

CBSE (GST Policy Wing) issues Circular containing clarification on their 'Standard Operating Procedure'(SOP)

Though more than two years have passed since the introduction of GST, the system is not functioning smoothly to the desired extent in exports. On one hand the exporters are constantly complaining of blockage of refunds and on the other hand many exporters have obtained undue credit by fraudulent means. In many cases the claimants were found to be non-existent. To take care of undue refund, the CBIC introduced the system of 'Standard Operating Procedure (SOP)' and taken measures to apply stringent risk parameters based checks. The SOP has caused hardships to many. In order to lessen these hardships, CBIC has issued a Circular No. 131/1/2020-GST dt. 23-01-2020. It contains provisions for aggrieved exporters to seek remedy in the prescribed way. Copy of CBEC Circular No. 131/1/2020-GST, dated 23rd January 2020, referred to above, is reproduced below:

Copy of CBEC Circular No. 131/1/2020-GST, dated 23rd January 2020

Subject: **Standard Operating Procedure (SOP) to be followed by exporters-regarding**

As you are aware, several cases of monetisation of credit fraudulently obtained or ineligible credit through refund of Integrated Goods & Service Tax (IGST) on exports of goods have been detected in past few months. On verification, several such exporters were found to be non-existent in a number of cases. In all these cases it has been found that the Input Tax Credit (ITC) was taken by the exporters on the basis of fake invoices and IGST on exports was paid using such ITC.

2. To mitigate the risk, the Board has taken measures to apply stringent risk parameters-based checks driven by rigorous data analytics and Artificial Intelligence tools based on which certain exporters are taken up for further verification. Overall, in a broader time frame the percentage of such exporters selected for verification is a small fraction of the total number of exporters claiming refunds. The refund scrolls in such cases are kept in abeyance till the verification report in respect of such cases is received from the field formations. Further, the export consignments/ shipments of concerned exporters are subjected to 100 % examination at the customs port.

3. While the verifications are caused to mitigate risk, it is necessary that genuine exporters do not face any hardship. In this context it is advised that exporters whose scrolls have been kept in abeyance for verification would be informed at the earliest possible either by the jurisdictional CGST or by Customs. To expedite the verification, the exporters on being informed in this regard or on their own volition should fill in information in the format attached as Annexure 'A' to this Circular and submit the same to their jurisdictional CGST authorities for verification by them. If required, the jurisdictional authority may seek further additional information for verification. However, the jurisdictional authorities must adhere to timelines prescribed for verification.

3.1 Verification shall be completed by jurisdiction CGST office within 14 working days of furnishing of information in proforma by the exporter. If the verification is not completed within this period, the jurisdiction officer will bring it the notice of a nodal cell to be constituted in the jurisdictional Pr. Chief Commissioner/Chief Commissioner Office.

3.2 After a period of 14 working days from the date of submission of details in the prescribed format, the exporter

may also escalate the matter to the Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax by sending an email to the Chief Commissioner concerned (email IDs of jurisdictional Chief Commissioners are in Annexure B). 3.3 The Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax should take appropriate action to get the verification completed within next 7 working days.

4. In case, any refund remains pending for more than one month, the exporter may register his grievance at [www.cbic.gov.in/issue](http://www.cbic.gov.in/issue) by giving all relevant details like GSTIN, IEC, Shipping Bill No., Port of Export & CGST formation where the details in prescribed format had been submitted etc.. All such grievances shall be examined by a Committee headed by Member GST, CBIC for resolution of the issue.

5. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board.

## Annexure A **The details to be provided by the exporter for verification:**

### I. GST related data

1. GSTN-

2. Please provide following details if the proprietor/director/partner of this entity is also associated with other entities.

