportionate benefit of taxes paid on procurement should be granted to the industry.	Deliberations with state and central government can be initiated to grant some sort of relief on the taxes paid by AlcoBev industries on the procurement of goods and services by way of either set-off of the taxes paid on procurements or reduction in taxes on sale of alcohol to make it revenue neutral.

**Telecom**

1	Tariff Rationalisation	<p>To attract GVCs, increase scale of production and make India a competitive destination when compared with countries such as Vietnam and China, it is imperative that the current high and complex traffic structure should be reduced and simplified to only 3+1 slabs - 0%, 5%, 10% and 15% starting FY 2024-25, for many of the sub-assemblies, components/inputs and finished goods (smartphones, chargers/adapters and PCBA).</p> <table border="1" data-bbox="338 1315 1151 1382"> <tr> <td><b>Tariff Slabs</b></td> <td><b>0%</b></td> <td><b>5%</b></td> <td><b>10%</b></td> <td><b>15%</b></td> </tr> </table>	<b>Tariff Slabs</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>	This would enhance India's competitiveness with competing manufacturing nations, while simultaneously eliminating considerable sources of arbitrage and litigation disputes arising from misinterpretation. Tariffs as an approach should be towards sunset, as also envisaged in the National Policy on Electronics (NPE 2019).
<b>Tariff Slabs</b>	<b>0%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>				

		Imports	Reduce tariffs on Inputs for PCBAs and Inputs for Mechanics to 0%	Reduce tariffs on Inputs to some sub-assemblies from 10% to 5%.	Reduce tariff on Sub-assemblies (except PCBA) and Other tariffs from 15% to 10%	Reduce tariffs on finished goods - Smartphones, Chargers/Adapters and PCBA to 15%																																														
2	Glide Path: Begin tariff decompression in FY2024-25 with an ultimate approach towards Zero tariffs by 2026-27.	<p>A. Re-alignment of tariffs for mobile phone inputs starting FY 2024-25 with a view to be globally competitive by FY 2026-27. This is to ensure competitiveness, scale and exports of Mobile phones from India.</p> <p>B. Simplify the Tariff Slabs to 0%, 5%, 10% and 15% (only FG) in FY 2024-25 from the over complex tariff slabs of 0%, 2.5%, 5%, 7.5%, 10%, 15% and 20%. These should include components of complex sub-assemblies.</p> <p>C. The "Others" category or parts of smart phones should be brought down from 15% to 10% to reduce instances of misinterpretation and all avoidable litigation.</p> <p>D. Recommended Glide Path for smart phones and its parts in FY 2024-25 to increase India's competitiveness with view towards Zero tariff rates by FY 2026-27, is mentioned below:</p> <table border="1" data-bbox="349 951 1137 1321"> <thead> <tr> <th colspan="3"></th> <th>Existing</th> <th>Proposed</th> </tr> <tr> <th>S.No.</th> <th>Description</th> <th>HSN</th> <th>2023-24</th> <th>2024-25</th> </tr> </thead> <tbody> <tr> <td colspan="5"><b>A. Finished Goods</b></td> </tr> <tr> <td>1</td> <td>Mobile Phone</td> <td>85171300 / 85171400</td> <td>20</td> <td>15</td> </tr> <tr> <td colspan="5"><b>B. Duty Reduction From 20%</b></td> </tr> <tr> <td>2</td> <td>Charger/ Adapter</td> <td>85044030 / 85044090</td> <td>20</td> <td>15</td> </tr> <tr> <td>3</td> <td>PCBA</td> <td>85177910</td> <td>20</td> <td>15</td> </tr> <tr> <td colspan="5"><b>B. Duty Reduction From 15%</b></td> </tr> <tr> <td>4</td> <td>Others</td> <td>85177990</td> <td>15</td> <td>10</td> </tr> </tbody> </table>								Existing	Proposed	S.No.	Description	HSN	2023-24	2024-25	<b>A. Finished Goods</b>					1	Mobile Phone	85171300 / 85171400	20	15	<b>B. Duty Reduction From 20%</b>					2	Charger/ Adapter	85044030 / 85044090	20	15	3	PCBA	85177910	20	15	<b>B. Duty Reduction From 15%</b>					4	Others	85177990	15	10	As Indian electronics manufacturers' aim to manufacture a USD 120 Billion value of mobile phones, it would definitely require a tariff policy in the form of reduced/simplified tariff slabs and lower tariff rates on sub-assemblies, components/inputs etc. in FY 2024-25 to maintain or even achieve a higher growth rate in production.
			Existing	Proposed																																																
S.No.	Description	HSN	2023-24	2024-25																																																
<b>A. Finished Goods</b>																																																				
1	Mobile Phone	85171300 / 85171400	20	15																																																
<b>B. Duty Reduction From 20%</b>																																																				
2	Charger/ Adapter	85044030 / 85044090	20	15																																																
3	PCBA	85177910	20	15																																																
<b>B. Duty Reduction From 15%</b>																																																				
4	Others	85177990	15	10																																																

