

Formats & Procedures

Once the unit obtains the Letter of Permission (LoP) , signs the Legal Agreement and Customs Bonding License, the unit is ready to commence the operation with 100% Export Oriented Unit (EOU) status under the STP/EHTP Scheme and eligible to avail the facilities and privileges admissible under the scheme.

During the STP membership duration (5-Years), STPI will offer the following services under the STP/EHTP Scheme provisions in accordance with the EXIM Policy.

Import of Capital Goods

An STP/EHTP Unit may import and/or procure from bonded Warehouses in DTA/international exhibition held in India without payment of duty all types of goods, including Capital Goods, required for its activities, provided they are not prohibited items of import in the ITC (HS). Any permission required for import under any other law shall be applicable. The Units shall also be permitted to import goods including capital goods required for the approved activity, free of cost or on loan/lease from clients.

Second Hand Capital Goods, without any age limit, may also be imported duty free.

Capital goods are defined as any plant, machinery, equipment or accessories required for manufacture or production, either directly or indirectly, of goods or for rendering services.

Unit location once custom bonded, if required, unit can make request for import of Capital Goods which are falling under the Policy Provision of permitted goods for import (**listed as capital goods permitted to import / procure from Domestic Tariff Area**), in a prescribed [application for Import Approval](#) along the Proforma Invoice/Shipping invoice/ Commercial invoice of the proposed item(s) and technical literature of the product(s).

Duty free import of equipment is permitted based on an Import Certificate from STPI along with Proforma invoice duly attested. All STP units are required to obtain this import certificate before placement of purchase order.

Once the certificate from STPI is obtained, the units may place the purchase order. As soon as the goods land at the port of Import the units are advised to immediately file the Bill of Entry (BoE) at the Customs as generally it takes 2 – 3 days for the same. The unit may also file Bill of Entry in advance now (up to 30 days in advance) to save time. This should be done immediately so that there is no procedural delay and the goods should be cleared within a week's time after which demurrage charges are applicable.

STP units are required to ensure that they operate within the imported Capital Goods (CG) limit as indicated in the letter of permission. Therefore, before this limit is exhausted, the units are required to apply for the enhancement of the Capital Goods limit. (Procedure for enhancement of the CG limit would be forwarded separately.)

The movement of the duty free goods from port of import to STP unit is permitted by Customs under escort/ against the B – 17 bond executed with the Customs and Central Excise at time of the PBW License issuance.

After the goods reach STP unit, the same are to be entered in the BOND-Register duly maintained for this purpose and REWAREHOUSED by the Customs and issue the re-warehousing certificate.

Documents

- (i) A request in prescribed format from the STP unit.
- (ii) Shipping invoice/commercial invoice/proforma invoice in triplicate.

- (iii) High Seas Sales agreement in case purchase is on high seas purchase basis.
- (iv) Chartered Engineer's certificate or self-declaration in case of import of second hand capital goods.
- (v) Leased agreement in case purchase is on lease basis.
- (vi) Copy of the Customs bonding License of the supplier
- (vii) Technical Literature of the product.

PROCUREMENT OF INDIGENOUS CAPITAL GOODS

The STP/EHTP units are eligible to avail Excise Duty exemption on capital goods procured locally within the country. The units can procure the Capital Goods which are falling under the Policy Provision of permitted goods for indigenous procurement (listed as capital goods permitted to import / procure from Domestic Tariff Area) those required for creating STP infrastructure, unless otherwise the same are not in the Prohibited list. In order to avail this facility the units are required to complete the following :

Unit location once custom bonded, if required, unit can make request for procurement of Capital Goods Excise Duty free, which are falling under the Policy Provision. The unit has to file a request in prescribed [application for procurement of Indigenous Capital Goods](#) along the Proforma Invoice of the proposed item(s) from manufacturer / supplier indicating details of the product(s), quantity, cost, excise duty amount exemption against CT-3 Form and technical literature of the product(s).

Based on this STPI approval, units are required to obtain CT-3 form from the jurisdictional Customs & Excise Office.

This CT-3 form will be handed over to the manufacturer of the equipment by the STP Unit, which will enable excise duty free removal of item(s) from the factory.

Movement of equipment from manufacturer to the STP unit will be under Custom & Excise escort or B-17 Bond executed with Jurisdictional Assistant Commissioner of Customs.

After the goods reach STP unit, the same are to be entered in a register called 'Bond Register' for indigenous goods duly maintained for this purpose and re-warehoused by the Customs & Central Excise official, who will also do the periodical supervision of such excise duty free goods.

The movement of goods will take place from the place of supply to bonded warehouse of the party under AR-3 form.

