

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

Significant revamp of GST Scheme by GST Council

The GST Council removes key complaints of exporters and small scale industries in its meeting held on 06-10-2017

Soon after the introduction of GST scheme on 01-07-2017 exporters, Exports Promotion Councils have been representing (Export Promotion Council for Handicrafts was in forefront) to Ministries of Finance, Commerce and Industry, Textiles & GST Council, etc. to simplify, liberalise & for expeditious refund of taxes, etc. as the GST scheme in its present form was causing all sorts of problems. Their voices of concerns were so loud and clear that they reached the Prime Minister and he had to give an assurance that all the grievances will be looked into by the GST Council. The PM said that GST is in line without constant endeavour to ensure that interests of our citizens are safeguarded and Indian economy grows. The GST Council in its meeting held on 06-10-2017 considered in detail the representations presented, and announced reliefs measures as detailed below:

Duty exemption on Advance Authorization Scheme, EPCG Scheme and EOU Scheme to continue

It was announced that the two schemes mentioned above shall continue to enjoy duty exemption till 31-03-2018. The above move will improve the liquidity of exporters by saving their working capital from getting backed up in tax procedures. DGFT has issued a Notification no. 33/2015-20 dt. 13-10-2017 to be in line with GST requirements.

No Tax on Duty Credit Scrips

GST on transfer of Duty Credit Scrips abolished from 5% as at present.

Speedy Refund

It was announced that GST refunds for July shall begin from October 10 and GST. Refunds for August shall begin by Oct. 18. It will address the liquidity concerns of the exporters.

Facility to Merchant Exporters

The Council has allowed the merchant exporters to pay 0.1% GST (as against full applicable rate) on the goods they source, which they can claim as input credit to address the issue of block of funds. This is an innovate scheme. Department of Revenue has issued a Notification no. 40/2017- Integrated Tax dt. 23-10-2017 in this regard.

e-Wallet Facility

The above facility will be created that will be provided with national credit as an advance refund for exporters that could be used to pay GST from April 2018.

Reverse-Charge mechanism Deferred

The above has been deferred until March 31, 2018 to streamline its working. This will benefit small businesses and substantially reduce compliance costs. This will enable registered tax payers to continue sourcing from small and unregistered tax payers. Department of Revenue has issued an integrated Tax Rate Notification no. 32/2017 dt. 13-10-2017 on the above matter.

Ease of Doing Business Measures

The composition scheme threshold has been increased from rupees seventy five lakhs to rupees one crore. Allowed for small businesses with a turnover to up to rupees 1.5 crore to pay tax and file return quarterly instead of monthly. Deferred implementation of the tax deducted at source collection at source provision to April 1, 2018. e-way bill to be rolled out from April 1, 2018.

Road Map ahead for further reduction of cost of business & ease of doing business, etc.

The Council also decided to set-up a committee of Group of Ministers to resolve the unresolved issues.

On the above changes Shri Rakesh Kumar, Executive Director, Export Promotion Council for Handicrafts (EPCH) said, the move is a welcome one & shows that the govt. is listening and acting on our concern.

DGFT issues four Public Notices giving onetime condonations/ relaxations to those holders of AAs/EPCG Authorisation who are unable to complete their EOs on one requirement or the other

On the subjects cited above DGFT has issued four Public Notices as detailed below:

Copy of DGFT Public Notice No. 37/2015-20; Dated 25th October, 2017

Subject: Acceptance of installation certificate under EPCG scheme by the RAs wherein installation certificate is submitted beyond 18 months.

In exercise of powers conferred under Paragraph 2.04 read with Paragraph 2.58 of FTP 2015-20, the Director General of Foreign Trade in Public interest hereby makes the following one time relaxations in procedures in respect of acceptance of installation certificate under EPCG Scheme.

Effect of the Public Notice: Onetime relaxation for condonation of delay in submission of installation certificate under EPCG Scheme is being provided.

