

Setting up Business in India

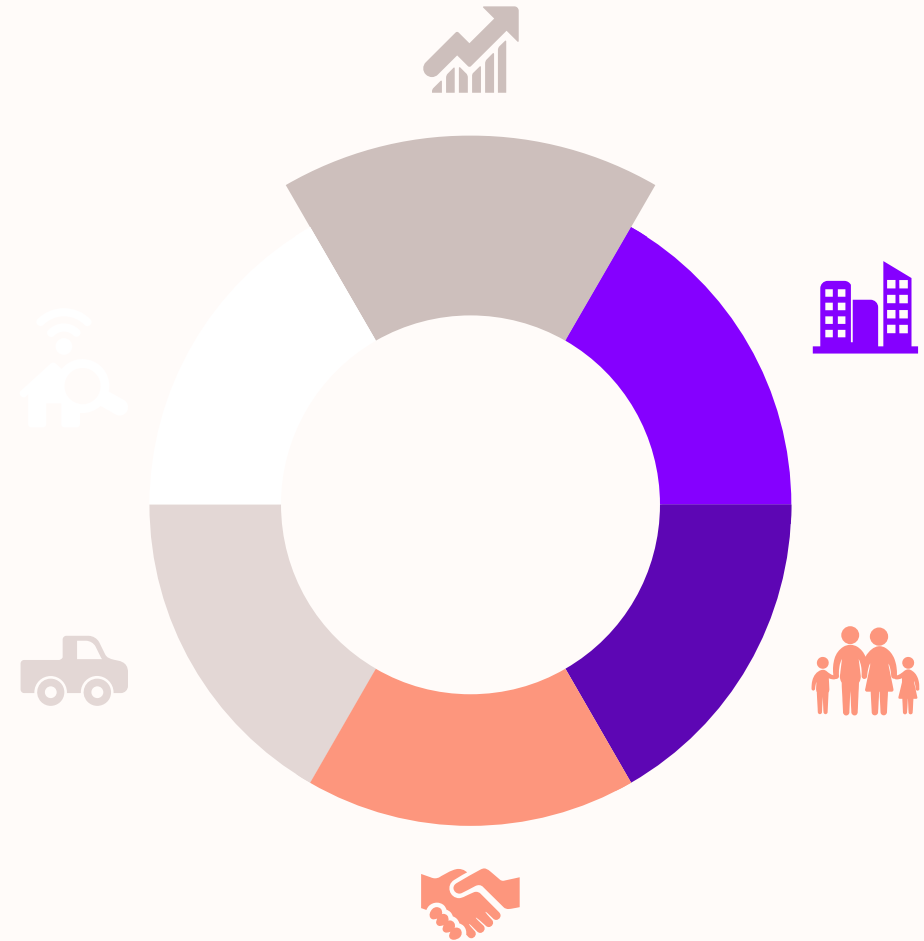
Trade and Facilitation Series - Vol 4



EXPORT PROMOTION SCHEME – EPCG

EXPORT PROMOTION CAPITAL GOODS

- 01 Duty free import of Capital Goods
- 02 Import CG for pre-production, production, post-production and even service provider
- 03 CG includes computers and softwares which are part of CG, Spares, tools, moulds etc.
- 04 It has actual user condition – meaning it is non-transferable
- 05 Goods procured from SEZ will also be considered as imports
- 06 Goods procured from local supplier can be covered under this scheme – Notional duty saved value is calculated.



EXPORT PROMOTION SCHEME – EPCG

REQUIREMENTS FOR APPLICATION

Details of Branch and port of registration where CG is sought to be imported.
If goods are locally sourced – Details of local supplier



Proforma Invoice, Purchase Orders, Process Flow Charts, Technical Writeups as supporting



Export details of 3 previous FYs for computation of Annual average EO – Not applicable for 1st time applicant



REQUIREMENTS



Details of final output product which will be the resultant output of the proposed CG



Certificate of Chartered Engineer certifying details of CG to be imported.