Documents

- I. Application in prescribed format
- II. The original Invoice/Pro forma Invoice containing item(s) description, quantity, value, supplier's name & factory address from which supply is to be affected, Invoice no. & date.
- III. Technical Literature of product(s).

GOODS PERMITTED TO IMPORT / PROCURE FROM DOMESTIC TARIFF AREA

- a. Raw materials, components, consumables, intermediates, spares and packing materials.
- b. Capital goods, whether new or second-hand, inter alia the following and their spares :
 - i. DG sets, captive power plants, transformers and accessories and consumables and spares for all above.
 - ii. Pollution control equipment
 - iii. Quality assurance equipment
 - iv. Material handling equipment, like fork lifts and overhead cranes, mobile cranes, crawler cranes, hoists and stackers.

- v. Un-interrupted Power Supply System (UPS), Special racks for storage, storage systems, modular furniture, computer furniture, anti-static carpet, teleconference equipment, Servo Control System, Air-conditioners / Air-conditioning system, panel for electrical and special data transmission cable.
- vi. Security Systems
- vii. Tools, jigs, fixtures, gauges, moulds, dyes, instruments and accessories.
- c. Raw material for making capital goods for use within the unit.
- d. Others including :
 - i. Prototypes and technical samples for existing product(s) and product diversification development or evaluation.
 - ii. Drawings, blue prints, charts, microfilms and technical data.
 - iii. Office equipments, including PABX, Fax machines, video projection system, computers, laptop, server.
- e. Spares and consumables for the above items.
- f. Any other item with the prior approval of the IMSC.

Above items are provisioned for STP as well as EHTP scheme both. An approval would be applicable to the units as per eligibility criteria in respect of relevance to the approved activity of manufacture and shall be allowed at the discretion of the approving authorities.

RE-EXPORT OF IMPORTED GOODS

STP units are allowed to Re-Export the capital goods imported in situations explained below.

- a. **Re-export of CG for Replacement** : Goods or parts thereof on being imported & found defective as otherwise unfit for use or which have been damaged after import may be exported , and goods in replacement thereof may be supplied free of cost by the foreign supplier.
- b. **Re-export of CG imported on Loan** : Capital Goods imported for specific project / period of time can be re-exported to the client after completion of the project.
- c. **Re-export of CG for Repair & Replacement** : Capital Goods imported for a project if found defective the same may be re-exported for repair & return.

In order to re-export the capital goods imported on loan basis or capital goods or parts found defective and needs repair /replacement, the unit can apply for re-export of capital goods in the prescribed [Application for Re-export of Capital Goods](#) along with the required supporting documents.

Documents

1. Application in a prescribed format for Re-Export of Capital Goods
2. copy of STPI approval of initial import with attested invoice
3. Copy of Bill of entry for the import carried out. along with :
 - In case of (a), Re-export invoice for Replacement along with letter from original supplier for acceptance for Replacement.
 - In case of (b), Re-export invoice with declaration that project completed and the item is to be re-exported
 - In case of (c), Re-export invoice for repair and / or for replacement along with letter from original supplier for acceptance for repair / replacement & to return

SHIFT / INTER UNIT TRANSFER OF CAPITAL GOODS

Unit's once imported Capital Goods can be transferred or given on loan to other STP Units with Prior permission under the following circumstances :

- a. Shifting for repair purpose
- b. Shifting for Demonstration/Execution of Project/Training

- c. Shifting for Sub-Contracting
- d. Shifting in case of Change/Expansion of Location of unit's operations
- e. Inter Unit transfer (100% EOU to 100% EOU) permanently or loan
- f. Movement of Laptop computer & Video Projector systems

Request in a prescribed format [Application for Shift/Inter Unit Transfer of Capital Goods](#) with the reasons for shifting along with the shifting invoice. If the shifting is done to a place other than a Private Bonded Warehouse, it should be clearly indicated in the invoice.

Documents

- a. Copy of STPI Import Certificate with attested Invoice
- b. In case of (a), copy of letter from service/repair center for acceptance of Repair & Return.
- c. In case of (b), a copy of request for Demonstration / Training/Execution of Project.
- d. In case of (c), a copy of letter from Sub-contractor requesting for the equipment for the execution of job work.
- e. In case of (d), a copy of shift invoice from one location to another location
- f. In case of (e), a no objection certificate shall be obtained by the receiver from the jurisdictional concerned authorities.
- g. In case of (f), the STP units are permitted to take out Laptop or Video Projection System cleared duty free, outside the bonded area for carrying out official work provided the proper records are maintained by the unit as prescribed with the Customs Notification and under the intimation of Central Excise & Customs for the same.