Copy of DGFT Public Notice No.36/2015-20; Dated 25th October, 2017

Subject: Onetime condonation of time period in respect of obtaining extension in Export Obligation period under EPCG Scheme.

In exercise of powers conferred under Paragraph 2.04 read with Paragraph 2.58 of FTP 2015-20, the Director General of Foreign Trade in Public interest hereby makes the following one time relaxations in procedures in respect of obtaining extension in Export Obligation under EPCG Scheme.

Effect of the Public Notice: Onetime relaxation for condonation of delay in submission of request for obtaining extension in Export Obligation period under EPCG is being provided.

Copy of DGFT Public Notice No.35/2015-20; Dated 25th October, 2017

Subject: Onetime condonation of time period in respect of obtaining block-wise extension in Export Obligation period under EPCG Scheme.

In exercise of powers conferred under Paragraph 2.04 read with Paragraph 2.58 of FTP 2015-20, the Director General of Foreign Trade in Public interest hereby makes the following one time relaxations in procedures in respect of obtaining block-wise extension in Export Obligation period under EPCG scheme.

Effect of the Public Notice: Onetime relaxation in condonation of delay of submission for obtaining block-wise extension in Export Obligation under EPCG scheme is provided.

Copy of DGFT Public Notice No.34/2015-20; Dated 24th October, 2017

Subject: Onetime relaxation for EO extension and clubbing of Advance Authorizations – reg.

In exercise of powers conferred under Para 2.04 and 2.58 of the Foreign Trade Policy 2015-2020, as amended from time to time, the Director General of Foreign Trade on recommendation of Policy Relaxation Committee (PRC), in public

interest, hereby makes the following one time relaxations in the provisions of extension of export obligation period and clubbing of advance Authorizations.

Effect of this Public Notice: One time relaxation is provided for Clubbing of advance Authorizations issued during foreign trade policy 2002-07 and foreign trade policy 2004-09. One time relaxation is provided for extension of export obligation period of Advance authorizations issued under Foreign Trade Policy 2002-07, Foreign Trade Policy 2004-2009 and Advance Authorizations issued prior to 5.6.2012 under foreign trade Policy 2009-14.

DGFT has also issued a Public Notice No.33 dt.23rd October 2017, substituting para 3.13 of HBP(2015-20).The substituted para reads as under :

Duty Credit Scrip issued on or after 01.01.2016 under chapter 3 shall be valid for a period of 24 months from the date of issue and must be valid on the date on which actual debit of duty is made. Re validation of Duty Credit Scrip shall not be permitted unless covered under paragraph 2.20(c) of HBP.

Effect of this Public Notice: The validity period of duty credit scrips issued under chapter 3 of Foreign Trade policy is being increased from 18 to 24 months for scrips issued with effect from 01.01.2016.

Impex # 3 For Resolution of foreign trade related issues DGFT starts "Contact@DGFT"

DGFT issues a 'Trade Notice' about establishing "Contact@DGFT" as a single point contact for all foreign trade related issues.

As a facilitation measure and ease of doing business in imports and exports, DGFT has established another helpline "Contact@DGFT". This system has been activated at the DGFT website (www.dgft.gov.in) as a single point contact for resolving all foreign trade related issues.

Copy of DGFT Trade Notice no. 17 dt. 06.09.2017 containing details of "Contact@DGFT" referred to above is reproduced below.

Copy of DGFT Trade Notice No. 17, Dated: 06.09.2017

To,

1. All RA's of DGFT
2. Members of Trade and Industry
3. All EPCs/Commodity Boards

Subject: **Establishing, "Contact@DGFT" service as single point contact for all foreign trade related issues.**

"Contact@DGFT" system has been activated at the DGFT website (www.dgft.gov.in) as a single point contact for resolving all foreign trade related issues. Exporters/Importers are requested to use this facility for resolution of foreign trade related issues either directly concerning DGFT (headquarters or regional offices) or concerning other agencies of the Central or State Government. Best efforts will be made for expeditious resolution of issues which are directly related to DGFT and the issues concerning other agencies will be taken up by DGFT on behalf of the exporters/importers with the agencies concerned.

