

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC 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

Delay in submission of "Installation Certificate" under EPCG scheme condemned up to 31-12-2023

DGFT issues Public Notice relaxing the delay in submission of installation certificate under the EPCG certificate.

of the imported capital goods within a certain period of installation of capital goods.

Some exporters fail to submit the installation certificate, even though they obtained the same in time. To ensure that such cases do not cause hardship to the concerned exporters, DGFT has issued a Public Notice No. 22/2023 dt 13.07.2023 (copy reproduced below) condoning the delay in submission of certificate up to 31.12.2023.

(Copy) Public Notice No. 22/2023-DGFT, Dated: 13th July, 2023

Subject: Condonation of delay in submission of installation certificate under EPCG Scheme to promote Ease of doing Business - reg.

In exercise of powers conferred under Paragraphs 1.03 and 2.04 of the Foreign Trade Policy, 2023, as amended from time to time, the Director General of Foreign Trade in public interest hereby makes the following relaxation in procedure in respect of acceptance of installation certificate under EPCG Scheme for authorizations issued under FTP, 2009-14 and FTP, 2015-20 (extended upto 31.03.2023).

1. Under the EPCG Scheme, the authorization holders are required to submit the installation certificate confirming installation of the capital goods to the RA within the prescribed time period. DGFT has received a number of requests from authorization holders for condonation of delay in submission of the installation certificate to the RA beyond the prescribed time limit.
2. The issue has been considered. It has been decided that in relaxation of the procedure, the RAs concerned may accept such installation certificates upto 31.12.2023 for regularization purpose on payment of late fee of Rs. 10,000/- per authorization (in addition to composition fee, wherever applicable), subject to the following :-
 - i. The authorizations have been issued under FTP, 2009-14 and FTP, 2015-20.
 - ii. The installation certificate was obtained within the prescribed period but the same could not be submitted to the RA within time.
 - iii. The authorization holder has given bonafide reasons for delay in submission of installation certificate to RA.
 - iv. The subject EPCG authorization is not under investigation/adjudicated by RA/Customs authority/any other investigating agency.

Effect of this Public Notice: With a view to enhance Ease of Doing Business, a relaxation for delay in submission of installation certificate under the EPCG Scheme is provided.

Introduction of a "Searchable Database" for Ad-hoc norms fixed under Para 4.07 of Handbook of Procedure

DGFT issues Trade Notice containing a user-friendly and search able database of Ad-hoc Norms fixed under para 4.07 of HBP.

Para 4.07 of HBP relates to issue of Advance Authorisation (an authorisation for import of imports without payment of customs duty). It enables an exporter to obtain an advance authorisation on the basis of his declaration of imports to be used in export product. It looks very tempting but in fact it is not so on account of procedure and formalities to be compliant with. But those who persist get the advantage as they wanted.

Facilitate the use of this scheme DGFT has implemented a user-friendly and search of a database of Ad-Hoc Norms fixed under Para 4.07 of the HBP. This is contained in Trade Notice No. 15/2023-24 dt 17.07.2023 (copy below)

(Copy) DGFT-Trade Notice 15/2023-24, Dated: 17th July 2023

Subject: Introduction of a Searchable Database for Ad-hoc Norms fixed under Para 4.07 of HBP- Regarding

Reference the subject as mentioned attention is drawn to Para 4.12(vi) of the Handbook of Procedure (HBP) 2023, wherein it is stated that: Norms ratified by any Norms Committee (NC) in the O/o DGFT on or after 01.04.2023 in respect of any Advance Authorisation obtained under paragraph 4.07 shall be valid for a period of 3 years from the date of ratification. However, the Norms ratified by any Norms Committee (NC) on or after 01.04.2015 in respect of any Advance Authorisation obtained under paragraph 4.07 of HBP, 2015-2020 shall also be valid further up to 31.03.2026.

2. To facilitate the above, DGFT has implemented a user-friendly and searchable database of Ad-hoc Norms fixed under Para 4.07 of HBP. These norms can be applied in accordance with the existing FTP/HBP provisions without the need for Norms Committee approval. The database is hosted on the DGFT Website (<https://dgft.gov.in>) and allows for searches based on the following criteria: -

- i. Export Item Description/Technical Characteristics
- ii. ITC(HS) code of the Export Item(s)
- iii. Import Item Description/Technical Characteristics
- iv. ITC(HS) code of the Import Item(s)

3. To access the database, applicant may visit the DGFT Website and navigate to Services -> Advance Authorisation/ DFIA -> Ad-hoc norms. If an ad-hoc norm is found to be suitable in terms of item description, specified wastages, and is valid as per the HBP provisions, applicants have the option to apply for an Advance Authorisation under the "No-Norm Repeat" basis. In such cases, ratification by the Norm(s) Committee will not be required, subject to other provisions of FTP/HBP as applicable.

