

Impex

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

Scope of use of SHIS, SFIS and AIIIS Scrips Reduced

DGFT issues notification that SHIS, SFIS and AIIIS cannot be used for payment of custom duty for shortfall in E.O. of authorization issued under chapter-4 of FTP.

DGFT has issued a Notification No. 64(RE-2013)/2009-14 dtd. 06/01/2014 according to which the Advance Authorization holders/DFIA holders (both the schemes fall under chepter-4 of FTP) cannot utilize the SHIS, SFIS and AIIIS for payment of custom duties in case of E.O. defaults. The restricted use of SHIS, SFIS and AIIIS may not be welcomed by those who are affected by it. Copy of DGFT notification no. 64 dt 06-01-2014 referred to above is reproduced below:

Sub: Amendments in Chapter 3 of Foreign Trade Policy 2009-14

S.O.(E) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development and Regulation) Act, 1992 read with Para 1.3 of the Foreign Trade Policy 2009-2014, the Central Government hereby makes the following amendments in the Foreign Trade Policy (FTP) 2009-14 with immediate effect:

2. Para 3.17.11 of FTP 2009-14 is amended [Portion being added has been marked in bold letters] to be read as under:

"3.17.11: Duty Credit Scrip can be utilized / debited for payment of Custom Duties in case of EO defaults for Authorizations issued under Chapters 4 and 5 of this Policy. However, penalty / interest be required to be paid in cash. **Scrips issued under SHIS, SFIS, and AIIIS cannot be utilized / debited for payment of Custom Duties in case of EO defaults for Authorizations issued under Chapters 4 of this Policy.**

Duty credit scrips can also be used for payment of composition fee under FTP, for payment of application fee under FTP, if any and for payment of value shortfall in EO under para 4.291b) of HBP v 1 2009-14."

Effect of this Notification: SHIS, SFIS and AIIIS scrips cannot be used for payment of Custom duty for shortfall in EO in Advance Authorization or DFIA (i.e. defaulting EO for authorization issued under Chapter 4 of Foreign Trade Policy).

Impex # 2

Power of extension in time for installation of capital goods delegated to regional authorities

DGFT issue Public Notice delegating the power for extension of 18 months for installation of capital goods to regional authorities.

Decentralization of powers to lower authorities is always a welcome step as it makes the task easier and quicker.

DGFT has issued a Public Notice No.48 (RE-2013)/2009- 2014 dt 10-01-2014 delegating for the first time the power of extension in time (18 months) for installation of capital goods to the regional authorities. Copy of the Said Public Notice is reproduced on the following page:

Sub: Amendment in Para 5.3.1 of Handbook of Procedure Vol. 1, 2009-2014.

In exercise of powers conferred under paragraph 2.4 of the Foreign Trade Policy 2009-2014, the Director General of Foreign Trade hereby makes the following amendment in sub-para (a) of para 5.3.1 of the Handbook of Procedure Vol. 1, 2009-2014:

2. Existing sub-para (a) of para 5.3.1 shall be replaced and the amended sub-para shall read as under (new sentence being added at the end of the para is in bold letters for easy reference):

"(a) Authorization holder shall produce to the concerned RA a certificate from the Jurisdictional Central Excise Authority, confirming installation of Capital Goods at factory/premises of authorization holder or his supporting manufactures (s)/vendor(s) within six months from date of completion of import. However, extension in time for Installation of Capital Goods up to a maximum period of 18 months from the date of completion of import may be considered by the concerned RA."

Effect of this Public Notice: Power for extension in time for installation of Capital Goods is being delegated to regional authorities.

Impex # 3

EDI procedure about 'Third Party Exports' notified

DGFT issues Public Notice containing EDI Procedure for claiming benefits in respects of 'Third Party Exports'.

These are the days of EDI connectivity and DGFT has taken a number of initiatives to electronically link DGFT, customs and banks etc. so that paper work is reduced and communication quickened. The introduction of e-BRC with effect from 17th Aug 2012 was one of the big steps in this direction.

DGFT has issued a Public Notice No. 46/2009-14(RE-2013) dt 08-01-2014 containing EDI procedure for claiming benefits in respect of 'Third Party Exports'. Since it is a beneficial procedure, it will be welcomed by exporters having 'Third Party Exports'.

A copy of DGFT Public Notice dt 08-01-2014 referred to above is reproduced below:

(copy)

Sub: EDI Procedure for claiming benefits in respect of Third Party exports

In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby introduces two new Paragraphs).14 & 9.15 in the Handbook of Procedures (Vol. I) 2009-14 for claiming benefit of Third Party exports under EDI system and for conversion of currencies into US\$ with immediate effect as under:

2. These two new Paras 9.14 & 9.15 would read as under:

"9.14 For claiming benefits under EDI system in respect of Third Party exports the process will be initiated by the First party who will link shipping bills and BRCs to repository. If the First Party chooses not to claim benefit for a particular shipping bill item/s, it may authorize Third Party to claim benefit for such shipping bill item/s. After such authorization by First party, Third Party will be able to utilize the shipping bill item/s in its application ".

"9.15 (a) Currencies, where Exchange rates are notified by CBEC

The foreign exchange realized (as mentioned by bank in the eBRC) is converted to Indian Rupee (INR) using the monthly exchange rates published by CBEC.

(b) Currencies, where Exchange rates are not notified by CBEC

In such cases, total realized value in INR (as mentioned by bank in the eBRC), will be converted into US\$ by using the US\$ /INR exchange rate prevailing on the date of realization as published by CBEC "

Effect of the Public Notice: A procedure for claiming of benefits in respect of Third Party exports under EDI system and a guideline for conversion of currencies are being published.

Impex # 4

Claiming of incentives on payments by insurance agencies (not through banks)

DGFT issues Public Notice Containing procedure for processing of claims where an exporters gets payment by Insurance Agencies (not through banks)

In order to ensure that those exporters who realize export proceeds through insurance agencies (but not through banks) are not denied the export benefits on such payments, DGFT has issued a Public Notice No. 47/2009-14 (RE-2013) dt 08-01-2014 containing the procedure to be followed to claim the due entitlements. Since it is a facilitating procedure it will be welcomed by exporters who will get benefited by it.

Copy of DGFT Public Notice No. 47 dt 08-01-2004 referred to above is reproduced below:

(copy)

Sub: Processing of claims where an exporter gets payment by Insurance Agencies (not through banks).

In exercise of the powers conferred under Paragraph 2.4 of the Foreign Trade Policy, 2009-14, the Director General of Foreign Trade hereby makes the following amendment in paragraph 2.25.2 of the Handbook of Procedures (Vol. I) 2009-14 with immediate effect:

2. After para 2.25.2 of HBP (Vol. I) two new sub para 2.25.2 (a) & (b) are being added. The new Paras shall read as under:

"2.25.2 (a) An applicant realizing export proceeds through Insurance Agency will approach the concerned RA with the proof of payment issued by the concerned Insurance Agency. RA after satisfying itself of the bona fide of the claim, will obtain approval of Additional DGFT (EDI) and then will upload the value (in lieu of eBRC value) in EDI system of DGFT for processing of the case.

(b) If the proof of payment issued by the Insurance Agency mentions claim value both i,7. foreign exchange and INR, RA will use the foreign exchange value for processing. If the claim value is mentioned only in equivalent INR, RA will convert this INR value in equivalent US\$ using the exchange rate (published by CBEC) applicable on the date of settlement of insurance claim ".

Effect of Public Notice: A procedure for processing of claims in respect of realization of export proceeds through insurance agency is being introduced.