

# August 2024

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### Income Tax

- + **CBDT releases FAQs on New Capital gains Taxation Regime:** The Union Government tabled the Finance (No.2) Bill, 2024 ('Union Budget') on 23.07.2024. This proposed significant changes to the capital gains tax regime including rate changes to both long-term and short-term capital gains. The same brought in an array of queries to the taxpayers. To address some of these queries, the CBDT has released FAQs. The Finance Bill was passed by the Lok Sabha and the Rajya Sabha on August 6<sup>th</sup> and 7<sup>th</sup> 2024 respectively, with certain amendments to the capital gains tax regime and the FAQs should be read in consonance with the same.

Misc. Communication dated 24.07.2024

### Customs

- + **Extending of RoDTEP benefits to units in Special Economic Zone (SEZ):** Upon integration of ICEGATE portal with SEZ online system the Board has extended the benefit of Remission of Duties and Taxes on Exported Products (RoDTEP) scheme to export of goods made by units located in Special Economic Zone. The procedural requirements and benefits that previously applied to Export Oriented Units (EOUs) under this scheme will be applicable to SEZ units. The said benefits are extended to SEZ units for shipping bills presented by units on or after July 01, 2024.

Notification No. 50/2024 –Customs (N.T.) dated 19.07.2024

### SEBI

- + **Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs:** The Securities and Exchange Board of India, (SEBI) on 09.07.2024, issued Information to be filed by schemes of AIFs availing dissolution period/additional liquidation period and conditions for in-specie distribution of assets of AIFs. The following has been stated:
  1. Information Memorandum for schemes of AIFs entering into Dissolution Period.
    - The information memorandum for a scheme of an AIF entering into a dissolution period shall be submitted to SEBI before the expiry of the liquidation period or additional liquidation period of the scheme, as the case may be.
    - The format for the information memorandum to be submitted by the scheme of AIF entering into the dissolution period is given in Annexure I.

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2. The format for the Due Diligence Certificate by Merchant Banker to be submitted along with the aforesaid information memorandum to SEBI is given in Annexure II. Information to be submitted by schemes of AIFs availing additional liquidation period.
  - In this regard, schemes of AIFs which are intending to avail the additional/fresh liquidation period in terms of aforesaid provisions, shall submit information to SEBI regarding the same as per the format given in Annexure III, for grant of the additional liquidation period.

Circular No. SEBI/HO/AFD-1/AFD-1-PoD/P/CIR/2024/100 dated 09.07.2024

### Corporate Law

- + **Filings under section 124 and section 125 of the Companies Act 2013 read with IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016 in view of transition from MCA 21 version 2 to version 3:** The Ministry of Corporation Affairs (MCA) on 16.07.2024, issued the notification regarding the Filings under section 124 and section 125 of the Companies Act 2013 read with IEPFA (Accounting, Audit, Transfer and Refund) Rules 2016 in view of the transition from MCA 21 version 2 to version 3. The following has been stated namely:
  1. In view of the transition of form from MCA 21 V2 to MCA 21 V3 and in order to provide the opportunity to make compliances thereof, additional fee on filing of various IEPF e-forms (IEPF -1, IEPF-1A, IEPF-2, IEPF-4) and e-verification of claims filed in e-form IEPF-5 has been waived till 2024.
  2. One-time relaxation for filing of e-verification under the third proviso to sub-rule (3) of rule 7 of IEPFA (Accounting, Audit, Transfer and Refund) Rules has also been provided till 16.08.2024.

Circular No. 06/2024 dated 16.07.2024

- + **Merger of forms IEPF-3 with IEPF -4 and IEPF-7 with IEPF-1 along with change in payment process thereof in MCA Version 3:** The Ministry of Corporate Affairs (MCA) on 17.07.2024, notified regarding the merger of Forms IEPF-3 With IEPF-4 and IEPF-7 with IEPF-1 along with a change in the payment process thereof in MCA Version 3.

To ease the compliance burden and simplify filings, it has been decided to merge Form IEPF-3 with Form IEPF-4 & IEPF-7 with IEPF-1 in MCA Version 3. The revised forms will be made STP (Straight through the process).

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Therefore, in supersession of General Circular No. 12/2017, the amount required to be transferred under the provisions mentioned in para 1 will be required to be transferred online through MCA 21 through the "Pay Miscellaneous Fee" service after selecting the option "Investor Education and Protection Fund". The stakeholders are requested to plan accordingly.

