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Indirect Tax

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**Trade facilitation measures introduced by government covering SEZ concessional duty, courier export reforms, SCMTR compliance extension and import related time extension**

## Executive Snapshot

Recent policy measures introduce focused trade facilitation across SEZ operations, courier exports, and cargo compliance systems. The key highlights covered are as under:

- **SEZ to DTA Concessional Regime:** A one-time, time-bound measure has been introduced to allow reduced customs duty on specified goods cleared from SEZ units to the domestic market, with the benefit being strictly limited to eligible manufacturing units and subject to fulfilment of prescribed value addition and export-linked conditions.
- **Courier & E-commerce Reforms:** The framework has been liberalised by removing export value restrictions, enabling faster return of unclaimed goods, and simplifying re-import procedures, thereby improving logistics efficiency and reducing overall compliance burden for businesses.
- **SCMTR Compliance Extension:** The transitions timeline for implementation has been extended, with a clear emphasis on mandatory electronic cargo reporting and uniform system-based compliance across all stakeholders to ensure standardization and transparency.

## Concessional Customs Duty Scheme for SEZ to DTA Clearances – Detailed Analysis and Compliance Framework

*(Notification No. 11/2026–Customs dated March 31, 2026 & Circular No. 18/2026–Customs dated April 1, 2026)*

**Concessional Customs Duty for SEZ Units on DTA Clearances – One-Time Policy Measure:** The Central Government, in line with the Union Budget 2026–27 policy objective of strengthening Special Economic Zones (SEZs), has introduced a targeted and time-bound concessional customs duty regime for goods manufactured by SEZ units and cleared into the Domestic Tariff Area (DTA). This has been operationalised through Notification No. 11/2026–Customs and further clarified procedurally through Circular No. 18/2026–Customs.

**Background and Policy Intent:** Under the existing procedure, supplies from SEZ to DTA are treated as imports in terms of Section 30 of the SEZ Act, 2005, thereby attracts full customs duties. This structure, while preserving the export-oriented character of SEZs, has historically restricted domestic monetisation of production, especially during periods of global demand contraction.

The present measure emerges as a strategic fiscal intervention, as also articulated in the PIB and Budget documents, to allow eligible SEZ manufacturing units to utilise idle capacity by accessing the domestic market at concessional duty rates, without diluting the overall export-driven framework of SEZ operations.

**Statutory Framework and Nature of Relief:** The exemption has been granted under Section 25(1) of the Customs Act, 1962, which empowers the Government to issue exemptions

in public interest. The Notification provides for partial exemption from Basic Customs Duty (BCD) and, in certain cases, Agriculture Infrastructure and Development Cess (AIDC), subject to strict compliance with prescribed conditions.

The scheme is clearly substantive in nature, introducing a new concessional taxation regime rather than merely clarifying existing provisions. Further, the linkage with SEZ Rules, particularly Rule 47 (valuation) and Rule 79 (audit), ensures that the concessional benefit is embedded within the broader SEZ compliance framework.

**Scope and Coverage of the Notification:** The Notification applies to specified goods listed in Table I and Table II, covering a wide range of sectors including chemicals, plastics, textiles, metals, and manufactured products. Instead of the standard customs duty applicable on imports, the Notification prescribes reduced tariff rates, typically ranging between 6.5% to 12.5%, depending on the classification of goods.

Additionally, in cases covered under Table II, relief is extended not only to BCD but also to AIDC, thereby significantly reducing the overall duty incidence on such DTA clearances.

**Eligibility Criteria for availing the Benefit:** The concessional duty is intended to benefit only genuine manufacturing units operating within SEZs, and is therefore subject to clearly defined eligibility and exclusion parameters:

**The benefit is available to the following categories of units:**

- a. Manufacturing units established in Special Economic Zones (SEZs) as defined under Section 2(za) of the SEZ Act, 2005
- b. Units that have commenced production on or before 31st March 2025, ensuring only existing and operational units are covered

- c. Units manufacturing goods specifically covered under Table I or Table II of Notification No. 11/2026–Customs
- d. Units that satisfy all prescribed conditions in the Annexure, including value addition, export linkage, and compliance requirements
- e. Units undertaking actual manufacturing activity, resulting in a new product with distinct identity, character, or use.

