RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011/12/400   **February 15, 2012**
A.P. (DIR Series) Circular No. 80

 To

      All Authorised Dealers in Foreign Exchange

Madam / Sir,

Export of Goods and Services-
Simplification and Revision of Softex Procedure

Attention of the Authorised Dealers is invited to Regulation 6 of the Notification No.FEMA 23/2000-RB dated May 3, 2000 viz. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, as amended by the Notification No.FEMA 36/2001-RB dated February 2, 2001, in terms of which designated officials of the Ministry of Information Technology, Government of India at the Software Technology Parks of India (STPIs) or at Free Trade Zones (FTZs) or Export Processing Zones (EPZs) or Special Economic Zones(SEZs), had been authorised to certify exports declared through SOFTEX Forms.

2.   Considering the spurt in the volume of software exports from India in recent times, the complexity of work contracts involved, the voluminous nature of contract agreements and the duration involved in execution of each contract as well as the time-consuming process involved in the certification of SOFTEX forms, the matter was revisited and a revised procedure, given herein below, has now been finalised in consultation with the stakeholders involved.

3.   As per the revised procedure, a software exporter, whose annual turnover is at least Rs. 1000 crore or who files at least 600 SOFTEX forms annually, will be eligible to submit a statement in excel format as per Annexure A, giving all particulars alongwith **quadruplicate** set of SOFTEX form to the nearest STPI. STPI will then verify the details and decide on a percentage sample check of the documents in details. Software companies will submit all the documents on demand to STPI within 30 days of their advice or any reasonable/extended time at the discretion of the Director, STPI, at the request from the exporter. STPI will thus certify the statement and SOFTEX forms in bulk on the **"Top Sheet"** regarding the values etc. and will thereafter forward the first **copy** of the revised

SOFTEX format to the concerned Regional Office of RBI, the **duplicate copy** alongwith bulk statement in excel format to Authorised Dealers for negotiation / collection / settlement, the **third copy** to the exporter and the **last copy** will be retained by STPI for its own record. Under the revised procedure, the exporters, however, will have to provide information about all the invoices **including the ones lesser than US$25000**, in the bulk statement in excel format. [The revised procedure for submission of the Softex form and other relevant documents are detailed in the **Annex**.]

4.   The new procedure will be effective initially in STPI Bangalore, Hyderabad, Chennai, Pune and Mumbai with effect from April 01, 2012. Based on the success in these centers, it would be adopted by all the STPIs and SEZ/ EPZ/ 100% EOU/ EHTP/ DTA units by June 2012.

5.   Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

6.   The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

ANNEX
[Annex to A.P. (DIR Series) Circular No. 80
dated February 15, 2012]

1. **Revised Procedure : Reporting of Software exports to STPI**

   A. **Periodicity –** Monthly

   B. **Time period – Not later than 30 days** from the close of the month in which the invoice is raised

   C. **Applicability –** Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting at least 600 Softex forms annually.

   D. **Softex Number –** Softex number shall be allocated/issued centrally by RBI once a year based on the requirements of exporter which can be about 200,000 numbers to be used by large exporters for the year for all locations. If the softex numbers are exhausted, the exporter can apply again to RBI for allotment of number. Exporters can use the allocated Softex number either for each invoice or for a group of invoices **with same currency** of a particular customer. **Softex number** would be the control number for identifying any of the export transaction.

   E. **Details of information –** As per the template in **Annexure A,** which will broadly cover information as under

      i. Name and Address of the Exporter
      ii. Letter of permission number and date
      iii. Name of authorized data com service provider
      iv. Import Export Code number
      v. Software Export Declaration
      vi. Details of Export of Software during the period
         a) Period of submission i.e. Month name
         b) SOFTEX Number
         c) Name of Client
         d) Address of Client
         e) Country of Export
         f) Invoice Number
         g) Invoice Date
         h) Project Code or Contract or Agreement or PO & Date
         i) Type of Software Exported
         j) Invoice Currency
         k) Offshore Invoice value

      vii. Details of billings on account of Royalty on Software Packages/products exported as per **Annexure B**
         a) Period of submission i.e., Month name
         b) SOFTEX Number
         c) Name of Client
         d) Address of Client
         e) Country of Export
         f) Invoice Number
         g) Invoice Date