S. No.	Name of Director/Partner/ Proprietor	Name of the other Entity Associated with	PAN (DIN if Director)	GSTIN	Registration status (Active / Inactive)
1					
2					
3					

3. Turnover of previous Financial Year - (For New Entity till date Current Financial Year Turnover, if any)

4. Details of GST liability -

S. No.	Return Type	Declared aggregate liability for Previous Financial Year	Declared aggregate liability for Current Financial Year
1	GSTR 3B		
2	GSTR 1		

5. Details of ITC :

FY	ITC available in	ITCavailed in GSTR-3B	Mismatch	Details of payment or reversal of mismatched ITC
2017-18				
2018-19				
2019-20				

6. Details of refund claimed in previous Financial Year and current Financial Year-

S. No.	GSTIN	Type of Refund	ARN No. and Date	Amount		Authority from which refund claimed
				Claimed	Sanctioned	

## Update version of 'Pre-Shipment Inspection Certificate (PSIC)' for import of metallic waste and scrap issued

DGFT issues Public Notice containing update version of PSIC for import of metallic waste and scrap (para 2.54(d) V iv in the Handbook of Procedures 2015-20

A lot of metallic waste and scrap is imported in India to manufacture a large number of items including handicrafts for exports and domestic demand. But the Customs has to ensure that the imports are free from radio activity as the same is injurious to living beings. To ensure it a detailed procedure has been given in para 2.54 of the Handbook of Procedures (Vol.1) of 2015-20. The requirement or non-requirement of 'Pre-Shipment Inspection Certificate (PSIC)' is given in detail in para 2.54 (d) V iv in the Handbook of Procedure (Vol. 1). The updated version of this para has been given by DGFT in its Public Notice No. 64 dtd. 19th February, 2020 (reproduced below):

### Copy of Public Notice No. 64/2015-2020, dated 19th February 2020

Subject: **Amendment of Para 2.54 (d)(v)iv in Handbook of Procedures, 2015-2020**

**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 amends the Para No. 2.54 (d)(v)( iv) by inserting Kattupalli to the list of sea ports where Pre-shipment Inspection Certificate (PSIC) is exempted in case of import of metallic scrap coming from safe countries/regions. The amended para will read as under:

**Amended para 2.54(d)(v)(iv):** Import consignments of metallic waste and scrap shall be subject to pre-shipment inspection certificate (PSIC) from the country of origin. However, metallic waste and scrap (both shredded and unshredded) imported from safe countries/region i.e. the USA, the UK, Canada, New Zealand, Australia and the EU will not require PSIC if consignments are cleared through eight (8) ports namely, Chennai, Tuticorin, Kandla, JNPT, Mumbai, Krishnapatnam, Mundra and Kattupalli. Consignments from these six countries / region will be accompanied by certificate from the supplier/scrap yard authority to the effect that it does not contain any radioactive materials/explosives. These will however be subject to radiation and explosive checks through portal monitors and container scanner at these ports. Trans-shipments through these countries /regions will not be allowed this facility. Import through remaining eight(8) other ports (for both shredded and unshredded scrap/waste), irrespective of country of origin, will be subject to PSIC.

**2. Effect of this Notification:** As per the amendment, import of metallic scarp from the aforementioned safe countries/ regions without PSIC can now be facilitated through Kattapulli Port as well. As a result, the total number of sea ports for imports of metallic scrap under para 2.54 of HTP have increased from 15 to 16.

## Custom Clearance extended 24x7 to all sea ports and airports across the country

CBSE issues Custom Instruction for 24x7 clearance at all Indian sea ports and airports in the wake of Coronavirus outbreak in China

CBSE has issues Custom Instruction No. 2, dt. 20-02-2020 stating therein that due to the ongoing shutdown in China on account of Coronavirus outbreak, there is an apprehension of disruption of supply of raw materials/ inputs to our industrial units which are dependent on these raw materials. There could also be a dip in off take to China. The contrary could also be true

i.e. there is a strong likelihood of an immediate surge in imports from and export to China when the virus abates & is under control. To take care of the two opposite situations as detailed above, CBIC has issued Custom Instruction No. 2/ 2020-Customs dt. 20-02-2020 (reproduced below) for 24x7 Custom Clearance at all Indian sea ports and airports. The Instruction will be valid till 31-05-2020.

Copy of Custom Instruction No. 2, dt. 20-02-2020, dated 20-02-2020

**Subject: 24x7 clearance**

Kind reference is invited to various Board Circulars vide which facility of 24x7 Customs clearance has been provided at designated Sea ports & Airports across the country.