*Circular No. 07/2024 dated 17.07.2024.*

### FEMA

**+ RBI removes exemption from filing Form A2 for small remittances:** To remit foreign exchange outside India, all persons (individuals and non-individuals) were required to file Form A2 with the Authorized Dealers (ADs). This requirement was relaxed to provide that, for current account transactions up to USD 25,000, the remittance could be made without obtaining Form A2 and a simple declaration / letter would suffice. This relaxation is now removed. ADs are now required to obtain Form A2 (either in physical or digital form) for all cross-border remittances, irrespective of the quantum of remittance.

*RBI circular A.P. (DIR Series) Circular No. 12 dated 03.07.2024*

**+ RBI removes upper limits of remittance for online Submission of Form A2:** Earlier, Authorized Dealers (AD Category-I banks and AD Category-II entities) were allowed to accept online submission of Form A2 if the quantum of remittance was USD 25,000 or below. The above upper limit has been removed allowing remitters to file online Form A2 for the permissible transactions irrespective of the quantum of remittance.

*RBI circular A.P. (DIR Series) Circular No. 12 dated 03.07.2024*

**+ RBI Expands Permissible Remittances to IFSCs under the Liberalised Remittance Scheme (LRS):** Resident Individuals were permitted to open Foreign Currency Accounts ('FCAs') in International Financial Services Centres ('IFSCs') for making permissible investments in securities and for studies abroad. In addition to the above, the following remittances are now permitted:

- a. Availing financial services or products as per the IFSC Authority Act, 2019 within IFSCs.
- b. All current or capital account transactions in any other foreign jurisdiction through a Foreign Currency Account (FCA) held in IFSCs.

The above are subject to other approvals as may be necessary.

*RBI circular A.P. (DIR Series) Circular No. 15 dated 10.07.2024*

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- + **RBI issues Master Direction for Overseas Investment:** Foreign Exchange Management (Overseas Investment) Rules, 2022 ('the OI Rules') and Foreign Exchange Management (Overseas Investment) Regulations ('the OI Regulations') govern the provisions relating to overseas investment by Persons Resident in India. The RBI has now issued a master direction for these Rules and Regulations, consolidating earlier directions issued on the subject. The same has to be read with the OI rules and the OI regulations.

*RBI notification FED Master Direction No.15/2024-25*

- + **RBI Excludes New 14-Year and 30-Year Government Securities from Fully Accessible Route (FAR) for Non-Residents:** Investment into debt instruments in India by Persons Resident Outside India ('PROI') are governed by the provisions of and subject to restrictions, limits and conditions in Foreign Exchange Management (Debt Instruments) Regulations, 2019. The RBI notified certain government securities, investment into which by PROI to be outside the purview of such restrictions and limits ('Fully Accessible Route'). These securities included 14-year and 30-year tenor Government Securities. Effective 29.07.2024, all new issuances of 14-year and 30-year tenor Government Securities will be out of the fully accessible route and will be subject to the limits, restrictions and conditions as applicable.

*RBI notification FMRD.FMID.No.03/14.01.006/2024-25 dated 29.07.2024*

## Goods and Services Tax (GST)

- + **Central Goods and Services Tax (Amendment) Rules, 2024:**
  - **Detailed verification of application for registration:** From the date to be notified by CBIC, the registration application filed without opting for Aadhaar authentication (other than persons to whom Aadhaar authentication is not applicable) would be complete only when the applicants' photograph is taken and verification of original copy of documents furnished with such registration application are verified at the Facilitation Centers notified by the Commissioner.
  - **Introduction of Form GSTR-1A:** The details of outward supplies furnished in Form GSTR-1 can be amended / details of outward supplies missed to be declared earlier can be furnished (i.e., furnish additional details), by filing Form GSTR-1A on or before Form GSTR-3B of the relevant month.

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Accordingly, the provisions referring to details of outward supplies reported in Form GSTR-1 have been made applicable to the relevant amendments/ additional details furnished in Form GSTR-1A.