Conditions

In case, equipment is shifted permanently from one STP unit to another STP/EPZ/EOU unit the value of Capital Goods would be credited & debited correspondingly between the transferor & the transferee.

CHANGE OF COMPANY'S NAME

In case if there is any change in unit's name approved in the Letter of Permission, the unit has to apply for incorporating the name change (approved by Registrar of Companies) in the Letter of Permission in the prescribed [Application for Change of Name](#) along with the following supporting documents.

Documents

- Application in prescribed format.
- Certificate of Incorporation, incorporating changed name issued by RoC.
- Board Resolution of the Existing company duly signed by Directors of the company to hand over of all assets and liabilities in the new name.
- Board Resolution of the new company duly signed by the Directors of the company to take over all assets and liabilities in the new name.
- Copy of Memorandum of Article and Association incorporating the necessary changes, as applicable.

CHANGE OF LOCATION

Units are required to obtain prior approval from STPI before change of location along with shifting of equipment, if any, from one bonded warehouse to another. It is required due to custom bonding formalities.

Application should be filed in the prescribed format of [Application for Change of Location](#) Floor plan with proper demarcations and Outer Dimensions of new location along with Lease agreement valid for 5 years or possession letter for obtaining permission.

Movement of equipment from one bonded warehouse to other will be under customs escort or the B-17 bond executed with Jurisdictional Assistant Commissioner (Customs).

Jurisdictional Director of STPI may permit change of location of an STPI unit from the place mentioned in the letter of approval, provided that

- No change is envisaged in any of the terms and conditions of the approval.
- The revised location is within the Jurisdiction of the Director of STPI.
- The revised location is at a warehousing station declared by the Custom Authority.
- Other location, zoning, land-use or environmental conditions are also complied with.

Documents

- Application in prescribed format.
- Floor plan with proper demarcations and Outer Dimensions.
- Lease agreement valid for 5 years or possession letter for obtaining permission.
- A copy of existing Private Bonded Warehouse License issued by the Custom.

Note :

1. After the process of bonding for the new location is done, a copy of Private Bonded Warehouse Licence issued by the Customs Authorities should be forwarded to STPI.
2. Before shifting the duty free equipments from old location to new location, permission for STPI and custom is necessary.
3. Unit should not shift or keep any duty free goods without Custom bonding of the new / additional location.

EXPANSION OF WORK'S LOCATION

Expansion of location / additional location is permitted provided that no change in other terms and conditions of the approval is envisaged and that the new location is within the territorial jurisdiction of the Designated Officer.

STP units are required to obtain prior approval from STPI before starting operation in additional location. Application should be filed in the prescribed format of [Application for Expansion of Work's Location](#), Floor plan with proper demarcations and Outer Dimensions of new location along with Lease agreement valid for 5 years or possession letter for obtaining permission.

Jurisdictional Director of STPI may permit additional location an STPI unit in addition to the existing location approved in the Letter of Permission, provided that

- No change is envisaged in any of the terms and conditions of the approval.
- The additional location is within the Jurisdiction of the Director of STPI.
- The additional location is at a warehousing station declared by the Custom Authority.
- Other location, zoning, land-use or environmental conditions are also complied with.

Documents

1. Application in prescribed format.
2. Floor plan with proper demarcations and Outer Dimensions.
3. Lease agreement valid for 5 years or possession letter for obtaining permission.
4. A copy of existing Private Bonded Warehouse License issued by the Custom.

Note :

1. After the process of bonding for the new location is done, a copy of Private Bonded Warehouse Licence issued by the Customs Authorities should be forwarded to STPI.
2. Before shifting the duty free equipments to new location, permission for STPI and custom is necessary.
3. Unit should not shift or keep any duty free goods without Custom bonding of the new / additional location.

GREEN CARD ISSUANCE

Green Card help the units to get preferential treatment in matters relating to implementation of the project, at the level of both Central and State Governments for speedy clearance of their matters from the respective authorities.

Once the unit obtains the Letter of Permission (LoP) and signs the Legal Agreement, they are eligible to obtain the Green Card. Green Card is issued by the jurisdiction Director of STPI which will be valid for a period of 3 years from the date of issue.

Green Card request is to be made in the prescribed [Application for issuance of Green Card](#) to STPI.

DOMESTIC TARIFF AREA (DTA) SALES ENTITLEMENT

The STP/EHTP scheme provides for DTA Sales depending on the export obligation achieved and exports effected.

