

*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

## Issuance of RCMC online

### DGFT issues Trade Notice allowing all EPCs to issue RCMC online

These are the days of 'Digital India'. DGFT has issued a Trade Notice No.1 dt. 07-04-2017 allowing all EPCs to issue RCMC online also. No prior permission of DGFT is required in this matter. A copy of DGFT Trade Notice is reproduced below:

Copy of Trade Notice No. 1/2017-18

To

1. All EPCs
2. Federation of Export Organisations

Subject: **Online issuance of RCMC**

This Office has received a request from Chemical and Allied Export Promotion Council of India (CAPEXIL) for permission to issue online RCMCs along with the online format of RCMC, slightly tweaked to adopt to the digital set up. The matter has been examined and it is observed that DGFT has not prescribed any specific mode i.e. manual or online, for issuance of RCMCs by the Export Promotion Councils (EPC). Accordingly, question of granting permission for issuance of online RCMCs does not arise.

2. In this regard, it is clarified that for introducing online applications, its processing and subsequent issuance of certificate, EPCs need not seek any permission from DGFT. As a matter of keeping pace with the Govt's campaign for "Digital India", DGFT urges all EPCs to adopt the online mechanism for issuance of Certificates- to the extent that general format as prescribed in ANF - 2R of the Appendices and Aayat Niryat Forms of FTP (2015-20), is followed.

3. Accordingly, it has been desired that to be in sync with the current digital environment all EPCs may lay down a timeframe and a roadmap for changeover to online issuance of RCMCs and share the same with this Directorate.

Impex # 2

## Eleven ICDS and one CFS disallowed to clear metal scrap

### DGFT issues Public Notice (i) Disallowing eleven ICDS and one CFC from clearance of metal scrap. (ii) Allowing only fourteen designated ports to clear metal scrap top 31-03-2018.

The issue of import of metal scrap free from radiation has become very important for quite some time now. To ensure the same, the ports, CFCs & ICDS must have 'Radiation Portal Monitors and Container Scanners' at all importing clearance stations.

DGFT after assessing the position as above has issued a Public Notice No. 63, dt. 27-03-2017, amending para 2.54(d)(IV) of the containing provisions as detailed in the subject above and reproduced below:

Copy of DGFT Public Notice No. 63 dated 27th March 2017

Effect of this Public Notice: Para 2.54(d)(iv) of the Handbook of Procedures, 2015-2020 has been amended to reflect the list of designated ports for imports of un-shredded metallic scrap and the period for installation and operationalisation of Radiation Portal Monitors and Container Scanner in these ports is extended upto 31.3.2018.

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, (2015-2020), the Director General of Foreign Trade hereby amends (i) para 2.54 (d) (iv) of the Handbook of Procedures, 2015-2020 detailing the names of the designated ports for import of un- shredded metallic scrap; and (ii) extends their validity for such imports, in supersession of the provision in para 2.54(d) (v), notified vide Public Notice No 38(2015-20) dated 06/10/2016 as under:

### Existing Paragraph

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. Monnugao, 7. Mumbai, 8. New Mangalore, 9. Paradip, 10. Tuticorin, 11. Vishakhapatnam, 12. ICD Loni, Ghaziabad, 13. Pipava, 14. Mundra, 15. Kolkata, 16. ICD Ludhiana, 17. ICD Dadri (Greater Noida), 18. ICD Nagpur, 19. ICD Jodhpur, 20. ICD Jaipur, 21. ICD Udaipur, 22. CFS Mulund, 23. ICD Kanpur, 24. ICD Alunedabad, 25. ICD Pitampur and 26. ICD Malanpur.

### Revised Paragraph

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. Elmore, 4. JNPT, 5. Kandla, 6. Mormugao, 7. Mumbai, 8. New Mangalore, 9. Paradip, 10. Tuticorin, 11. Vishakhapatnam, 12. Pipava, 13. Mundra and 14. Kolkata.

