CLEARING THE CONCEPT – SOFTEX

The RBI had vide a Circular in September 2013 , laid down a revised procedure for filing of SOFTEX making it mandatory for ALL exporters.

In general exports means sending 'goods and service' to clients in foreign country (outside territorial borders of India) for purpose of sale. Physical goods are exported through a physical port of shipping (a sea port, airport or foreign post office) monitored by Central customs department.

When physical goods leave borders, from any port of shipment, the exporter is required to declared value of goods. In India, this was done through a form called GR form (PP form in case of exports by post office) for non-EDI ports and SDF for EDI ports, along with invoice and other supporting documents. Recently, as part of simplification of process, the GR and PP form have been substituted by a new form called 'EDF' (export declaration form) and SDF has been merged with shipping bill.

Any company who does IT/ITES exports through Data communication links needs to submit the Softex Form for certification. As per RBI Circular - RBI/2013-14/254 (Sept 13, 2013) export of software or even export of service from India irrespective of quantum of revenue you generate from export.

If SOFTEX (or EDF in case of physical exports) form is not filed, and exports proceed is realized, the remittance received is either treated as 'general services' or not as an export proceed or illegal.

Refer RBI Circular RBI/2013-14/254

FAQs for NON-STP Units

1. Who can become a NON-STP unit under STPI and how?

Any company/partnership firm/proprietorship which is into development of Exportoriented Computer Software/IT Enabled Services can register itself as NON-STP unit under STPI to avail Softex certification. In order to become a NON-STP unit under STPI, the company has to get register itself.

As per the prevailing RBI Master Circular No. RBI/2013-14/14 dated 1st July 2013 (Para B 15), RBI Circular No.80 dated 15th February 2012 and RBI Circular No.43 dated 13th September 2013, any company who does IT/ITES exports through Data communication links needs to submit the Softex Form for certification.For getting the Softex certification by STPI (which is the Designated Authority), the companies have to become STP members by either registering under STP scheme or as NON-STP unit with STPI. Nevertheless, the companies registered under STP scheme will have other benefits apart from getting their Software Exports certified.

2. Once the Non STP registered unit Letter of Permission (LoP) expires after 3 years, what is the procedure to be followed for renewal of LoP?

Letter of permission for Non STP registration is issued for the period of 3 years. During the last three months prior to the expiry of LoP, NON STP registered unit should approach Director STPI for renewal of LoP. There shall be no charges for renewal of LoP.

3. What is the time limit it for processing of registration of NON-STP unit?

10 working days from the date of submission of complete application form along with supporting documents and applicable processing fee.

4. Once the company gets registered as Non STP unit, what will be the procedure to certify the Softex forms from STPI?

Non-STP units should register each of their export contracts prior to submission of Softex against that contract. Unit also need to submit its projected imports during the next financial year as well as applicable STPI service charges.

5. What is the proof of NON-STP registration?

The company registered under STPI as NON-STP unit will be issued a Registration Certificate with a validity of 3 years by the respective jurisdictional STPI Director. Renewal of registration will have to be applied three months prior to the expiry of the registration.

6. Can a NON-STP operate from any location in the country?

Yes, operations as NON-STP unit can be carried out from any location in the country. However, registration has to be made with the respective jurisdictional STPI Centre.

7. What are the entitlements of NON-STP registration?

Once NON-STP units get registered with STPI, they will be entitled for submission of Softex for certification as per prevailing guidelines of RBI. However, Non-STP units should also register each of their export contracts prior to submission of Softex against that contract.

8. Is the Softex submission by NON-STP units mandatory?

As per the prevailing RBI Master Circular No. RBI/2013-14/14 dated 1st July 2013, RBI Circular No.80 dated 15th February 2012, RBI Circular No.43 dated 13th September 2013, "any company who does IT/ITES exports through Data communication links needs to submit the Softex to Designated Authority for certification."

9. What is the mode of submission of Softex ?

As per the prevailing RBI Circulars, the Softex may be submitted in soft copy or in the hard copy in quadruplicate.

10. Does the unit gets back all the four copies of Softex forms after Certification by STPI?

After certification, the distribution of certified Softex (hard copy) will be as follows:

a. Original copy will be forwarded to RBI.

b. Duplicate copy to the unit,

c. the triplicate copy to the Authorized Dealer (through unit) and

d. Quadruplicate copy will be retained by STPI for records.

11. What is the frequency of submission of Softex?

A common monthly Softex in the form of Excel summary sheet as prescribed by RBI can be filed for all invoices raised in a month. The Softex is required to be filed within 30 days from the date of last invoice raised in that month.

12. What happens if the unit fails to submit Softex Forms on time to STPI?

In case of delay, the units should approach the regional RBI office and get the delay condoned before submitting the Softex Forms to STPI. The sample check list of details to be provided to RBI, along with the request letter, for getting the delay condoned, is as per

Annexure-1. However, as the list may vary across different regional offices of RBI, you are requested to visit RBI website at www.rbi.org.in for clarity.

13. Who allots the Softex numbers, STPI or RBI?

Softex numbers are allotted by RBI. Both STP and NON-STP units based on their requirement can generate Softex numbers online from RBI official website.

14. What is the time frame for certification of Softex by STPI?

30 days from the date of submission of complete Softex form along with requisite documents.