- Units may sell goods upto 50% of FOB Value of exports and / or 50% of Foreign Exchange Earned, where payment of such product(s) and / or services is received in Foreign Exchange, subject to fulfillment of positive NFE on payment of concessional duties.
- Scrape/waste/remnants arising out of production process or in connection therewith in EHTP unit, the same may be sold in the DTA as per the standard Input-Output norms notified under the duty exemption scheme on payment of concessional duties as applicable within the overall ceiling of 50% of FOB value of exports.
- In case of EHTP units manufacturing electronic hardware and software, the NFE and DTA sales entitlement shall be reckoned separately for hardware and software.
- In case of DTA sale of goods manufactured by STP/EHTP units, where basic duty and CVD is nil, such goods may be considered as non-excisable for the purpose of payment of duty.
- In case of new units, advance DTA sale will be allowed not exceeding 50% of its estimated exports for the first year.
- The sale of goods in DTA will be subject to the payment of applicable duties as notified from time to time by the Department of Revenue, Ministry of Finance, Govt. of India.
- DTA sale includes clearance to any other unit within India. DTA sale entitlement will be applicable only to those goods and services which are permissible as per EXIM Policy. No DTA sale will be permissible if such sale is specifically prohibited in the EXIM Policy or in the Letter of Permission.
- Units may opt for DTA sales on a quarterly, half yearly or annual basis by intimation to the Director/Designated officer.
- The DTA sale entitlement would accrue if the NFE achieved by the unit is not less than the minimum stipulated level of the Policy on cumulative basis.

The unit can make request in the prescribed [Application for DTA Sales Permission](#) duly endorsed by the Chartered Accountant and Bond Officer of Customs /Central Excise having jurisdiction over the unit along with the supporting documents.

Documents

- Application in prescribed format duly endorsed by Chartered Accountant and Bond Officer of Customs /Central Excise.
- The performance of the unit for the previous years duly certified by Chartered Accountant
- Bank realization certified by Authorised Dealer
- Copy of valid Custom Bonding License.

CST REIMBURSEMENT

The units registered under STP/EHTP scheme are eligible to get Central Sales Tax (CST) reimbursement paid while goods purchased from Domestic Tariff Area. Re-imburement of CST on domestic procurement is subject to the fulfillment of the eligibility criteria by the units as below :

- Unit should be Custom Bonded u/s 58 & 65 of Customs act 1962.
- Both, the supplier and the purchaser, involved in the sale for which CST reimbursement is to be claimed, should be registered with Sales Tax Authorities.
- Export performance of the company.
- Reimbursement of CST admissible only to the units who have registration with the Sales Tax Authorities for ST/CST .Reimbursement limited to the payment of CST against C- form only.
- Claims admissible only if the payment is made through the Bank or by the Demand draft.
- Only one consolidated claim for a quarter will be admitted for reimbursement of CST and Reimbursement will be made on quarterly basis. No supplementary claim shall be entertained.
- No claim for reimbursement will normally be entertained, if not claimed within a period of 180 days of the invoice date or the date of final payment whichever is later. In exceptional cases on application, the Director may consider delayed applications after satisfying that the delay is due to genuine reasons. Claims delayed beyond the time limit will be rejected.
- Claim for CST reimbursement for amount below Rs. 100/= on any single invoice or multiple invoices will not be entertained.
- The designated Officer of STPI will disburse CST amount. All claims shall be subjected to post-audit.
- The unit shall preserve for three years all the original documents viz. original invoice/bill, bank statement for random/sample checking and produce the same as and when called for by the office of the Director of STPI – Gandhinagar.
- Supplier should be only a DTA unit and not a 100% EOU/STP/EHTP/EPZ unit. No claim will be entertained if both are STP/EHTP/EOU/EPZ unit.

The unit can make the request in prescribed [Application for CST Reimbursement](#) along with the supporting documents in duplicate.

Documents

- Application in prescribed format as per Annexure-I of EXIM Policy
- Chartered Accountant Certificate as per Annexure-II of EXIM Policy
- Original C-forms along with photo copies
- Copy of Bank Statement
- Material Receipt Register
- Invoice in original
- Authorization letter for signing "C" form
- Copy of CST registration of buyer as well as supplier.

Request for CST re-imburement of the unit will be forwarded to STPI-HQ for further submission to Depart of Information Technology for approval for CST disbursement. CST disbursement to the unit is subject to the acceptance of claim and receipt of approval from DIT/STPI-HQ.

ENHANCEMENT OF CAPITAL GOODS LIMIT

STP units are required to ensure that they operate within the imported Capital Goods (CG) limit as indicated in the Letter of Permission. Therefore, before this limit is exhausted, the units are required to apply for the enhancement of the Capital Goods limit.

The unit can make the request in prescribed [Application](#) along with the supporting documents as below :

- Application in prescribed format for Enhancement of the CG limit
- [LoP assessment form](#) indicating previous performance of the unit certified by Chartered Accountant,
- Year-wise [bank realization certificate](#) duly endorsed by Authorized Dealer
- Proposed list of capital Goods to be imported for attestation.
- Copy of Customs' Private Bonded Warehouse of the unit.