**The benefit is expressly not available in the following cases:**

- a. Units operating in Free Trade and Warehousing Zones (FTWZs)
- b. Units that have commenced production after 31st March 2025
- c. Goods that are imported into SEZ and cleared “as such” or after use without undergoing manufacturing
- d. Clearances made beyond the validity period, i.e., after 31st March 2027

Further, the scheme is subject to operational thresholds such as minimum value addition requirements and limits on DTA clearances linked to export performance, reinforcing the intent to restrict the benefit to legitimate manufacturing output

**Conditions Governing the Concessional Benefit:** The concessional duty regime is subject to stringent conditions to safeguard revenue and ensure that the benefit is restricted to genuine manufacturing activities:

- a. The unit must comply with all conditions specified in the Annexure, including value addition, export linkage, and other prescribed parameters
- b. The unit is required to furnish necessary proof and documentation to the satisfaction of the proper officer at the time of clearance

- c. No dual benefits are permitted, i.e., neither the SEZ unit nor its input suppliers should avail duty drawback or any other export incentives under the Foreign Trade Policy in respect of such goods
- d. The goods must satisfy a **minimum value addition requirement of 20%**, computed as under:  
$$[VA = [A - (B + C)] / (B + C) \times 100 \text{ Where: } A = \text{Assessable value of goods cleared to DTA}$$
$$B = \text{CIF value of imported inputs used in manufacture, } C = \text{Value of domestically procured inputs used in manufacture}]$$
- e. The DTA clearance is restricted to 30% of the highest FOB export value achieved in any one of the preceding three financial years, thereby maintaining the export-oriented nature of SEZ operations.
- f. The process undertaken must qualify as "**manufacture**", resulting in a new product with distinct name, character, or use; activities such as packing, repacking, labelling, or minor processing are not eligible.

**Procedure and Compliance Mechanism:** From a procedural standpoint, the Circular clarifies that:

- a. The SEZ unit is required to file a Bill of Entry for home consumption on the customs portal
- b. Such Bills of Entry shall be processed under the faceless assessment system, ensuring uniformity and reducing jurisdictional inconsistencies
- c. The consignments will be routed through the Risk Management System (RMS)

Importantly, while assessment is centralised, post-assessment functions such as examination, out-of-charge, and enforcement continue to remain with the jurisdictional SEZ officer, thereby maintaining administrative control.

The requirement of Development Commissioner certification and undertaking for compliance further strengthens the procedural safeguards

**Time-Bound Nature of the Scheme:** The concessional regime is explicitly designed as a one-time, limited-period relief measure as below:

- a. Effective from 1 April 2026
- b. Valid up to 31 March 2027

**Audit and Enforcement Framework: Units availing the exemption are subject to mandatory audit under Rule 79 of the SEZ Rules, 2006, which implies:**

- a. Detailed verification of value addition
- b. Examination of export performance metrics
- c. Scrutiny of **compliance with all conditions**

Given the revenue implications, this scheme is likely to be closely monitored by the Department, and any deviation may result in demand of differential duty along with interest and penalty.

**Practical Implications for Industry:** From a practical perspective, the scheme offers significant economic advantages:

- a. Reduction in duty cost enhances price competitiveness in domestic market
- b. Enables better capacity utilisation of SEZ units
- c. Improves cash flow and working capital efficiency

However, these benefits are accompanied by increased compliance complexity, particularly in relation to:

- a. Value addition computation
- b. Export linkage tracking
- c. Documentation and certification requirements

Further, from a GST standpoint, DTA buyers will treat such transactions as imports, and the duty paid may

impact overall cost structures depending on credit eligibility.

### Key Action Points for Businesses

- ✓ SEZ units intending to avail the concessional benefit should first undertake a comprehensive eligibility assessment to ensure compliance with all prescribed conditions under the Notification.
- ✓ It is essential to establish robust internal mechanisms for tracking value addition and monitoring export-linked DTA clearance limits on a continuous basis to avoid any breach of thresholds.
- ✓ Further, units must maintain adequate documentation, including Development Commissioner certification and detailed export turnover records, to substantiate eligibility and support claims during assessment or audit.
- ✓ From a systems perspective, businesses should ensure proper alignment of customs processes and ERP systems to enable accurate filing of Bills of Entry and correct duty computation.
- ✓ Lastly, given the audit exposure under the scheme, units should remain prepared for departmental scrutiny and post-clearance verification, with complete records readily available

### Conclusion

The introduction of concessional duty for SEZ to DTA clearances marks a significant yet controlled policy relaxation, aimed at enhancing the operational flexibility of SEZ units. While the scheme provides a valuable opportunity for cost optimisation and market expansion, it demands high levels of compliance discipline and documentation rigor. Businesses must approach this benefit with a structured compliance strategy to mitigate risks and fully leverage the intended advantages.