(ii). The existing designated sea ports namely Chennai, Cochin, Ennore, JNPT, Kandla, Mormugao, Mumbai, New Mangalore, Paradip, Tuticorin, Vishakhapatnam, Pipava, Mundra and Kolkata will be further allowed to import un-shredded scrap till 31st March, 2018 by which time they are required to install and operationalise Radiation Portal Monitors and Container Scanner. Such sea ports which fail to meet the deadline will be derecognised for the purpose of import of unshredded metallic scrap w.e.f. 01.04.2018.

However, DGFT has issued a Trade Notice No. 19/2017 dt. 30-3-2017 containing clarifications regarding Public Notice No. 38 dt. 6-10-2016 and Public Notice No. 63 dt. 27-03-2017. Copy of this trade notice is reproduced below:

Copy of Trade Notice No 19/2017, dated: 30.03.2017

To:

1. All RAs of DGFT; 2. Joint Secretary. (Customs), Department of Revenue, Ministry of Finance, North Block, New Delhi; 3. Members of the Trade.

**Subject: Clarification regarding Public Notice No 38 dated 6.10.2016 and Public Notice No. 63 dated 27.3.2017**

The Directorate General of Foreign Trade vide Public Notice No. 38 dated 06.10.2016 had inserted a new sub para (v) to Para 2.54 (d) of Handbook of Procedures (2015-2020) detailing the revised procedure governing import of un—shredded metal scrap. Subsequently, vide Public Notice No.63 dated 27.03.2017, para 2.54(dXiv) was amended to reflect the notified designated ports.

2. After issuance of the Public Notice No. 63 dated 27.03.2017, a number of representations have been received seeking clarification on this Public Notice. Accordingly, the followings are clarified:

I. The following entry sea ports are notified ports for import of unshredded metallic scrap: 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 and 14. Kolkata.

II. Further, any ICD can handle clearance of un—shredded metallic scrap provided the same passes through any of the designated sea ports as mentioned above.

III. Notwithstanding the above, import consignments shall be subject to pre-inspection certificate from the country of origin in supersession of the provision in Public Notice No. 23/2015-20 dated 30th June, 2015. However, requirement of Pre-Shipment Inspection Certification (PSIC) will be reviewed with the operationalisation of the mechanism put in place vide Public Notice 38/ dated 06/10/2016 governing the clearance of imports of un—shredded metal scrap, based on assessment of risk associated with un-shredded metal scrap imports.

## Shipping bill (CSB-V) notified by Customs for export up to Rs. 25000 using e-Commerce under MEIS

### Customs issues Notification about shipping bill for export up to Rs. 25000 under MEIS using e-Commerce

The use of e-Commerce in export of goods through courier has been allowed in FTP of 2015-29. Para 3.05 of the FTP reads as under:

#### 3.05 Export of goods through courier or foreign post offices using e-Commerce

- (i) Exports of goods through courier or foreign post office using e-commerce, as notified in Appendix 3C, of FOB value upto Rs. 25000 per consignment shall be entitled for rewards under MEIS.
- (ii) If the value of exports using e-commerce platform is more than Rs 25000 per consignment then MEIS reward would be limited to FOB value of Rs.25000 only.
- (iii) Such goods can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai.
- (iv) Export of such goods under Courier Regulations shall be allowed manually on pilot basis through Airports at Delhi, Mumbai and Chennai as per appropriate amendments in regulations to be made by Department of Revenue. Department of Revenue shall fast track the implementation of EDI mode at courier terminals.

To operationalise the provision at (iv) above, Customs have issued a notification No. 16 (Customs)/ Non-Tariff dt. 03-03-2017 stating that shipping bill CSB -V will be applicable in this regard.

