

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBEC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1

One more port designated for import of metal scrap

DGFT issues Public Notice for import of metal scrap.

There are many commodities which can not be allowed to be imported at all the ports on account of the fact that necessary facilities and infrastructure do not exist at all the ports for their handling and clearance. Metal scrap is one such item. Bulk handling equipment and radiation detection equipment are necessary for their handling & clearance.

As per FTP fifteen ports are already notified for import of metal scrap. Now DGFT has issued a Public Notice No. 43/2015-20 dt. 13.11.2019 notifying one more port namely KATTUPALLI for the purpose (copy reproduced below).

(Copy)

Public Notice No. 43/2015-2020 Dated 13th November, 2019

Subject: Enlistment as designated port in Para 2.54 (d) (iv) Handbook of Procedure, (2015-20).

S.O. (E): In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby inserts the name of Kattupalli Port in Para No. 2.54 (d)(iv) as under:

Existing Para 2.54(d)(iv)	Revised Para 2.54(d)(iv)
Import of scrap would take place only through following designated ports and no exceptions would be allowed even in case of EOUs, SEZs:- 1. Chennai, 2. Cochin, 3. Ennore, 4. JNPT, 5. Kandla, 6. Mormugao, 7. Mumbai, 8. New Mangalore, 9. Paradip, 10. Tuticorin, 11. Vishakhapatnam, 12. Pipava, 13. Mundra, 14. Kolkata and 15. Krishnapatnam	Import of scrap would take place only through following designated ports and no exceptions would be allowed even in case of EOUs, SEZs:- 1. Chennai, 2. Cochin, 3. Ennore, 4. JNPT, 5. Kandla, 6. Mormugao, 7. Mumbai, 8. New Mangalore, 9. Paradip, 10. Tuticorin, 11. Vishakhapatnam, 12. Pipava, 13. Mundra, 14. Kolkata, 15. Krishnapatnam and 16. Kattupalli

2. Effect of this Notification: In continuation of Public Notice No 03/2015-2020 dated 9th May, 2018. Kattupalli Port is enlisted as a designated port for import of scrap.

Impex # 2

Mention of correct ITC (HS) emphasised in imports and exports documents

DGFT issues Trade Notice advising mention of ITC (HS) with due diligence in import and exports documents.

It has been seen that many importers and exporters do not mention correct ITC (HS) in import & export documents. Without exercising due diligence they end up filling ITC (HS) of 'others'. This results in wrong categorization of the products.

In order to eliminate the above tendency among importers and exporters, DGFT has issued a Trade Notice No. 37/2019-20 dt. 22.10.2019 (copy reproduced below).

(Copy)

Trade Notice No. 37/2019-20 dtd. 22nd October, 2019

Subject: Mis - declaration of imported goods under 'Others' category of ITC (HS), 2017, Schedule - I (Import Policy) - reg.

India maintains 8 digits Harmonised Codes under Indian Trade Classification (Harmonised System). 2017. It has been observed that many importers while filing Bill of Entry with the Customs Authorities are not doing due diligence in mentioning the correct HS codes at 8 digit level. Even though, specific HS codes may be available for the imported items under ITC (HS). 2017. Schedule-I (Import Policy), importers tend to casually adopt the 'others' category, which is essentially a residual category of the relevant products. This creates avoidable errors in India's import data.

In view of the above, members of the trade and industry are hereby advised to be careful while mentioning HS Codes in the Bill of Entry, in case of imports and Shipping Bills in case of exports, and indicate the specific HS codes of items at 8 digit where they exist, instead of using the 'Others' category in a loose and inaccurate manner. Any wilful mis-declaration of HS Codes will be duly dealt with under Foreign Trade (Development & Regulation) Act. 1992.

This issues with the approval of competent authority.

Impex # 3

Removal of inaccuracies in IEC data

DGFT issues Trade Notice giving IEC holders time up to 15th Dec, 2019 to get corrected the incorrect data of their IECs.

DGFT has issued a Trade Notice No. 39/2019-20 dt. 19.11.2019 mentioning therein that thousands of IEC have incorrect data. They are of two types as detailed below:

1. Incorrect PAN (22893 Nos.)
2. More than one IEC against same PAN (8353 Nos.)

In the above Trade Notice DGFT has asked all the above IEC holders to get their IECs rectified with correct data/ surrender of more than one IEC against same PAN.

