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Ref.No.MAIT/PY/2510

August 01, 2022

Shri Sanjay Mangal, IRS
Principal Commissioner
Ministry of Finance

Subject: Rescind of Notification No.47/2017-Integrated Tax (Rate) dated 14th November 2017 through Notification No.11/2022-Integrated Tax (Rate) by Department of Revenue, Ministry of Finance

Respected Sir,

Greetings from **MAIT**, the apex body representing the **IT, Electronics & Telecom Hardware manufacturing Sector** in India! Established in 1982, **MAIT** is the apex industry body representing the Electronics & Telecom H/W sector in India which closely works with policy makers of Central and State Government to enable the growth of the Electronic System H/W Design & Manufacturing sector in India.

This bears reference to the issue faced by many of our industry members due to rescind of notification where the integrated tax at the rate of **5%** was levied or collected in respect of supply of goods specified in **schedule I of Notification No. 1/2017-Integrated Tax (Rate)** dated 28th of June 2017.

To briefly give a background to this issue, the retrospective exemption from, or levy or collection of, integrated tax in certain cases came into force with effect from the 1st day of July 2017. The Central Government, on the recommendations of the Council through Notification No.11/2022-Integrated Tax (Rate) dated 13th of July 2022, New Delhi, rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 47/2017-Integrated Tax (Rate) dated 14th November 2017.

Due to the rescind of the notification, **18% tariff** is levied or collected in respect of the supply of goods specified in schedule I of Notification No.1/2017-Integrated Tax (Rate) dated 28th of June 2017. However, public procurement orders in pipeline from GeM portal before the release of the notification are also covered in this notification which puts unaccounted pressure on the profit margins of the companies who had put costs basis 5% duty and hence, a direct hit of 13% is to be borne by the companies.

Sir, this **13%** differential in the integrated tax for the pending supply is declining the margins of industry members, ultimately resulting in higher running costs on planned finances. **In this regard, MAIT on behalf of the Industry requests your good office to kindly uplift the notification for public procurement orders pending before the release of the rescind notification.**

With regards,

Col. AA Jafri, Retd
Dy. COO
(Acting Director General – MAIT)