SUB-CONTRACTING

The units may be permitted to sub-contract their production process/work/job, full /part thereof, to DTA or other EOU/EPZ/EHTP/STP units. The permission will be on the basis of fixation of Input & Output norms.

Units are required to obtain prior permission from jurisdictional STPI before assigning the sub-contract work to other unit and / or undertaking sub-contract work from other unit. The main contractor/sub-contractor should file the request in the prescribed Application for Sub-contract along with the supporting documents as below :

- Main contract agreement of main contractor with the foreign client
- Sub-contract agreement between the main contractor and sub-contractor
- Custom bonding Licenses of Main contractor and sub-contractor

BROAD BANDING/DIVERSIFICATION OF PRODUCT(S)

The EHTP scheme provides for broad banding for similar goods and activities mentioned in the LoP or to provide for backward or forwarded linkages to the existing line of manufacture.

If the unit plan to broad-band the item in line of similar goods & activities mentioned in the LoP or to provide for backward or forward linkage to existing item of manufacturing, the unit has to apply for incorporating the same in Letter of Permission issued.

The application should be submitted in the prescribed [application](#) with year-wise new projections on inflow and outflow, with fulfillment of export obligation criteria. The unit has to give the future projection year-wise within the validity of Letter of Permission along with the following required documents.

- The actual performance of the unit till the request for broad-band is to be submitted in the [LoP assessment form](#) duly certified by Chartered Accountant.
- year-wise bank realization as per prescribed [Foreign Exchange Realization Certificate](#) duly endorsed by the bankers.

DE-BOND OF CAPITAL GOODS

The SPT/EHTP provides for de-bond of Capital Goods and spares that have become obsolete/surplus, may be exported, transferred to other EOU/STP/EHTP/SEZ or disposed of in the DTA on payment of applicable duties. The benefit of depreciation, as applicable, will be available in case of disposal in DTA. No duty shall be payable in case capital goods, raw material, consumables, spares goods manufactured, processed or packaged and scrape/waste/remnant/rejects are destroyed within the unit after the intimation to customs authorities or destroyed outside the unit with the permission of customs authorities. The unit can be permitted for De-

bonding of the of capital goods on depreciated value of goods, provided the unit has met its Export Obligation. Otherwise full duties would be applicable.

If the unit wish to de-bond the capital goods which are not in use by the unit, the request for de-bond of equipment is to be made in the prescribed [Application of De-bond of Capital Goods](#) duly supported with specification of the items to be de-bonded along with

Documents >

- Import approval issued
- Certified invoice
- Copy of bill of entry
- copy of Bond Register
- [LoP assessment form](#) indicating previous performance of the unit certified by Chartered Accountant
- Year-wise [bank realization certificate](#) duly endorsed by Authorized Dealer

AMALGAMATION / MERGER OF UNITS

The SPT/EHTP provides for merger of two or more units into one unit provided the units fall within the jurisdiction of the same Designated Officer subject to the conditions that the activities are covered under the provision of broad banding.

Approval of amalgamation of the STP/EHTP Unit with other STP/EHTP unit or DTA unit, are subject to no other change in terms and conditions of Letter of Permissions issued and the Export Obligation for LoPs issued may deemed to be combined and to be fulfilled by the existing unit after amalgamation.

In order to incorporate the approval of amalgamation/merger of units and the incorporation in Letter of Permission of any of the unit, unit has to make the request for amalgamation along with the required supporting documents.

- Resolution of both the Units for process of amalgamation.
- High Court Order approving scheme of amalgamation.
- Certificate of incorporation with name change approved, if any
- Board resolution/ Undertaking of transferor company indicating handing over of all assets and liabilities of the transferor company
- Board resolution/ Undertaking of transferee company indicating taking over of all assets and liabilities of the transferor company

RENEWAL OF LETTER OF PERMISSION

On completion of the approval period, It shall be opened to the unit to continue under the Scheme or opt out of the scheme. If no intimation in this regard is received from the unit within a period of six months of expiry of the approval period, the Designated Officer will take action, suo moto, to cancel the approval under the STP scheme and take further action in this regard.

STP units are required to ensure that they operate within the validity of Letter of Permission. Once validity expired, in case if the unit is interested to continue under the Scheme, the unit has to apply to the Designated Officer for its Letter of Permission (LOP) renewal along with the completion of the following formalities :

- [Application for Letter of Permission](#) for renewal for period of next 5-years
- [LoP assessment form](#) indicating previous performance of the unit certified by Chartered Accountant,
- Year-wise [bank realization certificate](#) duly endorsed by Authorized Dealer

- Other supporting documents as per [checklist](#)
- Proposed list of capital goods and inputs (import/indigenous), in case if there is addition of capital goods/inputs envisaged.