2. Due to ongoing shutdown in China on account of Coronavirus outbreak, there is an apprehension of disruption in supply of raw materials/ inputs to our industrial units which were dependent on these raw materials. There could also be a dip in offtake in exports to China. On the contrary, there is a strong likelihood of an immediate surge in the imports from and export to China once the spread of the virus is brought fully under control.

3. To handle such emergent situations, necessary steps need to be taken in advance. CBIC has, therefore, decided to introduce 24x7 clearance at all the Customs formations. so as to address any congestion or delay or surge on account of the prevailing conditions or cessation thereof. These instructions would remain in operation till end of May 2020 by which time the disruptions in the supply chains are expected to have settled. CRCL labs would also function 24x7 so that test results could be made available at the earliest. However, designated Sea Ports | Air ports already under 24x7 operation shall continue to function so even after May, 2020.

4. Chief Commissioners are therefore requested to immediately workout the arrangement and deployment of sufficient number of officers on 24x7 basis at sea ports | Air Cargo Stations | ICDs/CFs etc falling in their jurisdiction to tackle any incipient instance of congestion/ surge. A record may be maintained of the BEs/SBs filed beyond the normal office hours, station wise, and reported to Board daily at vineetasinha.irs@gov.in.

**Impex # 4**

## Questions & Answers

**Question : Can IGST on import of goods be paid from ITC (Input Tax Credit)?**

**Answer :** Since IGST on imports is charged on reverse charge mechanism (RCM) and all RCM taxes have to be paid in cash, the IGST on import of goods cannot be paid from ITC. However, the IGST amount paid in cash on imports is available as ITC to the importer which can be utilized by him for sending his further GST liabilities. Kindly note that the SGST liabilities can be settled by the importer only pertaining to the State in which his business is located. Thus, if an importer is located in UP, then he can discharge his is SGST liability only in respect of UP and not in respect of other states.

**Question : Is GST payable while importing back the goods which we export for the purpose of displaying in overseas exhibitions and trade fair (not intended to be sold)?**

**Answer :** GST is not payable in such cases. All that such exporter need to do is to obtain exhibition participation letter from the concern organisation and SDF / GR waiver letter from the bank for the purpose of meeting exchange control requirements. At the time of re-import, customers will verify if the goods being imported

are the same which were exported for such purposes, and if satisfied, will give exemption from import duty. IGST will be exempted at the time of re import in view of the exemption granted under customs.

**Question :** I am a merchant exporter. I want to procure goods from manufacture for export at concessional duty of 0.1%. Can I export such goods after paying applicable IGST without availing LUT facility?

**Answer :** The Notification No 3/2018 issued by CBEC on 23rd January, 2018 denies the facility of exports on payment of IGST if the goods are procured by merchant exporter from domestic manufacturers at concessional duty. In such cases, exports can be made only on LUT or bond.

**Question :** We are manufacturer of goods exempted from GST. We avail input stage rebate used in the manufacture of these goods. Can we get GST refund if we export these goods which attract no export duty?

**Answer :** Under IGST act, a person engaged in export of goods, which is GST exempted, is eligible to avail input stage credit for zero rated supplies. After the export of goods, refund of unutilised credit can be availed under Section 16 (3) (a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and Rules made thereunder.

**Question :** What is the NIRVIK scheme announced in the Union Budget 2020?

**Answer :** NIRVIK (Niryat Rin Vikas Yojana) seeks to ease the lending process and enhance the availability of credit to exporters. Under this scheme, the insurance guarantee provided by ECGC to banks will cover up to 90% of the principal long with interest thereon, both in the case of pre and post shipment credits. The ECGC currently provide such guarantee only up to 60% of the losses to the banks. Besides, under the scheme, exporters belonging to the MSME sector will be required to pay lesser premium for the insurance coverage. This scheme also promises simpler procedural formalities for obtaining bank credit by exporter and quicker settlement of his insurance claims to ensure availability of adequate working capital to him.