

**Press Information Bureau
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Ministry of Finance**

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Tax Refund to Export Import Traders

The Government is initiating all steps that the exporters get their tax refunds in time manner and the timely issue of refunds has always been a matter of priority and concern for the Government. Field formations have been directed to ensure prompt and timely disbursement of drawback, rebate claims on exports and other incentives on exports, as may be available under the relevant scheme.

Certain representations have been received from different exporters associations in this regard, which have been taken note of.

Details of incentives and other relief, inter-alia, being offered to exporters and importers are as under:

- Duty Drawback to exporters to neutralize Customs, Central Excise Duty and Service Tax suffered on inputs/inputs services used in manufacture of export goods.
- Benefit of rebate of Central Excise duty paid on exported goods is allowed under Rule 18 of the Central Excise Rules, 2002. Goods are also allowed clearance for export under bond for the same purpose under Rule 19 of the Central Excise Rules, 2002.
- Refund of CENVAT credit of inputs or input services to a manufacturer who clears a final product or an intermediate product for export without payment of duty under bond or letter of undertaking or a service provider who provides an output service which is exported without payment of Service Tax, under Rule 5 of Cenvat Credit Rules, 2004.
- In order to boost exports in garment sector, Government has provided various support measures. One such measure is duty free entitlement for import based on export performance, wherein manufacturers of textile and leather garments registered with their respective Export Promotion Council are allowed to import certain specified items duty free of value upto 5 per cent of the FOB value of the textile garments or 3 per cent of the FOB value of the leather garments, exported during the preceding Financial year for use in the manufacture of garments for export by such manufacturer. Similarly, the incentives are also provided to the exporters of handicrafts, leather products including footwear, handlooms, cotton and man-made textile made-ups etc.
- Duty exemption schemes (Advance Authorization/Duty Free Import Authorizations and Export Promotion Capital Goods (EPCG) as well as the incentive schemes (Merchandise Export from India Scheme and Service/Export from India Schemes) extended to exporters administered by Director General of Foreign Trade (DGFT), Department of Commerce.
- Rebate of whole of the duty paid on excisable inputs or whole of the Service Tax and cess paid on all input services used in providing service exported in terms of Rule 6A of Service Tax Rules, 1994.
- Granting rebate of service tax paid on taxable services which are received by an exporter of goods and used for export of goods.
- Allowing the holder of Vishesh Krishi and Gram Udyog Yojana (VKGUY), Focus Product Scheme (FPS) and Focus Market Scheme (FMS) scrip to pay service tax leviable on taxable services received by them by debiting in scrip.
- Section 10AA of Chapter VI-A of the Income-tax Act, 1961 allows 100% deduction on profits and gains derived from export of certain articles or things subject of fulfillment of conditions prescribed therein. Further, exporters and importers are also eligible for claiming deductions in respect of profits and gains derived from such business as per provisions contained in Part D of Chapter IV (Profits and gains of business or profession) and Chapter VIA (Deductions to be made in computing total income).

This was stated by Shri Jayant Sinha, Minister of State in the Ministry of Finance in written reply to a question in Rajya Sabha today.

DSM/KA