EXIT FROM THE SCHEME

On completion of the approval period as provided for in the Letter of Permission, it shall be **open to the unit to continue under the scheme or opt for out of the scheme.**

1. With the approval of the Designated Officer, STP Units may opt exit from the scheme. Such exit from the scheme shall be subject to payment of Customs & Excise duties, on the imported and indigenous capital goods, raw materials, components, consumables, spares and finished goods in stock. The unit may be allowed to dispose off raw materials, components, consumables etc. against duty free license. The unit may also be permitted to export the capital goods, raw materials / components etc.
2. The penalty imposed by the appropriate authority, under the Foreign Trade (Development and Regulation) Act 1962 for non-fulfillment of the conditions of approval, would be paid. In case an appeal against an order imposing penalty is pending, exit from the scheme would be considered if the unit has obtained a stay order from competent authority and has furnished a Bank Guarantee for the penalty adjudicated by the appropriate authority unless the appellate authority makes a specific order exempting the unit from this requirement.
3. In case the unit has failed to fulfill the terms & conditions of LOP/LOA and penal proceedings are to be taken up / are in process, a legal undertaking for payment of penalties, that may be imposed, would be executed with the concerned Designated Officer as per the proforma prescribed.

Note :

1. The unit would fulfill the above mentioned standard conditions in a period of six months from the date of issue of 'in-principle' exit letter and obtain final exit permission from the Designated Officer failing which the approval granted would lapse automatically. Designated Officer may however allow a further extension for fulfillment of the standard conditions in deserving cases.
2. Further, the unit would continue to be treated as STP/EHTP unit till the date of final exit order or issue of fresh LOP under the new scheme in case of conversion from one scheme to the other and subject to monitoring of the stipulated obligations under the relevant scheme.

Procedure

The unit proposing to exit out of the scheme shall intimate the Designated Officer in writing.

An 'In-principle' Exit Letter (Provisional) will be issued by the jurisdiction Designated Officer along with the LOP Assessment Form to enable unit to furnish the complete details since inception for assessment.

The unit will furnish all the details certified by the Chartered Accountant along with the Foreign Exchange Realization Certificate from the Banker.

The unit shall assess the duty liability arising out of de-bonding and submit the details of assessment to Customs and Central Excise Authorities in respect of 'in-principle' exit letter.

The Customs and Central Excise Authorities shall confirm the duty liabilities on priority basis. After payment of duty and clearance of all dues, the unit shall obtain "No Dues Certificate" from Customs and Central Excise Authorities.

In case of not achieving the obligation and non-fulfillment of the conditions of approval under the scheme, the penalty imposed by the appropriate authority, under the Foreign Trade (Development and Regulation) Act 1962 would be paid by the unit and shall obtain the 'No Objection Certificate' from DGFT.

On the basis of No Dues Certificate issued by "Central Excise & Customs" and "Director General of Foreign Trade", the unit shall apply to the Designated Officer for final de-bonding. No request for any benefit / claim of the unit will be acceptable and entertained from the date of request for cancellation / issuance of In-principle (Provisional) Exit Letter.

Documents

- Request for cancellation of registration
- Board Resolution for cancellation of Letter of Permission issued to unit
- Outstanding dues towards the service charges payable to STPI, if any
- [LoP assessment form](#) indicating previous performance of the unit certified by Chartered Accountant,
- Year-wise [bank realization certificate](#) duly endorsed by Authorized Dealer
- [Legal undertaking](#) for the non-fulfillment of Export Performance / Export Obligation / Net Foreign Exchange Percentage as per Appendix 14 - IL of Foreign Trade Policy.
- Surrender of original documents issued to unit i.e. Letter of Permission, STP Agreement to work under Scheme, Green Card, Import and procurement Permission for capital Goods, raw material, components, consumable, spares etc. If any.
- No Dues Certificate from Central Excise & Customs
- No Dues Certificate from Director General Foreign Trade, if applicable.

After fulfillment of above mentioned formalities by the unit in time bound manner, as per Policy provision, Final exit order shall be issued to the unit.

DONATIONS

STP Scheme provides for donation of computers and computer peripherals.

