



**THE GANDHIDHAM
CHAMBER OF COMMERCE & INDUSTRY**

(ESTD. 1953)

"CHAMBER BHAVAN", Plot No. 71, Sector 8, Post Box No. 58,

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No. GCCI /

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Date: 02.09.2016

Shri Arun Jaitley
Minister of Corporate Affairs & Finance,
Room No 134, North Block,
New Delhi-110001

**Sub: Representation for aligning Model GST Law – 2016 with SEZ Act to
maintain ultimate objective of SEZs**

Dear Sir,

As you aware, the Gandhidham Chamber of Commerce & Industry is a pioneer organisation of Kandla – Gandhidham complex since 1953 with the main objective of serving as a bridge between local trade and industry fraternity and State / Central Govt. for the resolution of problems on regular basis.

We welcome and appreciate the move of introduction of Goods and Service Tax (GST) which will be the biggest tax reform since Independence to replace a raft of different state and local taxes with a single unified value added tax system to turn the country into world's biggest single market. However, we have observed certain basic lacunae disparities for SEZs operation in the model GST Law 2016. Therefore, we take an opportunity to represent specifically for SEZ operation as under and request your favour of resolving the same.

- 1) We seek more flexibility in the definition of 'exports' in Model GST Law – 2016 which relates 'export' only to 'out of country'. Presently as per SEZ Act, 'exports' also incorporate supplying goods or services from DTA (Domestic Tariff Area i.e. outside SEZs) to a unit or developer and supplying goods or services under "Intra – Zone" & "Inter-Zone". The definition of 'export' is absolutely narrow in the model GST Law resulting withdrawal of the present facility enjoyed by the SEZ units and developer.

SEZ Act defines "export" as – (i) taking goods, or providing services, out of India, from a Special Economic Zone, by land, sea or air or by any other mode, whether physical or otherwise; or (ii) supplying goods, or providing services, from the Domestic Tariff Area to a Unit or Developer; or (iii) supplying goods, or providing services, from one Unit to another Unit or Developer, in the same or different Special Economic Zone;

- 2) Zero rating for SEZs and non-imposition of IGST (tax on inter-state supplies) on goods imported by SEZ units have not been retained in the main GST Law – 2016. SEZ are a duty free enclave within the country and as per SEZ Act, no taxes / duties / levies should be applicable. This should be maintained in the forthcoming legislation.

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- 3) We urge to retain tax emptions presently availed by SEZs under the new GST Law.
- 4) The proposed legislation has no provision for treating supply to SEZ or intra-supplies within SEZs as zero rated (no payment of excise), as in the SEZ Act.
- 5) There is also no incentive to supply to SEZ in the form of drawback payments provided to SEZ exports in lieu of input taxes.
- 6) With CGST, SGST and IGST being charged by the suppliers, SEZ would no longer be economically viable.

In light of the above, we request your honour to align the Model GST Law – 2016 with SEZ Act in letter and spirit so that ultimate objective of SEZ is maintained.

Soliciting your favourable consideration.

Thanking you,

Yours faithfully,


Dinesh Gupta
President

Copy to:

1. Smt. Nirmala Sitharaman,
Minister of State (IC) of Commerce
 2. Shri Vijaybhai Rupani,
Chief Minister, Gujarat State
 3. Shri Nitinbahi Patel,
Minister of Finance, Gujarat State
 4. The Director, SEZ,
Ministry of Commerce, Delhi
 5. Export Promotion Council for
EOUs & SEZs
 6. Development Commissioner,
KASEZ, Gandhidham
 7. Kandla Special Economic Zone
Industries Association, Gandhidham
- Please note our constructive feed-back and kindly do needful.
- } Please take note of this representation while formulating SGST Act, rules and policies for Gujarat State and ensure its alignment with various provisions of Centre's SEZ Act and Gujarat SEZ Act.
- Hope for due consideration in the interest of SEZs.
- Shall appreciate your initiative to resolve the issues and further updates to us.