

Impex # 1

Wrong marking of 'declaration of intent' on shipping lifts of exports between 01-04-15 to 31-05-15 condoned by DGFT

DGFT issues Public Notice to entitle exporters to claim MEIS on exports made from 01-04-15 to 31-05-15 where exporters did not mark 'Y' but marked 'N' in the 'reward item box' in the shipping bill of exports.

Those exporters who exported between the period 01-04-15 and 31-05-15 but did not mark 'Y' and 'N' was marked inadvertently in the 'reward item box' in the shipping bills, were not getting MEIS scrips from the licencing office on account of the fact that such Shipping bills were not transmitted by the customs to DGFT website.

On representation to DGFT on the above problem, DGFT has issued a Public Notice No. 40/2015-20 dt 09-10-2015 providing a solution to the problem. According to this Public Notice shipping bills, where declaration of intent 'Y' has not been marked and 'N' has been ticked inadvertently in the 'reward item box'

while filing shipping bills in the custom for exports made between 01-04-2015 to 31-05-2015, shall be transmitted by CBEC to DGFT. When such shipping bills become available on DGFT website, the licensing offices of DGFT shall have no problem in passing the claims under MEIS.

Copy of DGFT Public Notice No. 40 dt 09-10-2015 referred to above is reproduced below:

Public Notice 40 /2015-2020 Dated the 9th October, 2015

Subject: **Declaration of intent under MEIS Scheme -reg.**

DGFT has received various representations from exporters and trade & industry that many Custom House Agents of exporters have inadvertently ticked "N" in the reward item box while filing the shipping bills with Customs. Even though in many cases the item of export is eligible for MEIS, as "N" has been ticked, such shipping bills have not been transmitted to the DGFT system and exporters are therefore unable to obtain / find these shipping bills on the system for submitting claims under MEIS. It is also noted that the system of marking "Y" or "N" is not new and is in operation since 2012. Since para 3.01 (g) of Hand Book of Procedure to FTP (2015-20) does not allow manual feeding of EDI shipping bill details, filling of such claims is not possible manually.

2. As per para 3.14 of Hand Book of Procedure to FTP (2015-20), all exporters while filling export shipments under all categories of the shipping bills are required to declare the following intent to claim benefit under MEIS:

"We intend to claim rewards under Merchandise Exports from India Scheme (MEIS)".

Declaration of intent is mandatory with effect from June 1, 2015. CBEC has also issued a circular no. 14/2015 dated April 20, 2015, which requires mandatory declaration of intent from 1.6.2015 onwards. In EDI generated shipping bills, exporters are required to tick mark "Y" in case they intend to claim benefits under MEIS and "N" in case they do not intend to claim benefit under MEIS.

3. In light of these circumstances and to address the matter, in exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy (2015-2020) read with reference to para 3.14 of Handbook of Procedures of FTP 2015-20, the Director General of Foreign Trade hereby allows the following procedure to be followed where exports have been made between 1.4.2015 to 31.5.2015, and where the exporter has inadvertently marked "N" in the "reward item box" and wishes to seek MEIS benefits:

Exporters shall submit physical copies of free shipping bills after electronic filing of application to RA at the time of submission of application for MEIS rewards in these cases. RA shall grant MEIS rewards after examination of such shipping bills in accordance with other provisions of FTP/HBP.

4. From 01.06.2015, only those shipping bills, which are transmitted by Custom Authorities to DGFT, shall be considered under MEIS.

Effect of this Public Notice:

Shipping bills, where declaration of intent 'Y' has not been marked and 'N' has been ticked inadvertently in the 'reward item box' while filing shipping bill in Customs for exports made between 1.4.2015 to 31.5.2015, shall be transmitted by CBEC to DGFT.

Impex # 2

Questions & Answers

Question : What is the period for which pre-shipment credit can be availed by us for exports purpose?

Answer : The period for which a packing credit advance may be given by a bank will vary from case to case depending upon the time required for procuring, manufacturing or processing and shipping the relative, goods. It is for the banks to decide the period for which a packing credit advance may be given, having regard to the various relevant factors so that the period is sufficient to enable the exporter to ship the goods. However, if pre-shipment advances are not adjusted by submission of export documents within 360 days from the date of advance, the advances will cease to qualify for prescribed rate of interest for export credit to the exporter ab initio.

Question : How we can liquidate pre-shipment credit when we export?

Answer : The packing credit or pre-shipment credit may be liquidated out of proceeds of bills drawn for the exported goods on its purchase and discount, thereby converting pre-shipment credit into post-shipment credit. Further, subject to mutual agreement between the exporter and the banker it can also be repaid out of balances in Exchange Earners Foreign Currency A/c as also from rupee resources of the exporter to the extent exports have actually taken place.

Question : The goods exported by our company required to be reimported for addressing quality concern? What would be the procedure to re-import such goods?

Answer : The bank, through whom the export proceeds were originally realised will consider requests for refund of export proceeds of goods exported from India and being reimported into India on account of poor quality. While permitting such transactions, banks are required to:

- i) Exercise due diligence regarding the track record of the exporter
- ii) Verify the bonafides of the transactions
- iii) Obtain from the exporter a certificate issued by DGFT / Custom authorities that no incentives have been availed by the exporter against the relevant export or the proportionate incentives availed, if any, for the relevant export have been surrendered
- iv) Obtain an undertaking from the exporter that the goods will be re-imported within three months from the date of remittance and
- v) Ensure that all procedures as applicable to normal imports

Question : Service tax notification allowing exemption from service tax on foreign agent commission has been rescinded which is a big blow to exporters. How is an organisation going to take it up with the Government?

Answer : With effect from October 1, 2014, the Place of Provision of Service Rules (PPSR) has been amended to cover intermediaries such as commission agents for goods under Rule 9(c). Under this Rule, the place of provision was determined as per the location of the service provider. In relation to a foreign commission agent, the place of provision of the service would therefore fall outside India, and no tax would be payable. The present exemption being redundant has now been rescinded.

Question : What is the abatement rate for goods transport services? Will a company be eligible for CENVAT, if we claim abatement?

Answer : Earlier service tax was payable on 30 per cent of the value of rail transport for goods and passengers, 25 per cent of the value of goods transport by road by a goods transport agency and 40 per cent for goods transport by vessels. The conditions prescribed also varied. A uniform abatement has now been prescribed for transport by rail, road and vessel. Service Tax shall be payable on 30 per cent of the value of such service subject to a uniform condition of non-availment of Cenvat Credit on inputs, capital goods and input services.

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For further details, contact: **Shreya Comnet** (SSA)
Ph: +91-11-22246094, 64631211 Email: advtcraftcil@gmail.com