        h) Unique internal Project Code or Contract/Agreement/PO Date
        i) Invoice Currency
        j) Offshore Invoice value
        k) Details of Software Package(s)/product(s) exported
        l) Royalty agreement details
            1. % age and amount of royalty
            2. Period of Royalty agreement
            3. Mode of realisation of Royalty value
            4. Calculation of Royalty amount

      viii. The Authorized dealer's name should be given in Section A of individual bulk statement itself along with email id **(Annexure A & B)**. If there are multiple ADs, then exporter may provide full details - i.e., Details such as bank name, address and Authorized Dealer code plus
        a) Details of Letter of Credit(L/C) facilty availed by the exporter
        b) Details of Bank Guarantee taken by the exporter
        c) Details of the Bank Accounts into which the transfer/remittance are received
      ix. Email id of the Exporter shall be specified to which the attested Bulk Softex statement will be sent

F. Soft copy Submission – Software Exports Declaration in summary excel sheet with above details.

G. Hard copy submission – Covering letter along with summary sheet declarations and Annexure copies in quadruplicate. Copies of Softex forms, Invoices, SoW, MSA or any other document are not required to be submitted along with summary.

H. Additional Information – At the request of STPI, software exporter need to submit additional details about selected sample invoices within 30 days of the request or any reasonable extended time at the discretion of the Director , STPI at the request from the exporter.

I. Time Period for additional Information – STPI would do sample audit periodically but not during the period beyond six months, to make the records concurrent with the filing of the Softex. This however, doesn't stop the regulator from asking old records as per FEMA.

J. STPI will send the attested Bulk Softex statement in hardcopy to software exporter and soft copy to RBI, Regional Office, Authorized Dealer and Exporter with **password protection** (to be provided by STPI)

K. Authorized Dealer will upload this information in their systems for further processing

L. Authorized Dealer will settle the Softex using AD internal control number based on details provided by Exporter on collections as per Annexure C

2. Reporting of Software export Realizations to Authorized Dealer (AD)

Software Exporters can have collection account overseas or get credit directly in the bank accounts maintained in India, where individual invoices raised on customers are collected. After meeting "onsite" branch expenses, as permitted by FEMA, net amount will be remitted to India. This would also include 100% realization of offsite exports.

A. **Periodicity –** Quarterly

B. **Applicability –** Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting in excess of 600 Softex forms annually.

C. **Details of information –** As per **Annexure C**, which will cover information as under

i. Name and Address of the Exporter
ii. Import Export Code number
iii. Details of invoice wise collections (**Attachment A**)
    a) SOFTEX Number
    b) Name of Customer
    c) Invoice Number
    d) Invoice Date
    e) Invoice Currency
    f) Offshore Invoice value
    g) Offshore Invoice value realized
    h) Date of Realization of exports proceeds
    i) Name of the Bank
    j) Country of the Bank
iv. Details of Foreign Currency Inward Remittance in India(**Attachment B**). Authorized Dealers will give a control number for this Attachment B, which shall be used by them to settle all the softex forms in Attachment A

    a) **Inward remittance in India from overseas bank accounts**

      1. Name and address of the Authorized Dealer at which the amount has been received
      2. Inward remittance details like FIRC number, date, amount and foreign currency
      3. Name and address of the Overseas bank from which remittance has been effected

    b) **Direct Inward remittance in India from customers against exports of software**
      1. Name and address of the Authorized Dealer at which the amount has been received
      2. Inward remittance details like FIRC number, date, amount and foreign currency
      3. Name and address of the Customer from which remittance has been received

v. **Documentation:** FIRCs to be given to AD for endorsement along with above details

vi. Software exporters will furnish the credit notes to AD for invoices which have already been certified by STPI and settle the respective Softex forms.

3. Online Submission of Periodic Software Exports Declaration

STPI is in the process of computerizing the submission of Softex form. STPI would be required to ensure that the computerisation of the Softex forms and the populating of the data must be compatible to **'Softex Card Design'** as detailed in **Annexure E** and be able to generate a report in **'ENC file format'** as detailed in **Annexure D**

N.B. In the event of full computerisation at the STPIs, the exporters will upload their bulk statement to the STPI system which will be verified and certified by the STPI and the certified information will flow to RBI, Regional Office, Exporter as well as AD online. The data will eventually flow to DSIM, RBI for record with a copy retained at STPI.

Annexure