

7th March 2018

**Dr Hasmukh Adhia Ji,
Secretary (Revenue),
Department of Revenue,
Ministry of Finance,
Government of India**

Subject: Roll-out of Tax Refund for Tourists (TRT) Scheme in India

Honorable Secretary,

Greetings from Retailers Association of India (RAI)!

Retailers Association of India (RAI) is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. RAI is the body that encourages, develops, facilitates and supports retailers to become modern and adopt best practices that will delight customers. RAI has a three charter aim of Retail Development, Facilitation and Propagation. RAI is the premier body of Retailers in India having around 1000 member establishments including large and small retailers in the country having approximately 5,00,000 stores.

RAI's mission is to develop, facilitate and propagate practices and processes that will grow the Indian retail industry, leading to increased consumption and growth of the economy. Retail industry gets its strength from the expertise of people working in the Industry who in turn create services committed to customer satisfaction. RAI works on various initiatives for Retailers like Advocacy, Learning & Training, and Industry Creation. Over the years, RAI has been working with various authorities to shape policy in all key areas impacting the retail industry, which in turn impacts the common consumers.

1. We at Retailers Association of India are writing to extend our support for an early introduction of the Tax Refund for Tourists (TRT) scheme in view of the significant prospective benefits to our members and the broader positive impact on the nation's economy.
2. As you are aware, appreciating the importance of promoting the tourism industry, the GST council included a provision under Section 15 of the IGST Act, 2017 that would enable outbound tourists to obtain a refund on the goods purchased during their stay in India.

RAI National Council

Avijit Mitra,
Infiniti Retail (Croma)

B A Kodandarama Setty,
Vivek Ltd.

B S Nagesh,
Shoppers Stop Ltd.

Bhaskar Bhat,
Titan Industries Ltd.

Govind Shrikhande,
Shoppers Stop Ltd.

J Suresh,
Arvind Brands

Jamshed Daboo,
Trent Hypermarket Ltd.

Kabir Lumba,
Lifestyle International (P) Ltd.

Kishore Biyani,
Future Group

Krish Iyer,
Walmart India

Noel Tata,
Trent Ltd.

Pranab Barua,
Aditya Birla Retail Ltd.

Rafique Malik,
Metro Shoes Ltd.

Rahul Mehta,
CMAI

Rakesh Biyani,
Future Group

Shashwat Goenka,
Spencer's Retail

Vinay Nadkarni,
Globus Stores Pvt. Ltd.

3. The experience from the several countries around the world that have introduced similar VAT/GST refund schemes for tourists suggests that they can serve as a powerful incentive in increasing both, inbound international tourist traffic and overall spending on local goods and services.
4. While provided for in the law, this scheme has yet not been enacted by the GST council.
5. As such, this currently presents an untapped opportunity, first and foremost, to enact a policy that would profoundly bolster the tourism industry and the 42 million Indians who are altogether dependent on this sector for their livelihoods. Second, as such schemes have a conspicuous impact on the visitor experience, to advance India's global perception by introducing a state of the art digital refund service, building upon the experiences of our regional neighbours such as Singapore, China and Malaysia.
6. In this context, we would like to seek a your kind support in prioritising the notification of the Tax Refund for Tourists scheme in the GST council, followed by an early roll-out, keeping in mind that this scheme would be enthusiastically received by all stakeholders, foreign tourists and Indian businesses alike.

An overview of Tax Refund for Tourists (TRT) Scheme

1. As noted by the World Tourism Organization, shopping for pleasure is no longer a purely incidental activity while travelling, in fact, now it represents the principal – or one of the principal- motivations for travelling.
2. Shopping currently accounts for an estimated mere 20% of tourist expenditure in India as compared to 46% in Japan, 40% across the EU and 36% in Singapore; in spite of the relatively higher cost of accommodation and other miscellaneous services in these other markets.

RAI National Council

- Avijit Mitra,**
Infiniti Retail (Croma)
- B A Kodandarama Setty,**
Vivek Ltd.
- B S Nagesh,**
Shoppers Stop Ltd.
- Bhaskar Bhat,**
Titan Industries Ltd.
- Govind Shrikhande,**
Shoppers Stop Ltd.
- J Suresh,**
Arvind Brands
- Jamshed Daboo,**
Trent Hypermarket Ltd.
- Kabir Lumba,**
Lifestyle International (P) Ltd.
- Kishore Biyani,**
Future Group
- Krish Iyer,**
Walmart India
- Noel Tata,**
Trent Ltd.
- Pranab Barua,**
Aditya Birla Retail Ltd.
- Rafique Malik,**
Metro Shoes Ltd.
- Rahul Mehta,**
CMAI
- Rakesh Biyani,**
Future Group
- Shashwat Goenka,**
Spencer's Retail
- Vinay Nadkarni,**
Globus Stores Pvt. Ltd.

3. There is a well-established precedent for tourist tax refund schemes resulting in an increased spending on goods and services in-country as seen in a number of markets that have introduced them:

In Singapore, for example, which introduced privately operated GST Refund Scheme in 1997.

- At the time, overseas Sales in Store (SIS) was S\$80 million per month.
- By 1999, SIS had increased to S\$125 million per month with an average of 55,000 tax refund claims per month
- **This represented an increase of more than 55% in Sales in Store to overseas visitors in under 2 years**

This scenario of increased sales following the introduction of a TRT scheme has been demonstrated repeatedly in markets around the world.