The procedure of rectification of anomalies has been given in detail in the trade notice (reproduced below without Annexure-1 and 2 of the said Trade Notice).

(Copy)

Trade Notice No. 39 /2019-20 Date: 19th November, 2019

Subject: Incorrect Data in certain IECs - corrective action required from exporters

On analysis of the DGFT IEC database, it has been observed that there are certain data mismatch issues which require immediate corrective action. Following two broad categories of data mismatch in IECs (Import Export Code number) have been reported:

Incorrect Permanent Account Number (PAN)

ii. More than one IEC against same PAN

2. The details of mismatch in IECs under these two categories are at Annexure -I and Annexure -II. The IECs with incorrect Permanent Account Number (PAN) (22,893 Nos.) are at Annexure-I and more than one IEC against same PAN (8353 Nos.) are at Annexure - II of this Trade Notice.

3. IEC holders as mentioned in the two Annexures of this Trade Notice are requested to take immediate steps to correct their IEC data before 15 December 2019, failing which these IECs will be suspended by the jurisdictional DGFT Regional Authority (RA).

4. IECs, which have an incorrect PAN, as mentioned in Annexure-I are required to ensure that their correct PAN number is updated and reflected correctly in the DGFT database. For making changes in PAN, the IEC holder will need to make a written submission on the letter head of the IEC holder to the jurisdictional DGFT RAs along with a self-certified copy of the PAN. Changes in the PAN cannot be made through the online IEC application module.
5. IEC holders, whose same PAN exists in more than one IEC, as mentioned in Annexure-II, are required to ensure that only one active IEC exists against each PAN. For this, the IEC holder will need to make a separate written request on the letterhead of each IEC holder(s) to the jurisdictional DGFT RA concerned, to suspend/cancel the other IEC(s). RAs need to take suitable action accordingly after observing due diligence. In case of situation where multiple IECs having same PAN exist and the IEC holder has not approached the RA, then the RA will suspend all the multiple IECs having the same PAN after 15 December 2019. Only on a written request with submission of required documents the IEC [on which import/export takes place] may be allowed to be reactivated.
6. If the IEC holder considers for reason(s) that the IEC cannot, be corrected before the due date but should not be suspended, the person may submit a representation in writing to the concerned RA, DGFT, or, if that person so desires, appear for a personal hearing before the concerned RA, DGFT. The concerned RAs are requested to take on record all such submissions, and provide a report to DGFT (HQ) along with their recommendations (if any) for non-suspension of such IECs by 15 December 2019.
7. The time period till 15 December 2019 is provided as an opportunity for making a representation in writing or, if that person so desires, of being heard, as per Section 8(1)(b) of Foreign Trade (Development and Regulation) Amendment Act, 2010.
8. IEC holders are also requested to update their IEC database periodically so as to reflect the correct particulars including email/mobile which is used for communication purposes. These changes/amendments can be made directly through the 'Online IEC Application' amendment module available on the DGFT Website under the 'Services' link.

Impex # 4

Questions & Answers

Question : Are we required to return MEIS benefits also besides Duty Drawback if goods exported from India are re-imported into the country?

Answer : RBI Master Direction on exports and imports issued vide F.No. RBI/2006-2007/313 A.P.(DIR Series) Circular No.37 dated 05 April, 2007 has a pro-vision regarding refund of incentives taken from DGFT for such re-imports. DGFT informs that as per Para 3.24 of Handbook of Procedures issued under FTP 2015-20, a procedure for obtaining 'no-incentive certificate' from Regional Authority (RA) of DGFT has been prescribed for such cases of re-import.

You need to furnish 'no incentive certificate' obtained from RA of DGFT at the time of re-import of exported goods, and for obtaining the certificate, you will be required to return MEIS benefits.

Question : Can an exporter send inputs and capital goods directly to the premises of job worker without bringing them to his own premises?