### CBIC introduces major reforms for courier and E-commerce trade, Removal of export value cap, RTO mechanism, and simplified re-import procedures

*(Circular No. 17/2026-Customs dated 31 March 2026 along with Notification Nos. 33/2026-Cus (NT) and 34/2026-Cus (NT))*

**Background and Context:** The Circular has been issued as part of the 2026 reform agenda to enhance ease of doing business in courier and E-commerce exports. It addresses key operational challenges such as the Rs. 10 Lakhs value cap, congestion due to uncleared goods, and complexities in re-import of returned goods. The reforms have been introduced in response to trade representations to streamline courier-based transactions and improve efficiency.

**Legal Framework:** The changes are introduced through Circular No. 17/2026-Customs dated 31 March 2026, read with Notification No. 33/2026-Cus (NT) and Notification No. 34/2026-Cus (NT), which amend courier regulations. Further, simplification of re-import provisions has been carried out through Notification No. 08/2026-Customs amending Notification No. 45/2017-Customs. These collectively form the regulatory basis.

### Key Amendments / Clarifications

The Circular introduces three core reforms, each addressing a distinct operational issue.

**Removal of Value Limit for Courier Exports:** The earlier restriction of Rs. 10 Lakhs per consignment has been removed, enabling exports of any value through courier mode, applicable to both E-commerce and non-E-commerce export

**Simplification of Re-import of Returned and Rejected Goods:** Uncleared or unclaimed imported goods can now be re-exported after 15 days instead of waiting for disposal after 30 days, thereby reducing congestion and improving logistics efficiency

**Simplification of Re-import of Returned Goods:** A risk-based approach has been introduced for re-imports, easing the requirement to establish identity of goods and simplifying compliance for E-commerce returns.

**Procedure Prescribed:** For RTO, the authorized courier must seek approval from the jurisdictional officer, generate a new AWB, file CSB-IV, and upload relevant documents in ECCS before completing the export process. Re-import procedures will be system-driven through ECCS with further guidance to be issued.

**Conditions and Restrictions:** RTO is permitted only for goods that are not prohibited or restricted and where no enforcement proceedings are pending. Re-import benefits are subject to neutralization of export benefits such as drawback or IGST refund, ensuring no undue advantage

**Relief / Benefit Provided :** The reforms enable high-value courier exports, faster disposal of uncleared goods, and simplified handling of returns. These measures collectively reduce compliance burden and improve operational efficiency, especially for E-commerce businesses.

**Applicability:** The Circular applies to exporters, importers, courier agencies, and custodians operating through courier mode. However, it excludes prohibited/restricted goods and cases under enforcement action.

**Time Limits / Deadlines** The amendments are effective from 1 April 2026. RTO can be initiated after 15 days from arrival, while disposal provisions under Section 48 after 30 days continue to apply.

**Conclusion** The Circular introduces a facilitative and modernized framework for courier-based trade, particularly benefiting E-commerce exports. Businesses should align their processes to leverage these changes while ensuring compliance with documentation and procedural requirements.

**CBIC extends transitional period for implementation of SCMTR till 30 June 2026 and mandates uniform adoption of electronic cargo reporting**

*(Circular No. 16/2026-Customs dated 30 March 2026 read with Notification No. 31/2026-Customs (N.T.)*

**Background and Context:** The Circular has been issued to address implementation challenges under the Sea Cargo Manifest and Transshipment Regulations, 2018 (SCMTR), which were introduced to establish an electronic reporting framework for sea cargo movement across ports, ICDs, CFSs, and SEZs. The intent of the framework is to ensure transparency, standardisation, and real-time tracking of cargo.