5	Mechanics	8517 7990 / 73269099 / 73181500	15	<b>10</b>
6	Inputs of Mechanics	Any Chapter	15	<b>0</b>
7	Mic and receiver and Speaker	85177990 / 85182990	15	<b>10</b>
<b>C.</b>	<b>Duty Reduction From 5%</b>			
8	Cell	85076000	5	<b>0</b>
<b>D.</b>	<b>Duty Reduction From 2.5%</b>			
9	Ferrite inductor	85045090	2.5	<b>0</b>
10	Other parts of Battery charger/Adapter	Any Chapter	2.5	<b>0</b>
11	Parts of PCBA	Any Chapter	2.5	<b>0</b>
12	Parts of Camera Module	Any Chapter	2.5	<b>0</b>
13	Parts of Connector	Any Chapter	2.5	<b>0</b>

**GST – Refunds**

1	Refunds on exports where payment against an invoice is received in multiple instalments should be permitted - Section 54 read with rule 89(2)	Suitable changes should be made in the GST portal to allow a full refund for an invoice whose amount is received in multiple instalments. The control should be on the total invoice value and not on the invoice number.	<p>CGST Act allows refund on exports if it is claimed within the expiry of two years from the relevant date. Rule 89(2) of the CGST Act states that a statement containing the number and date of the invoice and relevant Bank Realization Certificates/FIRC is to be furnished.</p> <p>The practical issue while claiming a refund on the export of services is that the amount for a particular invoice may be received in several instalments, which may be spread over a couple of months/quarters though it is received before the prescribed relevant date. While claiming a refund for such a transaction, the utility does not accept the same invoice number.</p>
2	Refund which is rejected should be recredited to electronic credit ledger in a time-bound manner - Rule 93	A suitable amendment should be made to rule 93 to prescribe a timeline mandating adjudicating officers to process the recredit in the electronic credit ledger.	Electronic credit ledger is debited on filing a refund application for refund of input tax credit in terms of rule 89(3). Rule 93 states that where any amount claimed as a refund is rejected, either fully or partly, the amount debited, to the extent of rejection shall be re-credited to the electronic credit ledger by an order made in Form GST PMT-03. Since no timeline is prescribed in rule 93 for the recredit of the rejected refund (either fully or partly), the adjudicating officers are not processing the recredit to the electronic credit ledger in a time-bound manner.

3	Filing of GST condonation for non-realization of export proceeds within the stipulated time should be made online - Rule 96A	GST portal should be enabled to file condonation for exports and receipt of the acknowledgement copy online.	As per rule 96A, condonation needs to be applied with the GST Commissioner through offline mode for the delay in the realization of export proceeds furnished under bond or LUT. A continuous follow-up with the officer is also required for receipt of the acknowledgement copy for the condonation filed.
4	Amendment to the definition of 'Turnover of zero-rated supply of goods' - Rule 89(4)(c) read with section 54	<p>The definition of 'Turnover of zero-rated supply of goods' as provided in rule 89(4)(c) has been amended vide Notification No.16/2020 – Central Tax dated 23 March 2020.</p> <p>As per this rule, the value of zero-rated turnover is restricted to 1.5 times the value of like goods domestically supplied by the same or, similarly placed, supplier. The issue crops up for persons who are not supplying the goods in the domestic market as it becomes difficult for them to identify the value of similar goods supplied by similar suppliers in the domestic market.</p> <p>The amendment is prone to litigation and hinders the exporters. Reliance can be placed on the Karnataka High Court decision in the case of Tonbo Imaging India Pvt Ltd v. Union of India &amp; Ors. which has held that these words are ultra vires the provisions of the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017 and violative of Articles 14 and 19 of the Constitution of India.</p>	It is suggested to reinstate the definition as it existed before the amendment to facilitate ease of doing business.

Foreign Trade Policy

1	Incentive Scheme for Services Exports for improving resilience of service exports	The Government has withdrawn incentives provided to the Indian service exporters through the Services Exports from India Scheme (SEIS). Withdrawal of SEIS benefits, which provided duty	A scheme to incentivize services sector exports from India to enable them to remain globally competitive as India currently captures only 4% of the global trade in services. Service exports are expected to shield the Indian economy from external risks as a slowing global economy will likely weigh on the country's merchandise exports, amid a
---	---	--	--

credit scrips of 3-5% of net foreign exchange earned in FY20, with higher incentives in FY19, is a significant dent to the export competitiveness of Indian exporters.

This becomes critical as services exports to remain vulnerable in the current financial year amid a potential slowdown in the US economy and the onset of recession in some Eurozone countries.

potential slowdown in developed economies. Coupled with the increasing competition from emerging export-oriented destinations such as Vietnam, Brazil and the Philippines.

The nature of a new scheme to replace SEIS or any other scheme designed for service exporters, will bring it at parity to the manufacturing sector where several sector specific PLI Schemes have been extended.

Like PLI schemes, the scheme can also be target critical sectors such as Research & Development etc.