Answer : Yes, the exporter is allowed to do the same. The ITC (input tax credit) of tax paid on inputs or capital goods can also be availed by the principal. The inputs or capital goods must be received back within one year or three years respectively failing which the original transaction would be treated as supply and the principal would be liable to pay tax accordingly.

Question : We want to import goods them in a Customs warehouse. Are we required to pay GST when we keep them in Customs warehouse or when we clear the goods from the warehouse?

Answer : In case of supply of the warehoused imported goods, the point of levy of GST would be the point at which the duty is collected under section 12 of the Customs Act which is at the time of clearance of such goods under section 68 of the Customs Act. So, GST shall be levied and collected at the time of final clearance of the warehoused goods at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which the integrated tax would be payable at the time of clearance of the warehoused goods for home consumption.

Question : We have accumulated ITC with us. Can we pay IGST on import of goods from our ITC Credit?

Answer : IGST on imports is charged as Re-verse Charge Mechanism (RCM) and all RCM taxes are to be paid in cash. IGST on import of goods cannot be paid from your ITC account. However, the IGST amount paid in cash on imports is available as ITC to the importer which can be utilized by him for settling his further liabilities such as SGST liabilities. But SGST liabilities can be settled only in respect of the State where the importer is located. Thus, if the importer is located in UP, then he can only discharge his SGST liabilities in respect of UP and not in respect of other States.

Question : We are paying compensation cess on supplies received for exports. Can the cess be refunded on exports?

Answer : The exporter making export of final goods without payment of IGST under bond or LUT, who pays compensation cess on inward supplies, can avail the ITC of the compensation cess in GSTR 3B and apply for refund of such accumulated ITC to the extent of export turnover. An exporter may also make exports on payment of integrated tax but he cannot utilize the credit of the compensation cess for payment of integrated tax in view of the proviso to section 11(2) of the Cess Act, which allows utilization of the input tax credit of cess, only for the payment of cess on the outward supplies. Accordingly, he cannot claim refund of compensation cess in case of zero-rated supply on payment of integrated tax.

News from 'Print Media'

Sitharaman Holds Meeting on GST Simplification

Finance Minister Nirmala Sitharaman Saturday held meeting with chartered accountants, traders and other stakeholders as part of efforts to further simplify Goods and Services Tax (GST) forms and make the filing process more user friendly.

To highlight the problems faced by GST filers, the stakeholders attempted to file specific returns on a real-time basis in the meeting and tried to show where they are facing difficulties. The finance minister assured the stakeholders that their suggestions on simplification of GST filing will be implemented soon, revenue secretary Ajay Bhushan Pandey said after the meeting here.

The minister also suggested to hold similar exercises in the entire country next month to understand the issues and concerns of GST filers, the secretary further said. "Commissioner of a circle will



call in some of assesses who will file in return and give suggestions. It was also decided that the GSTN and CBIC will interact regularly after December 7 as this is evolving system and this kind of interaction are required for further improvement of the system," Pandey said.

Some of the suggestions were with regard to change or amendment to entries in the filing, credit and debit note, he said. No major issues were found in basic filing of return, he added.

"This meeting was fruitful. In some cases they were not aware of the existing instructions, in some cases they pointed out to confusion and some suggestion with regard to further easing were made," he said, adding that some clarificatory circular would be issued wherever required and other suggestions would be implemented.

-PTI/News Delhi

Navbharat Times 01.11.2019

GST का ऑनलाइन रिफंड शुरू

विशेष संवाददाता जई दिल्ली

गुड्स एंड सर्विसेज टैक्स (GST) रिफंड का ऑनलाइन प्रोसेस शुरू हो गया है। इसके चलते कारोबारियों के बैंक अकाउंट में जीएसटी रिफंड सीधे पहुंच रहा है।

जीएसटीएन के सीईओ प्रकाश कुमार का कहना है कि जीएसटी रिफंड को लेकर वितनी शिकायत थी, ये सब दूर हो जाएगी। हम चाहते हैं कि जीएसटी रिफंड कितनी जल्दी हो सके, कारोबारियों को मिले। जो भी कारोबारी सही तरीके से जीएसटी रिटर्न फाइल करेगा, उसको उतनी जल्दी रिफंड दिया जाएगा। वित्त मंत्री निर्मला सीतारामण ने छोटे कारोबारियों को 30 दिन में अटके