Certificate of CA/CS/CMA certifying the Books and registers of the applicant

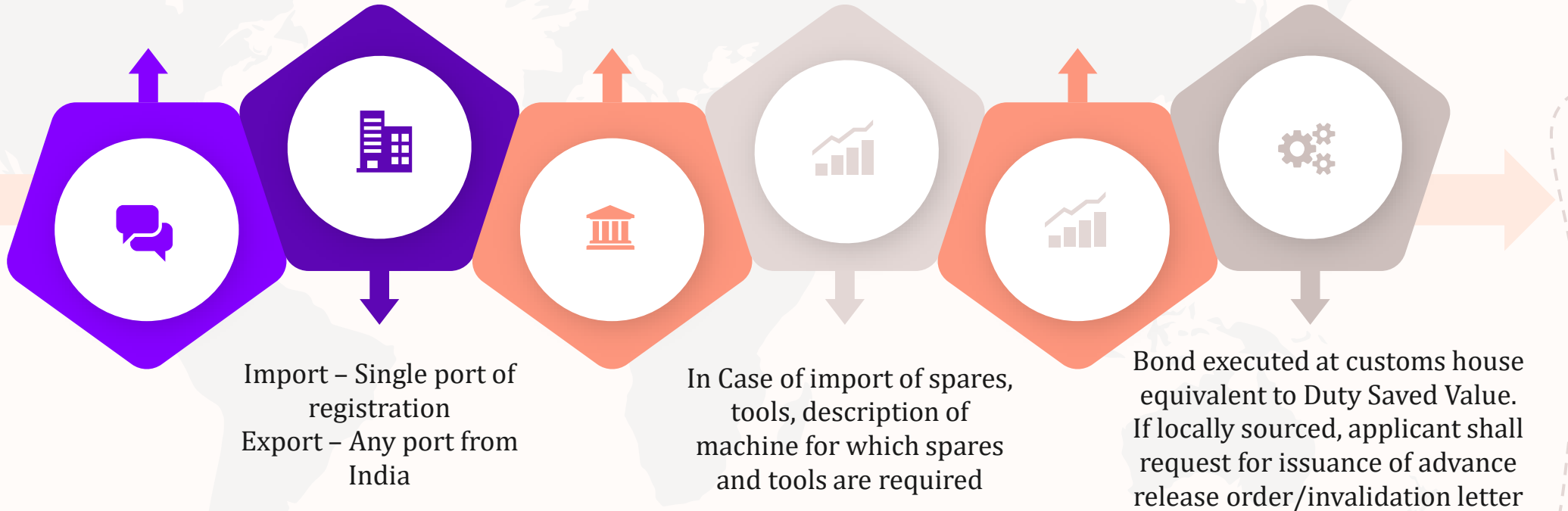
EXPORT PROMOTION SCHEME – EPCG

IMPORTING PROCEDURE

Import Validity – 24 months
from the date of license issue

Restricted Imports – Approval
needed from Exim Facilitation
Committee

Post Import – Installation
Certificate evidencing proper
installation of CG is required



EXPORT PROMOTION SCHEME – EPCG

EXPORT OBLIGATIONS – 2 TYPES

Specific EO

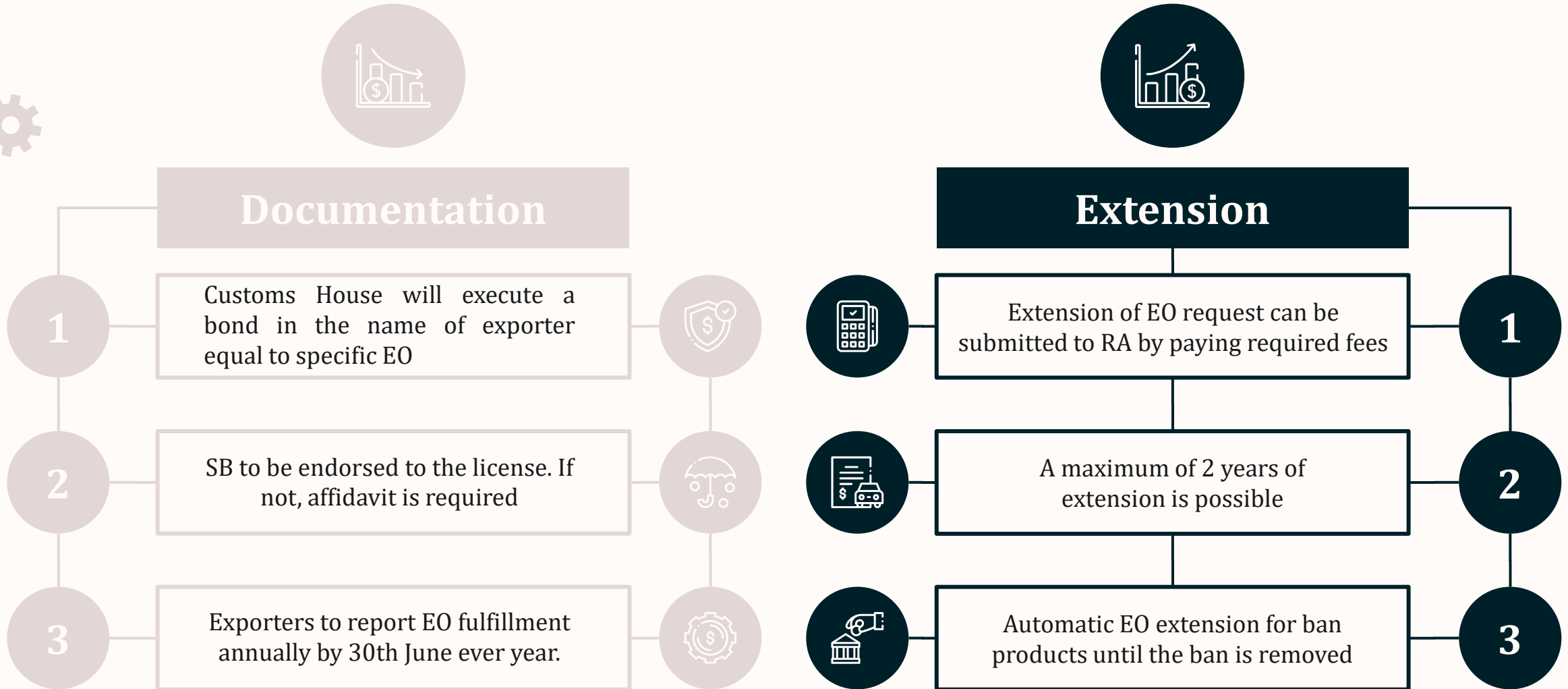
- 6 times of duty saved value
- Export used for 1 license cannot be used for another license
- For green tech product – EO shall be 4.5 times
- In certain states – EO shall be 1.5 times of DSV