STP units may be allowed by customs authorities concerned to donate imported / indigenously procured (bought or taken on loan) computers and computer peripherals, including printer, plotter, scanner, monitor, keyboard & storage units without payment of

duty, two years after their import / procurement and use by the units, to a school run by the Central Government, or Government of a State or, Union Territory or a local body, an Education Institute run on non-commercial basis by any organization, a Registered Charitable Hospital, a Public Library, a Public Funded Research and development Establishment, a Community Information Center run by the Central Government, or Government of a State or, Union Territory or a local body, or an organization of the Central Government, or Government of a State or, Union Territory as per Customs Notification No. 47/98-customs 16th July 1998 issued in this regard.

The donor shall observe the procedure, prescribed by the Assistant Commissioner of Customs, having jurisdiction, for transport of the said goods from donor to their premises and such goods shall not be used for commercial purposes, and shall not be sold, disposed of, gifted loaned, exchanged or parted with without permission of the said Assistant commissioner within five year from the date of the receipt of the said goods from the donor.

Documents

1. Request letter stating willingness and permission for donation of duty free imported computers and computer peripherals & its accessories, duly signed and stamped by the authorized Signatory, with the following details:

- a) Letter of Permission No. and Date.
- b) Donor's name and address
- c) Description of Goods, Qty. and Value
- d) Reference Bond No. and Date.

2. Copy of STPI approval for initial import with attested invoice

3. Recognition Certificate/document(s) of Receiver as non-commercial Institute or Organization by appropriate Government Authority

After obtaining necessary approval from customs authority and donation of the same, the donor unit should intimate to STPI with copies of customs approval and copy of receipt acknowledgement of goods.

EXPORT CERTIFICATION

Export of software and services may be through in the following:

On-site services: In this category the unit provides services at the client's site abroad by deputing their professional. The type of declaration form for getting remittances in their RBI account is on Form 'A' and Form 'B'.

Offshore services: In this category software development and services will be done in India and exports are either in physical form i.e. on magnetic media, paper, etc., or in non-physical form i.e. via telecommunication / data communication links.

a) In the case of physical form the declaration form used is GR Form, and

b) in the case of non-physical form the declaration form used is SOFTEX Form.

Detailed guidelines in this effect have been issued by Reserve Bank of India (RBI) through vide A.D. (M.A.) series circular No. 1 dated January 8, 1999 (duly amended time-to-time). For exporting software, the software-exporting unit has to give a "Software Declaration Form" in triplicate attested by the Jurisdiction Director of STPI. The attested copies of the declaration form needs to be submitted to RBI after affecting the exports for necessary remittances in this regard from the client.

1. PROCEDURE FOR SOFTEX FORM SUBMISSION :

SOFTEX Forms: The software exporter units requires to collect the SOFTEX Forms from the jurisdiction Foreign Exchange Control Department, Reserve Bank of India which are serially numbered in set of three i.e. original, duplicate and triplicate with its validity as per calendar year.

Registration of Contract: Before commencement of software development activity for export, the unit are required to submit a self-certified copy of the Contract Agreement/ Work Order/ Purchase order etc. with their overseas client for the registration with jurisdictional STPI office, as per clause No. 7(a) of SOFTEX Form for declaration.

Time duration for submission of SOFTEX Form: The software exporter unit should submit the SOFTEX Form (Original, Duplicate & Triplicate) along with all the relevant documents duly sealed and signed complete in all respect to the STPI for valuation/certification within 30 days from the date of invoice/ date of last invoice raised in a month.

SOFTEX Form applicability: SOFTEX Forms are applicable wherever the exports are through data communication links for the following activities:

Computer Software	<u>RBI Code</u>		
Data Entry Jobs and Conversion	9	0	6
Software Data Processing			
Software Development	9	0	7
Software Product and Packages	9	0	8

Others (Please specify)	9	0	9
Other Software			
Video / TV software	9	1	0
Others (Please specify)	9	1	1

Above RBI Code must be specifically highlighted in the SOFTEX Form in accordance with the activity.

Terms of Payment – Invoicing – (Software):

Exports will either fall in the category of one-shot operation or a series of transmissions required for fulfillment of single order or contract for supply of complete software package.

i) In respect of the long duration contracts involving series of transmissions, the exporter should bill their overseas clients periodically, i.e. at least once a month or upon reaching the “milestones” viz. 20% of the contract, etc. as provided in the contract entered into with the overseas client and the last invoice/bill should be raised not later than 15 days from the date of completion of the contract. It would be in order for the exporters to submit a combined SOFTEX form for all the invoices raised on a particular overseas client, including the advance remittances received in a month.

ii) In respect of the contracts involving only ‘one shot operations’, the invoice/bill should be raised within 15 days from the date of transmission.

iii) The exporter should submit declaration in the form of SOFTEX in triplicate in respect of export of computer software and audio/ video/ television software to the concerned designated official of Government of India at STPI/EPZ/SEZ for valuation / certification not later than 30 days from the date of invoice / the date of last invoice raised in a month, as indicated above.

iv) The invoices raised on overseas clients as at (i) to (iii) above will be subject to valuation of export declared on SOFTEX form by the concerned designated official of Govt. of India and consequent amendment made in the invoice value, if necessary.

