

# Directorate General of Foreign Trade (DGFT) further Simplifies the process of levying Composition Fee for Export Obligation Extension to include more cases under Advance Authorization Scheme

Posted On: 01 MAR 2023 4:21PM by PIB Delhi

The Directorate General of Foreign Trade (DGFT) has notified amended rules for implementing all PRC (Policy Relaxation Committee) decisions regarding the levy of Composition Fee. DGFT is extending the benefit of reduced Composition Fee for cases where it has allowed an extension in EOP (Export Obligation Period) and/or regularization of exports already made. This was notified vide Public Notice No. 59/2015-20 on February 28, 2023 by amending Para 4.42 of Handbook of Procedures (2015-20).

The rationalization of Composition Fee calculations aids in automation and accelerated delivery of services by attempting to make the procedure simpler and more understandable. The revised Composition Fee model, which is based on a specific rate for different levels of the 'CIF value of Authorisation,' is less complicated and simpler to calculate. This will assist in streamlining the compliance process with minimal human intervention, reducing the risk of discrepancies and confusions.

Automating the process will result in faster service delivery by reducing the need for manual calculations and paperwork. This initiative aims to integrate a uniform and transparent system for implementing all PRC decisions, including past decisions related to levying Composition Fee in the case of extending Export Obligation Period (EOP) and/or regularization of exports made under the Advance Authorization Scheme. The goal is to make doing business easier and reduce transaction costs.

Calculation simplification also contributes to the "Ease of Doing Business" mission by reducing complexity and making the procedures relatively easy for exporters.

DGFT is working towards this goal by making the Composition Fee calculation procedure smoother and easier to understand for exporters. This initiative started with Public Notice No. 52 dated 18.01.2023 and continues with this PN issued today. These initiatives will eventually result in stronger trade facilitation and ease of doing business.

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(Release ID: 1903374)