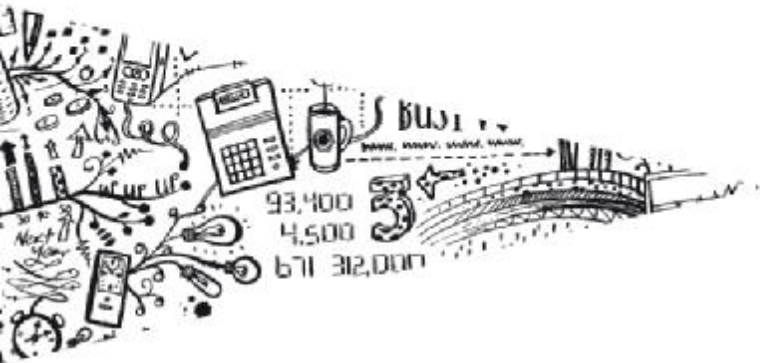


22 November 2011

## EY Regulatory Alert

“Set-off” of export receivables against import payables



## Background

The Reserve Bank of India (RBI), till date, has approved "set-off" of export receivables against import payables in respect of the same overseas buyer and supplier on case to case basis.

## Amendment

The RBI, vide A.P. (DIR Series) Circular No. 47, dated 17 November 2011, has decided to delegate power to AD banks to deal with the cases of "set-off" of export receivables against import payables, subject to the following terms and conditions:

- ▶ Import is as per the Foreign Trade Policy in force
- ▶ Invoices/ Bills of Lading/ Airway Bills and Exchange Control copies of Bills of Entry for home consumption have been submitted by the importer to the AD bank
- ▶ Payment for the import is still outstanding in the books of the importer
- ▶ Both the transactions of sale and purchase may be reported separately in 'R' Returns
- ▶ The relative GR forms will be released by the AD bank only after the entire export proceeds are adjusted/ received

- ▶ The " set-off" of export receivables against import payments should be in respect of the same overseas buyer and supplier and that consent for "set-off" has been obtained from him
- ▶ The export/ import transactions with Asian Clearing Union countries should be kept outside the arrangement
- ▶ All the relevant documents are submitted to the concerned AD bank who should comply with all the regulatory requirements relating to the transactions

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