- **Reporting B2C supplies in Form GSTR-1/ 1A:** Effective 01.08.2024, invoice wise details of inter-State supplies shall be reported for the B2C supplies with invoice value more than Rs. 1 Lakh. *Hitherto, such threshold was Rs. 2.5 Lakhs.*
- **Suspension/ cancellation of GST registration:** The GST registration will be cancelled, in case
  - a. The value of outward supplies furnished in Form GSTR-1 after relevant amendments in Form GSTR-1A for one/ more tax period (month/ quarter) is more than the corresponding value declared in Form GSTR-3B. It shall be noted that such registration will be suspended and a Show Cause Notice in Form GST REG-31 will be issued to the registered person asking reasons for the difference between Form GSTR-1/ GSTR-1A and Form GSTR-3B, before cancelling the registration. *Hitherto, such comparison of details of outward supplies were made between Form GSTR-1 and Form GSTR-3B only.*
  - b. Cancelled registration is revoked - All the returns for the period from date of order cancelling the registration (or) effective date of cancellation of registration till the date of order revoking cancellation of such registration, is not furnished within 30 days of date of order revoking the cancellation of registration.
- **Value of supply of corporate guarantee provided on behalf of a related person:** The value of supply of services by a supplier to a recipient who is a related person located in India providing in respect of providing corporate guarantee (CG) to any banking company/ financial institution shall be higher of (a) 1% of the guarantee offered per annum or (b) actual consideration. Further, if the recipient is eligible for full input tax credit, the value declared in the invoice shall be deemed to be the value of said supply of services. Effective 26.10.2023

In this regard, CBIC has provided the clarifications on various aspects of the service of providing CG on behalf of the recipient vide Circular No. 225/19/2024-GST dated 11.07.2024 which is summarized as follows:

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Valuation	<p>Value of CG issued or renewed:</p> <ul style="list-style-type: none"> <li>- Before 26.10.2023: As per Rule 28(1) of CGST Rules, 2017.</li> <li>- On or after 26.10.2023 - Higher of 1% of the guarantee offered or actual consideration</li> </ul>
Loan Disbursal	The value of CG provided is dependent on the amount guaranteed for assuming the risk of default and not linked to the disbursal of loan.
Loan Takeovers	Mere act of taking over loan does not constitute the service of providing a corporate guarantee, unless new/ renewed CG is issued.
CG issued for fixed term or Renewal of Guarantee	<ul style="list-style-type: none"> <li>- The value of supply in case of CG issued for a fixed term, say 5 years, shall be 1% of the amount of CG offered multiplied by the number of years for which the CG is offered or the actual consideration whichever is higher.</li> <li>- CG is provided for less than a year - valuation to be done on proportionate basis for the said period or the actual consideration, whichever is higher</li> <li>- In case of renewal, tax is payable on the higher of 1% of the amount guaranteed or actual consideration on every renewal in subsequent years.</li> </ul>
Co-Guarantors	In case the CG is provided by multiple related persons, the value of such supply to be allocated based on each guarantor share (equally if no specific ratio is provided).
ITC Eligibility	Recipient of the service is eligible to avail ITC (subject to conditions and restrictions provided in the CGST Act/ Rules) irrespective of when the loan is actually disbursed to the recipient and irrespective of the amount of loan actually disbursed.
Export of Services	This valuation is not applicable for export of services where the recipient of the services of providing corporate guarantee between related persons is located outside India.

- **Distribution of ITC by Input Service Distributor (ISD):** The mechanism for distribution ITC by ISD has been amended. For detailed procedure of distribution of ITC, Rule may be referred.

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- **Due date for furnishing Form GSTR-4 by Composition taxpayers:** From FY 2024-25 onwards the due date for furnishing the Form GSTR-4 would be 13<sup>th</sup> June of the following the end of the financial year.
- **Interest payable on delay in filing monthly return:** In case of delayed filing of Form GSTR-3B (i.e., late payment of taxes), no interest will be levied if the relevant amount is credited to Electronic Cash Ledger before the due date of filing of return and the same remained unutilized till the filing of such Form GSTR-3B.
- **Refund of IGST paid on increase in price of the goods exported:** The taxpayers can file application for refund of additional IGST paid on subsequent increase in price of the goods exported. Refund application in Form GST RFD-01 to be filed within 2 years from the relevant date as provided in Explanation 2 (a) to Section 54 of the CGST Act. Where the relevant date was before the date when this new rule came into force, 2 years would be considered from the date when this new rule is effective i.e. 10.07.2024. For documents / details to be furnished along with the refund application, Rule may be referred.