Upon review of implementation status, it has been observed that while core SCMTR message flows for cargo movement between gateway ports and foreign ports have been successfully implemented, certain operational gaps continue to exist. Notably, the Stuffing (SF) message functionality, though operational at all locations, lacks uniform adoption across field formations.

Further, certain system-based messages remain under development and require testing across multiple logistics nodes. Accordingly, the transitional framework has been extended to facilitate smooth and uniform implementation without disrupting trade operations.

**Legal Framework:** The amendment to the SCMTR Regulations has been carried out vide Notification No. 31/2026-Customs (N.T.) dated 30 March 2026, issued read with section 157 of the Customs Act, 1962.

These provisions collectively empower the Government to prescribe procedural requirements for filing of import/export manifests, electronic declarations, and handling of transshipment cargo.

The present amendment is procedural and transitional in nature, as it does not alter the substantive legal provisions but extends the timeline for compliance under the existing SCMTR framework.

**Key Amendments / Clarifications:** The Notification provides for substitution of the date specified in the SCMTR regulatory table (after FORM-XII), whereby the entry against Serial Number 6 has been revised to "30.06.2026". This amendment effectively extends the transitional provisions that were earlier scheduled to expire, thereby granting additional time to stakeholders for achieving full compliance. The Circular further clarifies that while major SCMTR messaging systems are operational, uniformity in SF message filing remains an area requiring focused implementation by field formations.

**Applicability:** The provisions are applicable to all stakeholders involved in sea cargo logistics and required to comply with SCMTR provisions, including shipping lines, customs brokers, custodians such as ICDs and CFSs, SEZ units, and gateway port operators.

The Circular does not specify any exclusions, thereby indicating uniform applicability across all relevant stakeholders.

**Time Limits / Deadlines:** The Notification provides that the extended transitional period shall now continue up to 30 June 2026, replacing the earlier deadline. The amendment comes into force from the date of publication in the Official Gazette, i.e., 30 March 2026. During this period, stakeholders are expected to achieve full compliance with SCMTR requirements.

**Procedure Prescribed:** The Circular mandates that during the extended transitional period, all stakeholders must file complete and accurate electronic declarations in the prescribed SCMTR formats. It further directs field formations to ensure uniform adoption of SF message filing across all

customs locations to eliminate inconsistencies in reporting.

**Conditions and Restrictions:** The Circular prescribes compliance conditions focused on data accuracy and uniform reporting. Stakeholders are required to ensure that electronic declarations are filed strictly in prescribed formats and that the data submitted is complete and accurate.

Further, consistent filing of SF messages across all operational locations is expected. No exemption or relaxation from compliance requirements has been provided, and emphasis is placed on standardisation of reporting practices.

**Conclusion:** The Circular read with the Notification represents a transitional facilitation measure aimed at ensuring smooth and uniform implementation of SCMTR across the country. While the extension provides temporary relief, it also indicates a clear transition towards a fully digital compliance framework. Stakeholders are advised to utilise the extended timeline effectively to ensure system readiness and avoid potential non-compliance risks once the transitional period concludes.

### DGFT Trade Policy Updates

The Directorate General of Foreign Trade (DGFT), vide Notifications No. 69 to 74/2025–26 dated 31 March 2026, has primarily introduced time-bound extensions and targeted relaxations relating to import policy conditions, export facilitation measures, and continuation of export incentive schemes. These measures are aimed at ensuring continuity in trade policy, stabilising domestic supply of essential commodities (particularly pulses), and providing operational relief to exporters in specific sectors such as gems & jewellery, while maintaining existing incentive structures under the RoDTEP Scheme. The notification-wise updates are summarised below.

Notification No.	Key Update	Industry / Goods	Existing Period	Extension till
69/2025-26	Extension of Minimum Import Price Condition	Multilayer Paper Board (VPB)	31-03-2026	30-04-2026
70/2025-26	Extension of Import Policy Condition	Yellow Peas	31-03-2026	31-03-2027
71/2025-26		Urad	31-03-2026	31-03-2027
72/2025-26		Tur / Pigeon Peas	31-03-2026	31-03-2027
73/2025-26	One time relaxation extending re-import period	Gems / Jewellery	Re-import period expiring on or between 01-03-2026 & 31-05-2026	30 days from date of expiry
74/2025-26	Continuation of RoDTEP Scheme	All eligible	31-03-2026	30-09-2026

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