

Instruction No. 4

No. F. 5/1/2006-EPZ
Government of India
Ministry of Commerce and Industry
Department of Commerce
(EPZ Section)

Udyog Bhawan, New Delhi
Dated the 24th May, 2006

To

The Development Commissioner,
MSEZ, VSEZ, NSEZ, CSEZ,
SEEPZ-SEZ, KSEZ, FSEZ

Subject: Modification in Instruction No. 1/2006 dated 24th March, 2006 of the Department of Commerce regarding setting up of trading units in the Special Economic Zones - Reg.

Sir/Madam,

This Department has been receiving representations on difficulties faced by the existing SEZ units holding approval to do trading, that their exports are adversely affected and also that several of their orders are held up due to the restriction on trading on account of the above instruction. Taking cognizance of these representations, in partial modification of the above referred Instruction dated 24th March, 2006, it has been decided that while units in the Special Economic Zone who hold approval to do trading activities will be allowed to carry out all forms of trading activity, the benefits under Section 10AA will exclude trading other than trading in the nature of re-export of imported goods. Appropriate amendments in this regard are being issued.

2. In the meantime, sourcing from domestic area may be permitted by units in the SEZs which are allowed to do trading, subject to this circular being cited and on production of an undertaking by the concerned unit that no income tax benefits will be availed by the unit for trading, except in the nature of re-export of imported goods.

3. Development Commissioners are requested to note the above and take appropriate action.

Yours faithfully,

(Rajgopal Sharma)
Deputy Secretary

Copy to:

1. Department of Revenue.
2. The EPC for EOU and SEZ Units.
3. SEZ Website.

Copy to PPS to SS(GKP)/JS(JD).