

Foreign Trade Policy extended with relaxation in timelines due to COVID-19 pandemic

April 01, 2020

In brief

The Foreign Trade Policy is notified for five years with annual supplements generally notified by the Directorate General of Foreign Trade (DGFT). The present Foreign Trade Policy notified in 2015 was valid until 31 March 2020. It was expected to be replaced by a new Foreign Trade Policy effective 1 April 2020. However, the DGFT has extended the present Foreign Trade Policy¹ by another year, i.e., up to 31 March 2021. Additionally, it also notified relaxation in timelines and procedures for specified export incentive schemes.

The key highlights of the Foreign Trade Policy are listed below.

In detail

Key highlights

General

- Facility to import un-shredded metal scrap at designated ports extended up to 30 September 2020, and these ports now need to install and operationalise radiation portal monitors and container scanners by 1 October 2020.
- Status certificate will be valid for five years from the date of filing of application or 31 March 2021, whichever is later.
- Last date of application for considering late cut, as applicable, would be taken from the extended dates notified for filing specific applications.

Merchandise Exports from India Scheme

Shipping bills for which the let export order date falls between 1 February 2019 and 31 May 2019, the application can be filed within a period of 15 months from the let export order instead of 12 months.

Service Exports from India Scheme

- The last date of filing Service Exports from India Scheme for 2018-19 stands extended to 31 December 2020.
- The eligible service categories and the rate of reward for the period 1 April 2019 to 31 March 2020 will be notified separately.

- For the services rendered from 1 April 2020, the decision on continuation of scheme will be taken later.

Advance Authorisation Scheme/ Duty Free Import Authorisations

- All advance authorisations, including Duty Free Import Authorisations, where the validity for import is expiring between 1 February 2020 to 31 July 2020, automatic extension for six months is granted from the date of expiry; further extension of validity is available as per eligibility.
- All advance authorisations where the export obligation period is expiring between 1 February 2020 and 31 July 2020, automatic extension

¹ Public Notice No.67/2015-20 and Notification No. 57/2015-20 dated 31 March 2020 issued by the Directorate General of Foreign Trade

for six months is granted from the date of expiry. The requirement to file application and pay composition fee is now eliminated, and further extension of validity is available as per eligibility.

Rebate of State and Central Levies and Taxes

Last date to file online claim for shipping bills where the let export order is from 7 March 2019 to 31 December 2019, is now extended to 31 December 2020.

Export Promotion Capital Goods Scheme

- For authorisations where the validity for import is expiring between 1 February 2020 to 31 July 2020, automatic extension for six months is granted from the date of expiry.
- The authorisation holder must submit an installation certificate within six months of completion of imports. For cases where this timeline is expiring during 1 February 2020 to 31 July 2020, the period of submission stands extended by further six months from the original due date.
- For specified authorisations

issued under earlier policies or policy periods, including the present period, where the block-wise export obligation is expiring during 1 February 2020 to 31 July 2020, the period stands extended for six months from the date of expiry.

Export-oriented units

- Letter of Permissions that are expiring on or after 1 March 2020 are deemed to be valid until 31 December 2020.
- Quarterly Performance Report for the period ending March and June 2020 and Annual Performance Report for 2019-20 can be filed by 30 September 2020.
- Monthly Reports for February to June 2020 can be filed by 31 July 2020.

Deemed exports

Last date for filing terminal excise duty refund or drawback claims, in cases where the date falls on or after 1 March 2020, stands extended to 30 September 2020.

Transport and marketing assistance for specified agro products

Quarterly claims under the

scheme for the period ending March 2019 and 30 June 2019 can be filed by 30 September 2020.

The takeaways

The extension of Foreign Trade Policy for one year provides certainty to trade on export benefits and it should ensure a smooth transition to the Remission of Duties and Taxes on Exported Products, which the cabinet recently approved. The extension of timelines to file applications or comply with the procedural requirements will provide much needed relief to trade during this lockdown due to the COVID pandemic. However, a possible revisit of the Service Exports from India Scheme from the perspective of eligible service categories, including its continuity going forward, could impact service exporters that have limited benefits under the Foreign Trade Policy. Hence, the scope and continuity of Service Exports from India Scheme may require a revisit from the service export perspective.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact your local PwC advisor

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