जीएसटी रिफंड दिलाने का वादा किया था। उन्होंने यह भी कहा था कि अब जीएसटी रिफंड में ज्यादा देरी नहीं होगी। ऑनलाइन रिफंड जल्द मिलने शुरू हो जाएगा।

प्रकाश कुमार ने कहा कि जीएसटी के लागू होने से इनड्यम्प्रेक्ट टैक्स में जटिलता काफी कम हुई है। जीएसटी के क्रियान्वयन से कारोबारियों ड्राग भर जाने वाले फार्म की संख्या घटकर नाममात्र रह गई है, जबकि इससे पहले विभिन्न केंद्रीय और राज्य कानूनों के तहत 495 फार्म तक पढ़ने होते थे। अब हमने रिफंड को ऑनलाइन कर दिया है। इससे कारोबारियों को रिटर्न भरने के साथ रिफंड पाने में कितनी प्रचंड की तकलीफ नहीं होगी। जीएसटी नेटवर्क केंद्र, राज्य सरकारों, टैक्सपेयर्स और अन्य स्टेकहोल्डर्स के लिए क्वार्टी इंफ्रास्ट्रक्चर और सर्विस सुनिश्च करवाता है।

Economic Times 17.11.2019

Govt extends deadline for filing annual GST returns

PRESS TRUST OF INDIA
New Delhi, 14 November

In a relief to taxpayers, the government on Thursday extended the due dates for filing GST annual returns for 2017-18 to December 31, 2019 and for 2018-19 to March 2020," it said. The earlier deadline for filing of GSTR-9 and GSTR-9C for 2017-18 was November 30, 2019, while that for 2018-19 was December 31, 2019.

decided on Thursday to extend the due dates of filing of Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for 2017-18 to December 31, 2019 and for 2018-19 to March 2020," it said.

The earlier deadline for filing of GSTR-9 and GSTR-9C for 2017-18 was November 30, 2019, while that for 2018-19 was December 31, 2019.

Notifications regarding the extension of the dates have been issued.

The CBIC in the revenue department has also notified the amendments regarding the simplification of the annual return and reconciliation statement forms.

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Business Standard 14.11.2019

Financial Express 01.11.2019

US FILED COMPLAINT

India loses export incentives case at WTO

PRESS TRUST OF INDIA
New Delhi, October 31

INDIA HAS LOST a case filed by the US at the WTO against domestic export incentives, as the dispute settlement panel on Thursday concluded that these schemes are inconsistent with the international trade norms.

With this ruling, India will have to re-work these incentive schemes to comply with the WTO ruling. However, it can appeal against the ruling at the appellate body of the WTO dispute settlement mechanism.

On March 14 last year, the US had dragged India to the WTO's dispute settlement mechanism over New Delhi's export incentive schemes,



including Merchandise Exports from India Scheme (MEIS), Export Oriented Units (EOU) and Export Promotion Capital Goods (EPCG) Scheme, and duty-free imports scheme (DFIS). The US had alleged that these schemes were harming American companies.

The dispute panel in its report has concluded that most of these schemes like EOU, Electronics Hardware Technology Parks Scheme, EPCG, and MEIS are inconsistent with certain provisions of WTO's agreement on subsidies and countervailing measures.

The dispute panel recommended that India should withdraw the prohibited subsidies under DFIS within 90 days from adoption of the report.

It should also withdraw the prohibited subsidies under the EOU/EHTF/BTP schemes, EPCG, and MEIS, within 120 days and the SEZ scheme within 180 days.

The exemptions from customs duties on importations under the EOU/EHTF/BTP/bio-

technology parks/schemes are subsidies contingent upon export performance inconsistent with certain articles of the agreement, the ruling said.

"The duty credit scrips awarded under MEIS are subsidies contingent upon export performance, inconsistent with Articles 3.1(a) and 3.2 of the SCM Agreement," it added.

According to the procedure established by the WTO, the first step to resolve a trade dispute is engaging for consultation process. If two trading partners having dispute could not resolve at that level, one of them can ask for settlement of dispute panel for hearing. The panel's report or ruling can be challenged at the appellate body.