

Chairman's Pen



My dear fellow exporters,

Friends, the time for the announcement of Union Budget for the fiscal 2007-08 is approaching fast. In our pre-budget proposal, submitted to the Ministry of Commerce, we have suggested that Service Tax on commission payments to Foreign Agents by Indian exporters should be done away with as this provision has placed the Indian exporters at an economic disadvantage and has added to the cost of exports.

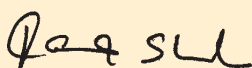
We have also said that Service Tax on Inland Haulage & Terminal Handling Charges at overseas destinations should be waived as it contravenes Government's stand that taxes and duties are not to be exported and Service Tax should be withdrawn on all post production export related services.

We have again taken up the issue of Fringe Benefit Tax (FBT) by asking for exemption on attending overseas fairs, exhibitions and business delegation and keeping Travel and Hotel cost of foreign delegates visiting India out of the purview of the FBT net.

In the pre-budget proposals we have represented that State level taxes and duties on inputs for export production such as C.S.T., electricity duty, entry tax, octroi, mandi tax, chungli etc. should be refunded as these add to the cost, making Indian goods uncompetitive in the Global market.

In the run-up to the announcement of annual supplement to the Foreign Trade Policy 2007-08, we have written to Shri Kamal Nath, Minister of Commerce & Industry for continuing the DEPB Scheme after 31st March, 2007. We have suggested that the DEPB Scheme should continue till an alternative Scheme is put in place as the DEPB Scheme is being utilized by vast sections of exporters. We have also said that even if an alternative Scheme is envisaged and implemented, then too the DEPB Scheme must continue concurrently for a period of six months to impart predictability and enabling the exporters to engage in long-term contracts. We have reiterated that the alternative Scheme must include all Customs Duties and all types of taxes and duties in lieu of the DEPB Scheme.

Yours sincerely,



(RAKESH SHAH)