#### Export upto Rs. 25k in Courier Shipping Bill CSB-V

(Customs Notification No. 16(Non Tariff) dated 3rd March 2017)

In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby makes the following regulations, further to amend the Courier Imports and Exports (Clearance) Regulations, 1998, namely:-

1. (1) These regulations may be called the Courier Imports and Exports (Clearance) Amendment Regulations, 2017.  
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Courier Imports and Exports (Clearance) Regulations, 1998, in regulation 6, in the sub- regulation (3), for the first proviso, the following proviso shall be substituted, namely:-

“Provided that for the goods specified in Appendix 3C of the Foreign Trade Policy (2015-20) and for other commercial goods, not covered under clause (e) of sub-regulation (2) of regulation 2, where value of the consignment is up to rupees twenty-five thousand and transaction in foreign exchange is involved, such entry shall be made in Form Courier Shipping Bill CSB-V.”

[F. No. 450/4/2013-Cus IV]

## Questions & Answers

### Question : What is the latest news about GST? Do you think it will be implemented from 01-07-2017?

Answer : Very considerable progress has been made for implementation of GST. The parliament has already passed the four related legislations that detail the provisions of this single tax regime that will replace multiple state and central taxes to create one national market.

The details of the four legislations referred to above are given below:

1. The Central GST Bill
2. The Integrated GST Bill

### 3. The GST (Compensation to States) Bill

### 4. The Union Territory Bill

With the Parliament nod, the onus now shifts to states that will have to pass the state GST law in their respective state assemblies. The Centre has already put out detailed rules for discussions for stakeholder consultations. The GST Council, the constitutional body created for this tax, will next month take up the last remaining issue of fitting individual goods and services to various tax rates. Separately, the Lok Sabha passed a bill to make excise and customs act compliant with GST. This bill seeks to do away with current cesses, which will be subsumed in the GST. As with regards implementation of GST with effect from 01-07-2017, it is stated that things have happened the way and in time, they should have and 1st July 2017 is in the realm of reality. However, some with intimate knowledge of GST still feel that its implementation may be postponed to 1st September, 2017 so that the last lap is not very strenuous and exhausting in making things exhaustive.

**Question :** No exchange control copies of export shipping bills are being generated at JNPT. Although this is a bold step aimed at reducing complexities, a major problem has arisen with the documentation formalities at Banks as they are directed by RBI not to handle any export documents without original Ex Control Copy of Shipping Bills. What is the solution?

**Answer :** Since contents of Shipping bill have been integrated in EDPMS, banks are not asking for the same and there is no contradictory circular by RBI to that effect. If there is any such case with a specific bank, kindly approach banker with the CBEC Notification.

**Question :** What are the conditions that need to be fulfilled for obtaining Input Tax Credit (ITC)?

**Answer :** Following four conditions are necessary for obtaining ITC:

- a) The registered taxable person should be in possession of taxpaying documents issued by a supplier
- b) The taxable person must have received the goods and / or services.
- c) The tax charged on such supply has been actually paid to the government either in cash or through utilization of input tax credit; and
- d) The taxable person should have furnished the return under section 27.

**Question:** Whether we will be entitled to GST credit on inputs which are used in manufacture of a product disposed of as a free sample?

**Answer :** Input tax credit shall not be available in respect of goods lost, stolen, destroyed, written off or disposed of by way of gift or free samples. Thus, when the assessee actually writes off the goods in their books of account, then only, the GST credit on such inputs is required to be reversed in the GST Regime.

**Question :** Exporters will pay GST on certain service on reverse charge basis. Can reverse charge be considered as input tax so that Input Tax Credit can be availed?

**Answer :** Yes. The definition of input tax includes the tax payable under the reverse charge. The credit can be availed if such goods and/or services are used, or are intended to be used, in the course or furtherance of his business. Exporters can thus claim refund of tax paid on such reverse charge.

**Question :** What is the period up to which I can keep goods meant for exports in the warehouse?

**Answer :** Warehousing of goods is initially allowed for a period up to six months, which may be further extended by the Assistant /Deputy Commissioner, each extension being for a period not exceeding six months, subject to the verification that the goods have not deteriorated in quality. The maximum period for which goods may be left in the warehouse in which they are deposited, or in any warehouse to which such goods have been removed, is three years from the date on which such goods were first warehoused. Excisable goods shall be deemed to be cleared for home consumption on expiry of the warehousing period including the extensions granted, if any. Duty and interest is charged on such deemed removal.