4. TRT allows retailers to become increasingly competitive by providing discounts whilst maintaining their margins. And would be welcomed by industry and consumers alike.
5. The introduction of a TRT would significantly boost India's appeal for travellers and put local retailers on a level playing field in with competing regional travel and shopping destinations such as the UAE, Thailand, Singapore, China and Malaysia – each of whom offer a tax refund scheme for visitors.
6. With the enabling provision already included under Section 15 of the IGST Act 2017, no changes are required to the existing law.
7. Under a private refund provider model, India's tourism shopping offering would be actively promoted within key source markets, such as the USA, UK, EU, Malaysia, Australia and China. These world-class shopping promotional digital tools and activities are currently not available to retailers in India. It follows that under the existing arrangements, India is also foregoing a valuable source of additional retail expenditure and associated retail jobs.
8. Recent Central Government research has shown the high level of dissatisfaction amongst visitors in particular regarding their shopping experience in India. Ensuring that India has a world class TRS systems has significant potential to

RAI National Council

Avijit Mitra, Infiniti Retail (Croma)
B A Kodandarama Setty, Vivek Ltd.
B S Nagesh, Shoppers Stop Ltd.
Bhaskar Bhat, Titan Industries Ltd.
Govind Shrikhande, Shoppers Stop Ltd.
J Suresh, Arvind Brands
Jamshed Daboo, Trent Hypermarket Ltd.
Kabir Lumba, Lifestyle International (P) Ltd.
Kishore Biyani, Future Group
Krish Iyer, Walmart India
Noel Tata, Trent Ltd.
Pranab Barua, Aditya Birla Retail Ltd.
Rafique Malik, Metro Shoes Ltd.
Rahul Mehta, CMAI
Rakesh Biyani, Future Group
Shashwat Goenka, Spencer's Retail
Vinay Nadkarni, Globus Stores Pvt. Ltd.

increase NRI and international visitor shopping expenditure and overall satisfaction in India.

9. RAI would appreciate your support in persuading your State counterparts of the benefits of this initiative and would be pleased to discuss this further with you.

Other General Policy Considerations:

1. According to research, global tourists are increasingly discerning and price sensitive in making their travel choices and where they spend their holiday money. Tax-free shopping schemes have been shown to be particularly effective in catalyzing this price-sensitivity into tourist inflows and increased spending.
2. This (the TRT Scheme) presents an untapped opportunity to enact a policy, first and foremost, that would profoundly bolster the tourism industry and the approximately 42 million Indians whose livelihoods are linked with the success of this sector.
3. Second, as such schemes have a profoundly impact on the visitor experience, to advance India’s global perception by introducing a state-of-the-art digital refund service, building upon the experiences of our regional neighbours such as Singapore, Malaysia, Japan, and China and established shopping destinations such as France, the United Kingdom and Italy.
4. Approximately 84% of the countries in the top 50 of the “Doing Business rankings”, as well as India’s regional neighbours in Asia such as Singapore, Thailand, Indonesia, China, Malaysia, Vietnam and Taiwan all offer a refund scheme for tourists.
5. The roll-out of India’s TRT scheme is certain to instantly launch India forward as an overwhelmingly attractive travel and shopping destination, relative to other competing alternatives such as the UAE, Thailand, Malaysia, thus providing a boost to the local retail, handicraft and tourism industries.
6. Across the world, the majority of governments operate and administer refund schemes with the support of private GST refund operators (GROs). GROs bring in

RAI National Council

- Avijit Mitra,**
Infiniti Retail (Croma)
- B A Kodandarama Setty,**
Vivek Ltd.
- B S Nagesh,**
Shoppers Stop Ltd.
- Bhaskar Bhat,**
Titan Industries Ltd.
- Govind Shrikhande,**
Shoppers Stop Ltd.
- J Suresh,**
Arvind Brands
- Jamshed Daboo,**
Trent Hypermarket Ltd.
- Kabir Lumba,**
Lifestyle International (P) Ltd.
- Kishore Biyani,**
Future Group
- Krish Iyer,**
Walmart India
- Noel Tata,**
Trent Ltd.
- Pranab Barua,**
Aditya Birla Retail Ltd.
- Rafique Malik,**
Metro Shoes Ltd.
- Rahul Mehta,**
CMAI
- Rakesh Biyani,**
Future Group
- Shashwat Goenka,**
Spencer’s Retail
- Vinay Nadkarni,**
Globus Stores Pvt. Ltd.

a high degree of specialization and are equipped with cutting edge IT for facilitating digital refund schemes.

7. While technology remains at the heart of any refund scheme, its success is ultimately determined by the scheme's overall appeal to customers as well as merchants. This is where private operators are particularly effective in unlocking the full potential of a scheme.

Hence, we seek your support to enable the Tax Refund for Tourists (TRT) Scheme in India. Such a move would surely bear fruitful results in both, supporting the industry as well as taking forth the objectives of the government.

Looking forward to your kind response.

Warm Regards,



Gautam Jain,
Director – Advocacy - RAI

RAI National Council

Avijit Mitra,
Infiniti Retail (Croma)

B A Kodandarama Setty,
Vivek Ltd.

B S Nagesh,
Shoppers Stop Ltd.

Bhaskar Bhat,
Titan Industries Ltd.

Govind Shrikhande,
Shoppers Stop Ltd.

J Suresh,
Arvind Brands

Jamshed Daboo,
Trent Hypermarket Ltd.

Kabir Lumba,
Lifestyle International (P) Ltd.

Kishore Biyani,
Future Group

Krish Iyer,
Walmart India

Noel Tata,
Trent Ltd.

Pranab Barua,
Aditya Birla Retail Ltd.

Rafique Malik,
Metro Shoes Ltd.

Rahul Mehta,
CMAI

Rakesh Biyani,
Future Group

Shashwat Goenka,
Spencer's Retail

Vinay Nadkarni,
Globus Stores Pvt. Ltd.