Further, until a separate category is introduced on GST portal, such refund applications can be filed under the category “**Any Other**” with remarks – ‘*Refund of additional IGST paid on account of increase in price subsequent to export of goods*’. For further details, refer [Circular No. 226/20/2024-GST dated 11.07.2024](#).

- **Time limit to receive foreign currency in case of export of services:** The time limit to receive the foreign currency on export of services without payment of tax is aligned with the time limit notified in the FEMA Act, 1999 or any extended period permitted by Reserve Bank of India or such further period as may be allowed by the Commissioner from the date of invoice.
- **Appeals before the Appellate Tribunal:** The following changes are brought in for the Appeals to be preferred before the Hon’ble GST Appellate Tribunal (GSTAT):
  - Appeal and Memorandum of cross objections shall be filed electronically, except when the registrar allows to file such Appeal manually
  - Certified true copy of the Order is required to be furnished only when the Order is not appearing on GST portal. If the Order appears on GST portal, the final acknowledgment will be issued in Form GST APL-02 with the appeal number and the date of issuance of APL-02 shall be treated as the date of preferring appeal.



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- The fees for filing of appeal or restoration of appeal shall be Rs.1,000/- for every Rs. 1 lakh of tax or input tax credit involved or the difference in tax or input tax credit involved or the amount of fine, fee or penalty determined in the order appealed against, subject to a maximum of Rs.25,000/- and a minimum of Rs.5,000/-.Where an appeal lies in respect of an order not involving any demand of tax, interest, fine, fee or penalty, the filing fee shall be Rs.5,000/-.
  - Before issuance of Order by the GSTAT, any appeal filed before the GSTAT can be withdrawn by filing application in Form GST APL-05/07W. However, the GSTAT shall approve such withdrawal, if the Appeal is already acknowledged in Form GST APL-02. The GSTAT shall approve/ reject the withdrawal application within 15 days of filing the same.
  - After the withdrawal of the Appeal, fresh Appeal can be preferred within 3 months of communication of the Order being appealed.
- Form GSTR 1A, Form GST APL-05/07 W, Form GST DRC-03A and amendment in Form GSTR 2B, GSTR 3B, Form GSTR 4, Form GSTR 4A, Form GSTR 5, Form GSTR 6A, Form GSTR 7, Form GSTR 8, Form GSTR 9, Form GSTR 9C, Form GSTR RFD 01, Form GSTR 10A, Form GST DRC 01, Form GST DRC have been notified. Rule may be referred for the said Forms.

Notification No. 12/2024-Central Tax dated 10.07.2024

- + **Authentication of Aadhaar Number:** Undergoing Aadhaar authentication at the time of seeking registration is mandatory in all the States and Union Territories w.e.f. 10.07.2024. Hitherto, the same was applicable for applications for registration in the state of Gujarat and Puducherry.

Notification No. 13/2024-Central Tax dated 10.07.2024

- + **Filing of Annual Return for FY 2023-24 exempted for taxpayers with turnover upto Rs. 2 Crore:** Registered Persons with aggregate turnover upto Rs. 2 Crores in FY 2023-24 have been exempted from filing Annual Return in Form GSTR 9/ 9A for FY 2023-24.

Notification No. 14/2024 Central Tax dated 10.07.2024

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- + **Reduction in the rate of TCS:** Effective 10.07.2024, the electronic commerce operators shall collect the tax at source at a rate of 0.5% (CGST + SGST or IGST) on the amount directly received for supplies made through them. Hitherto, the rate prescribed was 1% (CGST+SGST or IGST).

Notification No. 15/2024-Central tax; Notification No. 01/2024 Integrated Tax & Notification No. 01/2024-Union Territory Tax all dated 10.07.2024

- + **Recovery of outstanding dues and pre-deposits in the absence of functioning GST Appellate Tribunal:**

