

MINUTES OF THE 84TH MEETING OF APPROVAL COMMITTEE HELD ON 27/7/2015 AT 15.30 HRS. UNDER THE CHAIRMANSHIP OF SHRI UPENDRA VASISHTH, DEVELOPMENT COMMISSIONER, KANDLA SEZ.

Following were present:

1. Shri Krishan Kumar Jt. Development Commissioner, KASEZ
2. Shri Ram Narain Dy. Commissioner, Customs, Rep. of Commissioner of Customs Kandla.
3. Shri R.G. Khairkar FTDO, Rep. of Jt. DGFT, Rajkot
4. Shri Sonam Kumar ITO, Rep. of Adnl. Commissioner, Income Tax

Absentees:

1. Director (Banking)
2. SDM
3. GM, DIC, Bhuj

Review/Confirmation of the minuts of last meeting (83rd) of the Approval Committee:

Minutes of the last meeting of Approval Committee were confirmed.

84.1 Broad-banding request in existing LOAs:

84.1.1 M/s. Mascot Plast-O-Therm, KASEZ:

They are an existing unit in KASEZ. Their request is for broad-banding of their existing LoA for Warehousing Service Activity. Mr. Ankur Gupta, Partner appeared before the Committee and explained about the proposal. He informed that for undertaking the warehousing activity there is open space behind their existing shed. Income from warehousing services will be Rs.33 lakhs.

The Committee approved the proposal for broad-banding subject to standard terms and conditions and also on the condition that they shall not import/warehouse any second hand goods such as worn and used clothing/plastic scrap and waste. For both the activities, viz. manufacturing activity and warehousing activity, the Unit shall keep separate accounts.

84.1.2 M/s. Baccarose Perfumes & Beauty Products Pvt. Ltd., KASEZ:

They are an existing unit in KASEZ. Their request is for broad-banding of their existing LoA for export of Rice. Mr. Vijay Hegde, Admn. Manager of the company appeared before the Committee and explained

about the proposal. He stated that they have a ready export order for Rs.50 crores and will commence the activity of export of rice by 31st August 2015.

The Committee after due deliberations decided that the policy of rice is changed frequently and rice being a sensitive item, before import/export of each consignment they will inform the DC(Cus), KASEZ at least one day in advance and seek his approval as per the policy prevalent at that particular point of time. With this condition, the Committee approved the proposal.

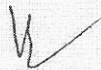
84.1.3 M/s. Baccarose Perfumes & Beauty Products Pvt. Ltd., KASEZ:

They are an existing unit KASEZ. Their request is for reconsideration of condition imposed on them in last UAC regarding submission of separate APR for their manufacturing activity and trading activity for a single LoA.

The Committee deliberated on this issue and discussed that as per the proviso to Rules 22(2) of SEZ Rules, 2006 the units engaged in both trading & manufacturing activities shall maintain separate records for trading and manufacturing activities. Committee also noted that in the past such type of conditions for filing of separate APR for manufacturing and trading activity was not imposed by the UAC. Further, it was also noted that such type of provision/rule is not there in SEZ Act or Rules. The Committee also deliberated upon why condition of separate accounts may have been laid down in the Rules. The Committee was of the view that it may be due to the fact that income tax benefit on trading is restricted to goods imported for the purpose of re-export. In this regard explanation as given below Rule 76 refers. The Committee, therefore, decided to withdraw the condition of submission of separate APR for their manufacturing activity and trading activity for a single LOA. However, unit has to maintain separate records for manufacturing activity and trading activity.

84.1.4 Request of CIPET, Ahmedabad for obtaining the Service Tax exemption:

Their request is for service tax exemption for the testing of plastic samples was deliberated by the Committee. During discussions, the Committee noted that the samples are collected from different units and sent to CIPET for testing. The testing charges are paid by the unit in favour of CIPET. However,




the test report and the bills are issued in the name of Commissioner of Customs, Kandla Special Economic Zone to maintain the confidentiality of the reports.

The Service provided by the CIPET is classified under the service of 'technical testing and analysis services', which falls in the list of default list of services approved by the Approval Committee for claiming of exemption from payment of service tax as per CBEC's Notification No.12/2013-ST dated 1/7/2013. Therefore, it was decided to send a suitable communication to CIPET, Ahmedabad.

84.1.5 Table Agenda – Service Tax liability in respect of services provided to Kandla SEZ Authority, KASEZ, developer of Kandla SEZ.

The Committee noted that the Kandla SEZ Authority is a developer fo Kandla SEZ since November, 2009. It was,, therefore, decided to extend benefit of default list of services for exemption of service tax to the Kandla SEZ Authority from the date of it's notification i.e. w.e.f. 11th November, 2009.



(Upendra Vasishth)
Development Commissioner,
Kandla Special Economic Zone.