4. This trade facilitation measure has been introduced to simplify the advance authorisation and Norms Fixation process, aiming to enhance efficiency and reduce complexities for all stakeholders involved. For any further assistance you may utilize any of the following channels -

- i. Raise a ticket through the DGFT Helpdesk service under Services -> 'DGFT Helpdesk Service'.
- ii. Contact at the Toll-free Helpdesk number.
- iii. Send an email to the Helpdesk at dgftedi@gov.in.

DGFT issues Trade Notice on the implementation of "Skilling and Mentorship obligations."

Skilling in one trade is very important and beneficial. Para 1.03 of Foreign Trade Policy 2023 read as under :

1.30 Skilling and Mentorship Obligations

(a) To improve the trade ecosystem by enhancing the available skilling opportunities, Status Holders are being made "partners" in providing mentoring and training in international trade. Status Holders will endeavor to provide skill upgradation/ training in international trade as detailed below :

Status	Number of Trainees per year
Two Star Export House	5
Three Star Export House	10
Four Star Export House	20
Five Star Export House	50

(b) A model training program of a minimum duration of 6 weeks would be put up in public domain for guidance.

(c) Detailed eligibility requirements, selection criteria, training curriculum etc will be at the discretion of the Status Holder.

To implement the above DGFT has issued a Trade Notice No. 14/2023-24 DT 12.02.2023 (copy reproduced below):

(Copy) Trade Notice No. 14/2023-24, Dated: 12th July, 2023

Subject: - Curriculum for Skilling and Mentorship Obligation for Status Holders as per Para 1.30 of FTP 2023 - reg.

Members of Trade and Industry may refer to Para 1.30 (b) of FTP 2023 regarding Skilling and Mentorship Obligations of Status Holders, wherein it was specified that a model training program of a minimum duration of 6 weeks would be put up in public domain for guidance.

2. Accordingly, a curriculum for the industry-led Skilling and Mentorship initiative is being notified by the Directorate as annexed to this Trade Notice for the guidance of the Status Holders. Members of Trade and Industry may please adhere to the detailed guidelines and objective of the program.

3. Any difficulty/challenge faced in implementation may be brought to notice to this Directorate.

Link for detailed curriculum: <https://epch.in/policies/TradeNotice14.pdf>

Question : We have filed accurate information in the GST return but still our refund has not been sanctioned

Answer : In cases where the exporter files correct information in the GST returns, it gets successfully validated by the GSTN and thereafter transmitted electronically to the Customs system wherein the GST return data is matched with the shipping bill data. If the matching is successful, ICES processes the claim for refund and the relevant amount of IGST paid with respect to each shipping bill or bill of export is electronically credited to the exporter's bank account as registered with the Customs authorities. Wherever the matching fails on account of some error, the refund does not get sanctioned. The matching between the two data sources is done at invoice level and any mismatch of the laid down parameters results in errors.

Question : We paid compensation cess on supplies received for exports. Can the compensation cess be refunded to us?

Answer : The exporter making exports, without payment of IGST under bond or LUT who pays compensation cess on inward supplies could avail the ITC of the compensation cess in GSTR 3B and apply for refund of such accumulated ITC to the extent of export turnover. While an exporter may also make exports on payment of integrated tax, 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 the utilization of the input tax credit of cess only for the payment of cess on the outward supplies. Therefore, you cannot claim refund of compensation cess in case of zero-rated supply on payment of integrated tax but can claim as ITC refund on exports.

Question : Can a person take Input Tax Credit (ITC) without payment of consideration for the supply along with tax to the supplier?

Answer : Yes, the recipient can take ITC. But he is required to pay the consideration along with the applicable tax within 180 days from the date of issue of invoice. This condition is not applicable, where tax is payable on reverse charge basis.

Question : Whether the interest is to be paid on total tax liability or net tax liability under the GST?

Answer : As per the Section 50 of the CGST new rule, interest will only be paid on the net tax liability, after balancing the credit in the electronic credit ledger, given that the person has not been issued any show-cause notice under section 73 or 74 of the CGST Act.