Circular No. 263/09/2026-GST

F. No. CBIC-20001/2/2026-GST
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Indirect Taxes & Customs
GST Policy Wing
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Room No. 16039, Kartavya Bhawan-01

New Delhi, Dated: 26.10.2026

To,

The Principal Chief Commissioners/ Chief Commissioners (All)

The Principal Director General/ Director General (All)

Madam/Sir,

Subject: Clarification in respect of receipt of payment for export of goods or services- reg.

References have been received from the field formations seeking clarification on various issues relating to GST refunds. In order to clarify these issues and to ensure uniformity in the implementation of the provisions of law in this regard across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"), hereby clarifies the issues detailed hereunder:

2. Receipt of foreign remittance in respect of export of services in Nostro and Special Non-Resident Rupee (SNRR) accounts: Various requests have also been received for clarification regarding admissibility of export remittances received in repatriable rupee (INR) accounts such as Special Non-Resident Rupee (SNRR) Account or Nostro account and treatment of set-off of export receivables against import payables, wherever permitted by the Reserve Bank of India (RBI) for the purposes of consideration of supply of services as per the provisions of condition (iv) of clause (6) of section 2 of the Integrated Goods & Services Tax Act, 2017 (herein after referred to as the 'IGST Act").

2.1 In this regard, reference is drawn to circular No. 202/14/2023-GST dated 27.10.2023, wherein it was clarified that when the Indian exporters, undertaking export of services, are paid

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the export proceeds in INR from the Special Rupee Vostro Accounts of correspondent bank(s) of the partner trading country, opened by Authorised Dealer (AD) banks, the same shall be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017, subject to the conditions/ restrictions mentioned in Foreign Trade Policy, 2023 and extant RBI Circulars and without prejudice to the permissions/ approvals, if any, required under any other law.

2.2 As per the provisions of Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 (FEMA 14R/2023), receipt/payment for export to countries other than Nepal, Bhutan and members of Asian Clearing Union(ACU), may be done in Indian Rupees (INR) or in any foreign currency. Such payment in INR may be facilitated either through INR Nostro (Rupee Vostro) of correspondent banks or repatriable INR accounts such as Special Rupee Vostro Account (SRVA), Special Non-Resident Rupee (SNRR) etc.. Since, payments in INR are a valid mode of settlement as per FEMA regulations and Rupee Vostro and SNRR are permissible accounts for receipt of export proceeds.

2.3. Therefore, it is hereby clarified that wherever the payment for export of service made by the Indian exporters is received in convertible foreign exchange or in repatriable rupee (INR) accounts, such as SNRR Account or INR Nostro account, or any other similar account for repatriation of foreign exchange, the same shall be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017. Further, stock brokers provide services to their overseas clients (FPIs, NRIs and OCIs) and get paid for the services in INR. It is clarified that payment to brokers through repatriable INR accounts (SNRR, NRE) may be considered to be fulfilling the conditions of sub-clause (iv) of clause (6) of section 2 of IGST Act, 2017. In case of payments through NRO accounts, as per RBI guidelines, the same should be routed through repatriable INR accounts (SNRR, NRE) for it to be considered to satisfy the conditions stipulated under sub-clause (iv) of clause (6) of section 2 of the IGST Act, 2017.

2.4 It may also be noted that set-off transactions are a valid method of settlement under FEMA regulations. In terms of extant guidelines of RBI, set-off are allowed with certain conditions. Such set-off are allowed for goods against goods and services against services. However, with the coming into effect of the new guidelines viz. Foreign Exchange Management (Export and Import

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of Goods and Services) Regulations, 2026, from October 01, 2026, these conditions would not be applicable for such transactions. Thus, as set-offs are valid mode of settlement as per FEMA regulations, it is further clarified that wherever export receivables are set-off against import payables, then as long as such set-off is in accordance with the directions issued by the RBI, the said condition of sub-clause (iv) of clause (6) of section 2 of IGST Act, shall be considered to be fulfilled.

2.5. Further, in respect of receipt of remittance by reinsurance brokers through the net retention mechanism, it may be noted that the commission charged by an Indian reinsurance broker for providing broking services to the foreign reinsurers is settled by net settlement rather than by a separate inward remittance in foreign exchange. In this scenario, as per FEMA regulations, the foreign reinsurer/broker is treated as having paid the commission/brokerage by authorizing the Indian broker to retain it out of funds prior to remittance of the net premium outside India. Under FEMA regulations, the obligation of the service exporter to realise and repatriate export proceeds is extinguished through this net retention mechanism. Thus, it may be treated as having satisfied sub-clause (iv) of clause (6) of section 2 of the IGST Act.

3. Realisation of export proceeds in case of export of goods: Attention is invited to Rule 96B of the CGST Rules, which provides that where sale proceeds of export goods are not realized, wholly or partly, within the period prescribed under the Foreign Exchange Management Act (FEMA), 1999, including any extension granted thereunder, the refund amount paid shall be liable to be deposited/ recovered, to the extent of such non-realization, along with applicable interest, within thirty days from the expiry of the said period or extended period, if any. Rule 96B further provides that no such recovery shall be effected where the requirement of realization has been written off, either wholly or partly, by the Reserve Bank of India on merits.

3.1. It is clarified that as the time limit for realization of export proceeds in India and the amount to be realized are governed under the provisions of FEMA, 1999, regarding which provisions are formulated and implemented by the RBI, therefore, the time limit for realization of export proceeds for export of goods under the IGST Act, 2017, shall be such period, or such extended period, which has been prescribed in FED Master Direction No. 16/2015-16 dated 01.01.2016 (last amended on 05.06.2026) issued by the RBI and as amended from time-to-time. It is also clarified that wherever

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the requirement of realization has been written off, either wholly or partly, by the AD Bank, recovery of refund amount under rule 96B shall not be done.

4. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in the implementation of the above circular may please be brought to the notice of the Board.

Yours faithfully,

(Gaurav Singh)

Commissioner (GST)

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