Authorised Dealer: Each exporter would be required to designate a particular branch of an Authorized Dealers for purpose of handling the export documents and realization of the export proceeds.

Disposal of Softex Form: Once the complete set of SOFTEX forms have been submitted to STPI and certified, all the three copies of SOFTEX forms in a set along with the invoices, will dispose them in the following manner:

- i. The original will be forwarded directly to the nearest office of the Exchange Control Department of nearest RBI.

- ii. The duplicate will be returned back to the exporter together with all supporting documents duly certified for submission to the branch of authorized dealer designated by the exporter. The exporter must submit the duplicate to designate branch immediately after its certification by the STPI. The duplicate will be retained by the authorized dealer till further full export proceeds have been realized and thereafter sent to RBI duly certified under cover of an appropriate return called R-supplementary return, along with a copy of the attested invoice.
- iii. The triplicate will be retained by the STPI for record.

Foreign Exchange Realization against Export: STP units are required to produce copies of Foreign Inward Remittance Certificates (FIRC's), in case of advance payment or Bank Realization Certificates (BRC's) in case of post export payments, to STPI in order to account for the export towards the export performance to be met by the STP unit. Software exporter units are required to furnish the Authorized Dealers certified Bank certificate of Export and Realization statement for the financial year to the STPI. It is mandatory requirement and units are required to comply with the same so that they continue getting services from STPI.

Extension of time limit: In cases where an exporter has not been able to realize proceeds of a shipment made within the period prescribed (i.e., within six months from the date of export), for reasons beyond his control, but expects to be able to realize proceeds if extension of the period is allowed to him, necessary application (in duplicate) should be made to the concerned Regional Office of Reserve Bank in form ETX through his authorized dealer with appropriate documentary evidence. However, Reserve Bank of India have permitted authorized dealers to extend the period of realization of export proceeds beyond 6 months from the date of export where the invoice value does not exceed US \$ 1,00,000, otherwise as specified.

Write off of Unrealized Export Bills: An exporter who has not been able to realize the outstanding export dues despite best efforts, may approach the authorized dealer, who had handled the relevant shipping documents, with appropriate supporting documentary evidence with a request for write off of the unrealized portion. Authorized dealers may accede to such requests.

IMPORTANT:

Importer-Exporter Code Number: No export or import shall be made by any person without an Importer-Exporter Code (IEC) number unless specifically exempted. Importer-Exporter Code (IEC) number shall be granted on application by the competent authority in accordance with the procedure specified in the Handbook (Vol.1). However, if an IEC holder has not imported or exported in the preceding licensing year, such IEC shall be made inoperative by DGFT.

2. DOCUMENTATION FOR SOFTEX FORM CERTIFICATION:

The software export declaration in a prescribed Application format ([Appendix-I](#)) along-with set of SOFTEX Form and necessary supporting documents are required for valuation and certification as detailed below.

1. Set of SOFTEX Form serially numbered and with its validity in Original, Duplicate and Triplicate issued by Exchange Control Department, Reserve Bank of India.
2. Invoice(s) raised on the overseas client along-with above SOFTEX Form.(with all the copy of SOFTEX Form)

(Note: Invoice(s) should be in accordance with the terms and condition of Agreement/Purchase Order/Work Order within its validity)

3. Copy of FIRCs needs to be enclosed, in case of advance payment. (with triplicate copy of SOFTEX Form)
4. Copy of Importer-Exporter Code Number (with triplicate copy of SOFTEX Form)
5. Copy of Agreement/Purchase Order/Work Order & its amendment(s) in respect of contract value, service charges, validity extension etc., if any (with all the copy of SOFTEX Form)
6. Evidentiary document proof on utilization of data communication link for software export/IT Enable Services/Back Office Operation during the invoicing period from approved and authorized datacom service provider (DoT/VSNL/STPI/Others in the name of the unit / company with triplicate copy of SOFTEX Form.

(Please furnish the name of the ISP, Category of License and ISP License No. details along-with bill for the said period) No unauthorized datacom service provider's certificate/bill/details shall be considered for SOFTEX certification). The datacom link in the name of individual or Director or any other person shall not be accepted.

7. In case of Job Work/ ITES, BPO, etc. wherever quantum of job/activity can not be determined in terms of invoice value, the invoice acceptance from overseas client would be required.
8. In the event of on going contract/Purchase Order/Work Order with overseas client, the details of export declaration status should be submitted as per below: