

No. F-2/15/2005-SEZ(VolIII)(pt.)
Government of India
Ministry of Commerce and Industry
Department of Commerce
(SEZ Division)

Vanijya Bhawan, New Delhi-110001
Dated: 10th April, 2024

To,
DC, SEEPZ

Subject :- Clarification with regard to depreciation in value on capital goods to Developers at the time of de-notification from SEZ Scheme - reg.

Sir/Madam,

I am directed to refer to SEEPZ's Letter No. SEEPZ-SEZ/JDC-Pune/09/2018-19 dated 15.01.2024 on the above mentioned subject and to state that a harmonious reading of the provision of Rule 49 in conjunction with the provisions of Rule 14 of SEZ Rules, 2006 would lead to the inference that the benefit of depreciation of value, provided under Rule 49 would be available to the Developers also at the time of debonding / denotification, as the case may be.

2. This issues with the approval of the competent authority.

Yours faithfully,


(Sumit Kumar Sachan)

Under Secretary to the Govt. of India
Tel. 011-23039829
Email: sumit.sachan@nic.in

Copy for information to:

Development Commissioners
All Special Economic Zones

DG, EPCES



भारत सरकार/GOVERNMENT OF INDIA,
वाणिज्य एवं उद्योग मंत्रालय/ MINISTRY OF COMMERCE & INDUSTRY
विकास आयुक्त का कार्यालय / OFFICE OF THE DEVELOPMENT COMMISSIONER,
सीपज़ विशेष आर्थिक क्षेत्र / SEEPZ - SPECIAL ECONOMIC ZONE
Pune Office: SEZ Bhavan, Plot No. 6/1, MIDC, Phase-III, Hinjewadi,
Pune - 411057
E-mail: jdcpc-mah@gov.in, Web-site: www.seepz.gov.in

F.No. SEEPZ-SEZ/JDC-Pune/09/2018-19

Date: 15.01.2024

To,
The Director,
Ministry of Commerce & Industry (SEZ Division),
Udyog Bhawan,
New Delhi.

Sir,

Sub : Clarification with regard to depreciation in value on capital goods to Developers at the time of de-notification from SEZ Scheme - reg.

This office is in receipt of a proposal from a Developer for de-notification of SEZ area.

2. The issue that needs clarification is whether the benefit of depreciation can be extended to the Developers at the time of de-notification, for the goods and services used in the development/construction of infrastructure, which was in use by the units.

3. The provision for extending depreciation to DTA removals is covered under Rule 49 of the SEZ Rules, 2006. For ease of reference Rule 49 is reproduced below:

Rule 49 - Domestic Tariff Area removals - abatement of duties in certain cases -

1. **A Unit may remove capital goods to Domestic Tariff Area after use in Special Economic Zone on payment of duty or Integrated Goods and Services Tax as under :**
 - a. **Duty shall be levied on such goods on the depreciated value thereof and at the rate in force on the date of removal of the goods ;**
 - b.
 - c.

As per the provisions of the above Rule, the depreciation of value for benefit availed, is applicable only to the Units. (*emphasis supplied*)

4. However, in this regard, reference is drawn to the provisions of Rule 14 of the SEZ Rules, 2006, reproduced below:

File No.Cust.-11/460/2023-CUSTOM

Rule 14 - Procedure applicable on import or procurement of goods and services, their admission, and clearance of goods - The procedure applicable to Units on import or procurement of goods and services, their admission, clearance of goods, shall apply, mutatis mutandis, to the Developer, except that in case of a Developer, goods imported or procured from Domestic Tariff Area shall be allowed to be moved or utilised for the purpose of authorised operation in the non-processing area of Special Economic Zone.

5. In terms of the above provision, the procedures applicable to the Units on import or procurement of goods and services, their admission, clearance of goods, **shall apply, mutatis mutandis**, to the Developer. *(emphasis supplied)*

6. It is relevant to mention that MOC&I vide Note dated 25.11.2022 (copy enclosed as Annexure-1) had clarified that there is no provision in the present SEZ law for depreciation of value for benefit availed by developer.

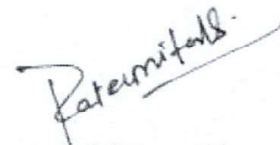
7. In view of the above, clarification is sought as to whether the benefit of depreciation of value, provided in terms of Rule 49 of the SEZ Rules, can be extended to the Developers in terms of Rule 14 of the SEZ Rules, 2006, at the time of de-bonding of the goods procured under duty benefit for the construction of infrastructure and other related utilities, which was put to use by the Developers for their authorised operations.

8. An early clarification in the matter will facilitate disposal of pending applications as Developer is raising the issue of depreciation repeatedly.

This issues with the approval of the Development Commissioner, SEEPZ, Mumbai.

Enclosure- Copy of Note dated 25.11.2022

Yours faithfully,



(Mital Hiremath)

Jt. Development Commissioner
SEZ, Pune Cluster