- To prefer an appeal before the GSTAT on the order of Appellate Authority, the pre-deposit shall be paid by navigating to **Services > Ledgers > Payment towards demand**.
- The pre-deposit made will be adjusted against the liability created in Part -II of Electronic Liability Register (ELL) after selecting the reference of order against which Appeal is preferred.
- In case the payment is erroneously made through Form GST DRC-03, application in Form GST DRC-03A to be filed for adjusting the liability created in Electronic Liability Register (ELL). This adjustment cannot be made if the proceedings are concluded by issuance of an order (*The functionality of Form GST DRC-03A is yet to be made available on the portal*).
- The taxpayer must file an undertaking/ declaration with jurisdictional proper officer intimating that an Appeal will be filed before GSTAT, when it becomes operational.
- Recovery proceedings by the department will only be stayed if taxpayer has paid the pre-deposit in ELL Part-II and relevant undertaking/ declaration with jurisdictional proper officer intimating that an Appeal will be filed before GSTAT.
- The recovery proceedings can be initiated if pre-deposit is not made, or the relevant undertaking/ declaration is not filed with the proper officer.

Circular No. 224/18/2024 -GST dated 11.07.2024 and GST News and Updates dated 22.07.2024

- + **GST News and Advisory:**

- **Increase in size of documents to be uploaded for proof:** The size of the documents for uploading in case of proof of principal place of business and additional place of business for new registration and amendment has been increased from 100kb to 500kb. GST News and Updates dated 09.07.2024

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- **Enhancements to Address-Related Fields in GST Registration Functionalities:** The address-related fields in registration such as PIN Code, State, District and City are now interlinked and must be selected from autosuggestions. Special characters are not allowed at the beginning of the entry. These changes apply to Normal Taxpayers-Regular, SEZ Unit, SEZ Developer, Composition, Casual Taxable persons. The field of locality/sub-locality is now optional. *GST News and Updates dated 04.07.2024*
  
- **Integrated Services from NIC-IRP e-invoice-1 and e-invoice-2 Portals:** The National Informatics Centre (NIC) released integrated services from e-invoice-1 and e-invoice-2 portals (on 18 July 2024) on sandbox portals and (01 August 2024) on the production portals. The highlights of the portal are as follows:
  - Both the portals (NIC-IRP 1 and 2) provide the web and API modes for e-invoice-related services.
  - The taxpayers can use the same login credentials to operate both the portals.
  - In the case of API, the same token can be used for e-invoices and e-waybills on both portals.
  - The taxpayers can use the e-invoice-2 portal during technical glitches in the e-invoice main portal or any other exigencies.
  - The crisscross i.e. printing, downloading and cancelling operations can be carried out on these portals.
  - Taxpayers are requested to test all the APIs in the sandbox environment before rolling on the production environment.
  - In addition to NIC-IRP, four other e-invoice portals are operated for the taxpayers' convenience.
  - Users can avail themselves of similar e-invoicing services on the IRP-3/IRP-4/IRP-5 and IRP-6 portals.

*GST News and Updates dated 16.07.2024*

## Foreign Trade Policy (FTP)

- + **Authenticity verification of licenses, authorizations, scrips, certificates etc.:** To ensure ease of verification of correctness of the documents which are in the nature of licenses, authorizations, scrips, certificates, instruments etc., DGFT has implemented process of verification of the authenticity of electronically issued documents on the official website of DGFT.

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A Unique Document Identification Number (UDIN) is embossed at the top-right corner of all electronically issued documents and the said UDIN can be punched in on the DGFT Website (<https://dgft.gov.in>) → Services → Info for Customs Authorities → Verify UDIN. The said facility does not require any website login credentials. By this process, authenticity of any paper copy of the document can be verified by comparing it with the electronic copy, so obtained via the UDIN.

Trade Notice No. 09/2024-25 dated 23.07.2024

- + **Easing of Compliances for EPCG license holders:** The DGFT has amended the EPCG scheme to reduce compliance burden and enhance ease of doing business which is tabulated below:
  - **Timelines to produce certificate of Installation of Capital Goods imported under EPCG scheme:**
    - a. Authorization holder must produce before concerned Regional Authority, within a period of **3 years** from the date of completion of import, a certificate confirming the installation of capital goods at the factory/premises of authorization holder. *Hitherto, such certificate was required to be produced within six months from the date of completion of import.*
    - b. Further extension in the above-mentioned period can now be obtained from Regional Authority, till such time the period of export obligation is valid. *Hitherto, the extension allowed for submission of certificate of installation was 12 months. As per the amended provision, the composition fee payable in this regard is INR 10,000 per year, whereas the said composition fee payable prior to said amendment was INR 5,000.*
    - c. The provision relating to production of certificate for spares imported for capital goods imported under the scheme has now been done away with. *Hitherto, certificate of installation was required to be submitted within 3 years from the date of import of such spares.*
  - **Procedure and timelines seeking extension of export obligation period:** Composition fees payable for extension of EO Period:
    - a. If extension request for first block is submitted within 6 months from the date of expiry of first block:

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Duty saved value of EPCG Authorisation issued	Amended Composition Fees in INR	Composition fee in INR (prior to Amendment)
Up to Rs. 2 Crores	5,000	2% of duty saved amount proportionate to unfulfilled portion of export obligation for the block
More than Rs. 2 Crores but up to Rs. 10 Crores	10,000	
Above Rs. 10 crores	15,000	

- b. If extension request is submitted after 6 months from date of expiry, but within 6 years from date of issue of authorization:

Duty saved value of EPCG Authorisation issued	Amended Composition Fees in INR	Composition fee in INR (prior to Amendment)
Up to Rs. 2 Crores	10,000	INR 10,000 as late fee (per authorization), in addition to 2% of duty saved amount proportionate to unfulfilled portion of export obligation for the block.
More than Rs. 2 Crores but up to Rs. 10 Crores	20,000	
Above Rs. 10 crores	30,000	

- c. If extension request is submitted beyond 6 years from the date of issuance of authorization:

Duty saved value of EPCG Authorisation issued	Amended Composition Fees in INR	Composition fee in INR (prior to Amendment)
Up to Rs. 2 Crores	15,000	INR 5,000 per year, per authorisation, in addition to 2% of duty saved amount proportionate to unfulfilled portion of export obligation for the block.
More than Rs. 2 Crores but up to Rs. 10 Crores	30,000	
Above Rs. 10 crores	45,000	

**Note:**

- In all situations, no refund of earlier paid composition will be admissible.
- The amended provisions will continue to be applicable to EPCG licenses issued under erstwhile policy i.e., FTP (2015-2020).

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- **Procedure and timelines seeking extension of export obligation period – Where two extensions of one year each will be allowed:** Composition fees for extending the export obligation beyond 6 years, where two extensions of one-year each may be allowed by Regional Authority

Duty saved value of EPCG Authorisation issued	Amended Composition Fees in INR	Composition fee in INR (prior to Amendment)
Up to Rs. 2 Crores	20,000	2% of duty saved amount proportionate to unfulfilled portion of export obligation for each year of extension, with minimum fee of INR 10,000.
More than Rs. 2 Crores but up to Rs. 10 Crores	30,000	
Above Rs. 10 crores	60,000	

- **Provision newly inserted, to implement all decisions by Policy Relaxation Committee (PRC), involving levy of composition fee:** Fees for implementing the Policy relaxation committee's (PRC) decisions, pertaining to levy of composition fees for extension in block wise/ EO period and/or regularization of exports, is as follows

Duty saved value of EPCG Authorisation issued	Amended Composition Fees in INR	Composition fee in INR (prior to Amendment)
Up to Rs. 2 Crores	30,000	Not Applicable
More than Rs. 2 Crores but up to Rs. 10 Crores	60,000	
Above Rs. 10 crores	1,00,000	

Public Notice No. 15/2024-25 dated 25.07.2024

- + **Reduction in composition fee – Minimum Value Addition (MVA) not achieved:** To reduce the hardship on specified exporters (exports made under authorizations/licenses), where the export obligation has been fulfilled in quantity but exporter has failed to achieve minimum value addition, DGFT has amended the penalty provisions by reducing the prescribed penalty to be paid in the form of composition fee to 1% of shortfall in FOB value in Indian Rupee. Hitherto, composition fee payable was 3% of shortfall in FOB value in Indian Rupee.

Public Notice No. 14/2024-25 dated 16.07.2024

**SINGHVI  
DEV & UNNI LLP**  
CHARTERED ACCOUNTANTS  
|||||

29/4, 6th Floor, Trade Centre,  
Race Course Road,  
**Bengaluru** – 560 001

WeWork, Raheja Platinum,  
Sag Baug Road, off Andheri-Kurla Road,  
Marol, Andheri (East)  
**Mumbai** – 400 059

+91 (80) 2226 1371 | [www.sdu.works](http://www.sdu.works) |  
[info@sdu.works](mailto:info@sdu.works)

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