

Export Payments and GST: SNRR, Nostro, Set-off and Rule 96B under Circular 263

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EXPORTS

Export Payments & Realisation

SNRR, Nostro, set-off & Rule 96B

CIRCULAR NO.

263

/2026-GST

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An IT-services company in HITEC City invoices a Singapore client in rupees; the client pays from an SNRR account. A stock broker receives brokerage in INR from an FPI's repatriable account. A reinsurance broker never sees a separate remittance because its commission is retained from the net premium. Does each of these satisfy the condition "payment received in convertible foreign exchange" for an export of services? Circular No. 263/09/2026-GST, dated 26 October 2026, deals with these and with the realisation period for goods under rule 96B.

In short: receipts in convertible foreign exchange or repatriable INR accounts (SNRR, INR Nostro / Rupee Vostro, SRVA or similar), properly permitted set-offs, and net retention by reinsurance brokers are treated as fulfilling section 2(6)(iv) of the IGST Act, 2017; for goods, the realisation period under rule 96B is whatever FEMA / RBI prescribes, including extensions.

Which export receipts count as "payment in convertible foreign exchange"

Services: s.2(6)(iv) IGST Act · Goods: Rule 96B CGST Rules

Treated as satisfying s.2(6)(iv) IGST Act

Convertible foreign exchange	FEMA-compliant receipt
SNRR account	Repatriable INR account
INR Nostro / Rupee Vostro	Via correspondent banks
SRVA / similar repatriable account	Per RBI framework
NRE (stock-broking services to FPIs, NRIs, OCIs)	Repatriable INR account
Set-off of export receivable vs import payable	If per RBI directions
Reinsurance broker net retention	Obligation extinguished under FEMA

Needs re-routing

NRO account payments — per RBI guidelines to be routed through repatriable INR accounts (SNRR / NRE) to qualify.

Export of goods — Rule 96B

Realisation period = FEMA / RBI period (FED Master Direction 16/2015-16, as amended) incl. extensions. No recovery of refund where AD Bank has written off the realisation requirement.

Export of services: the condition

Section 2(6) of the IGST Act defines "export of services". Sub-clause (iv) requires that the supplier has received payment in convertible foreign exchange or, where permitted

by RBI, in Indian rupees. The Circular reads this together with the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2023 (FEMA 14R/2023), under which export receipts for countries other than Nepal, Bhutan and Asian Clearing Union members may be in INR or any foreign currency, routed through INR Nostro (Rupee Vostro) accounts of correspondent banks or repatriable INR accounts such as SRVA and SNRR.

It builds on Circular No. 202/14/2023-GST dated 27.10.2023, which accepted receipts from Special Rupee Vostro Accounts, subject to the Foreign Trade Policy, 2023 and RBI circulars.

What the Circular clarifies

Situation	Position in the Circular
Payment in convertible foreign exchange	Satisfies sub-clause (iv)
Payment in repatriable INR accounts: SNRR, INR Nostro, other similar accounts	Satisfies sub-clause (iv)
Stock-broker services to overseas FPIs, NRIs and OCIs, paid through repatriable INR accounts (SNRR, NRE)	May be considered to satisfy sub-clause (iv)
Payment through NRO accounts	Should, per RBI guidelines, be routed through repatriable INR accounts (SNRR, NRE) to be considered as satisfying sub-clause (iv)
Set-off of export receivables against import payables	Satisfies sub-clause (iv) if the set-off is in accordance with RBI directions. Under extant guidelines set-off is allowed for goods against goods and services against services with conditions; the Circular notes that from 1 October 2026, with the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, those conditions are not applicable to such transactions
Reinsurance broker commission settled by net retention	Treated as satisfying sub-clause (iv), because under FEMA the obligation to realise and repatriate is extinguished through the net retention mechanism

Export of goods: Rule 96B

Rule 96B requires a refund amount paid on exports to be deposited back, with interest, within thirty days from the expiry of the FEMA period (or extended period), to the extent sale proceeds are not realised. No recovery is to be effected where the realisation requirement has been written off, wholly or partly, by the RBI on merits.

The Circular clarifies that the time limit and the amount to be realised are governed by FEMA, 1999, as framed by the RBI. The relevant period under the IGST Act is therefore

that prescribed in **FED Master Direction No. 16/2015-16 dated 01.01.2016 (last amended on 05.06.2026, as stated in the Circular)** and amended from time to time, including any extension. Where the requirement has been written off, wholly or partly, by the AD Bank, recovery under rule 96B shall not be done.

Where views can differ

- **Written off "by RBI on merits" versus "by the AD Bank".** Rule 96B speaks of write-off by the Reserve Bank of India on merits; para 3.1 of the Circular says recovery shall not be done where the requirement is written off by the AD Bank. The two phrases are not identical. A taxpayer relying on an AD Bank write-off may cite the Circular; the department may point to the rule text. The Circular's wording favours the taxpayer (confirm in practice at the time of reply).
- **Date of the 2026 Regulations.** The Circular refers to FEMA regulations effective 1 October 2026 for set-off conditions. Exporters with transactions straddling that date should review which framework governed each receipt.
- **Services exported on a pre-2023 basis.** The Circular does not state whether it applies retrospectively; refund claims already rejected on these grounds may be tested on appeal (litigative).

Documentation worth holding

For each export of services where payment is in INR: the FIRC or bank advice showing the account type (SNRR / Nostro / NRE); for set-off, the AD Bank-compliant settlement record; and for brokers, the engagement terms showing the client category. For goods, the shipping bill, the realisation tracking and any AD Bank extension or write-off letter.

Risk view

Issue	Risk
NRO account receipts not routed via repatriable account	High — payment condition may not be met
Set-off not in accordance with RBI directions	High
Rule 96B recovery despite AD Bank write-off	Low after the Circular
Realisation beyond the FEMA period without extension	High

Frequently asked questions

Is INR payment from abroad acceptable for export of services? Under the Circular, yes when received through the repatriable accounts listed and as FEMA permits.

Does the Circular apply to goods? For goods it deals with the realisation period for rule 96B, and not with section 2(6)(iv).

What about a reinsurance broker whose commission is netted off? It is treated as having satisfied the condition.

Who prescribes the period for realisation of export proceeds of goods? The RBI under FEMA; the Circular points to FED Master Direction No. 16/2015-16, as amended.

Can a refund be recovered after a write-off? The Circular says no recovery under rule 96B where the realisation requirement has been written off, wholly or partly; the procedure to establish the write-off is not described in it.

Sources

- CBIC Circular No. 263/09/2026-GST dated 26.10.2026 and Circular No. 202/14/2023-GST dated 27.10.2023 — [CBIC website](#).
- Section 2(6), IGST Act, 2017; Rule 96B, CGST Rules, 2017; [RBI website](#) for FEMA regulations and Master Directions referred to.

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