Annual Average EO

- Exporters to maintain annual export of previous 3 years average.
- 3 Years average to be calculated at the time of fresh EPCG application
- Average EO not in cases of export of Handicrafts, Handlooms, Agriculture, Aquaculture, Floriculture etc.

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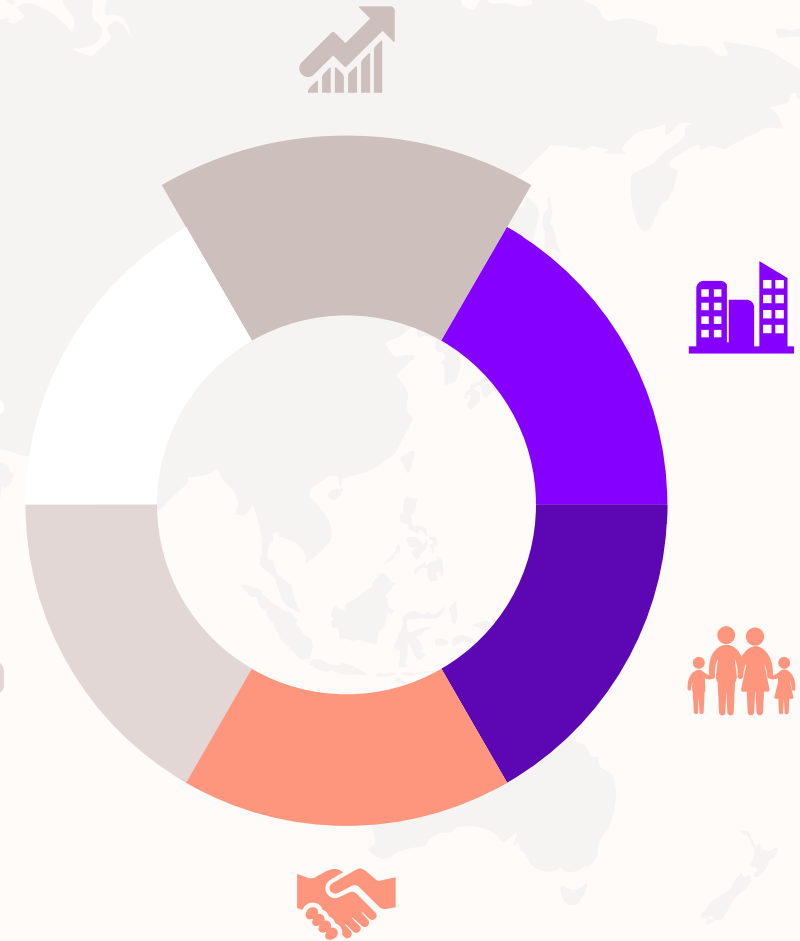
DOCUMENTATION AND EXTENSION



EXPORT PROMOTION SCHEME – EPCG

REDEMPTION PROCESS

- 01 EO to be fulfilled within a period of 6 years. Incentive for early EO fulfillment available in cases where more than 75% of EO fulfilled in less than 3 years
- 02 Filing of closure/redemption to be made in ANF 5B. On satisfaction, concerned RA shall issue Export Obligation Discharge Certificate (EODC) and same will be communicated to customs authorities with whom BG/LUT been executed.
- 03 Details of actual imports and actual duty saved value and proportionate revised specific EO details to be given
- 04 Details of export used for fulfillment of specific EO and Annual EO to be given.
- 05 Bill of entry's details, installation certificate copy, affidavit for cases where SB's are not endorsed with the license to be submitted
- 06 Details of condonation fees/composition fees if any paid in relation to the said license.



EXPORT PROMOTION SCHEME – EPCG

EPCG COMMITTEE

Committee at HQ office deals with issues relating to EPCG being faced by exporters at national level

Issues relating to relaxations, exemptions, relief to license holders from any provisions of FTP or any procedure are discussed

Issues which can be decided by committee includes cases such as EOP extension, block wise extension, delay in submission of IC, etc.

Decisions of EPCG committee can be viewed in online DGFT portal through minutes of the committee meeting.

EPCG Committee meetings are generally held on the 2nd and 4th Wednesday of every month



Thanks!

Do you have any questions?
knowledge@m2k.co.in

Mukesh Manish Kalpesh

Chartered Accountants,

7th Floor, Briley One, No. 30/ 64 Ethiraj Salai,
Egmore, Chennai - 600 008, Tamil Nadu, India

Mob: +91 97908 78922 | Tel: +91 44 42639000

<https://www.m2k.co.in/>