A reference number will be issued for each request so that the status of action taken can be tracked. Effective monitoring arrangements have been made.

In the interest of systematic monitoring and effective resolution, exporters/importers are requested not to send their queries through twitter or email and use "Contact@DGFT" service instead.

DGFT issues Public Notice amending various provisions of chapter-4 of the current H.B. of P. (Vol. 1) relating to "Duty Exemption/remission schemes.

DGFT has issued a Public Notice No. 26/2015-2020 dt. 20-09-2017 making 25 amendments in chapter-4 of the current H.B. of Procedure (vol.1) relative to 'Duty Exemption/Remission Scheme'. The amendments have been made on account of introduction of GST scheme w.e.f.01.07.2017 and more liberalisation & facilitations. A summary of the amendments/addition are given below:

S. No.	Para of H.B.	Subject
1	4.06.	Fixation of Norms
2	4.10	Advance authorisation for application with multiple units.
3	4.12 (vii)	Entitlement
4	4.14	Application and online inter-ministerial consultation on fixation of norms/ad hoc norms.
5	4.16 (iii)	Time limit for fixation of norms by norms committees.
6.	4.20	Redemption of Authorisation issued under paragraph 4.18 HBP.
7.	4.21	Maintenance of Proper Accounts.
8.	4.22 (b)	Standardisation of ad hoc norms.
9.	4.27	Exports/supplies in anticipation or subsequent to the issue of an authorisation.
10.	4.35 (c)	Facility of supporting Manufacturer/Jobber/co-licensee.
11.	4.36 (b)	Acceptance of BG/LUT
12.	4.43 A	Re-export of goods imported under advance authorisation scheme.
13.	4.44 (c)	Monitoring of export obligation
14.	4.47 (d)	Redemption/No Bond certificate
15.	4.50 (f)	Payment of custom duty & interest in case of bona fide default in E.o.
16.	4.54	Application
17 to 25	4.62 onwards	Relate to Gem & Jewellery sector and as such of no interest to exporters of handicrafts.

CBEC issues two notifications containing new drawback rules and AIRs of Drawback effective from 1st October 2017.

The central government has notified the Customs Excise Duty Drawback Rules, 2017 (hereinafter referred to as Drawback Rules 2017) vide Notification no. 88/2017-Customs (N.T.) dated 21.9.2017 to replace the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. These Rules takes effect from 1.10.2017. The Central Government has also revised All Industry Rates (AIRs) of

Drawback vide notification no.89/2017-custom (N.T.) dated 21.9.2017 which comes into force on 1.10.2017. The notification may be downloaded from Board's website and carefully perused for details. Some of the important changes in the Rules and AIR Schedule notification are highlighted below :-

- Definition of Drawback has been amended to provide for drawback of customs ad central excise duties excluding integrated tax liveable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of

section 3 of the customs Tariff Act, 1975 chargeable on any imported materials of excisable materials used in the manufacture of goods exported;

- References to input services and Service Tax have been omitted;
- As drawback is limited to incidence of duties of customs on inputs used and remnant Central excise Duty on specified petroleum products used for generation of captive power for manufacture on processing of export goods, only general AIRs under column (4) with caps under column (5) have been provided in the Schedule. For claiming these general AIRs, the relevant tariff item have to be suffixed with suffix 'B' e.g. for export of goods covered under tariff item 640609, the drawback serial no. should be declared as 640609B;
- The composite rates of Drawback are being discontinued w.e.f. 1.10.2017. Hence, the composite rates and Notes and conditions pertaining to CENVAT credit, rebate of central excise duty, etc. stand omitted. Thus, the declaration required to be given by an exporter for claiming composite rate of drawback w.e.f. 1.7.2017 as per Circular No.32/2017-Customs dtd. 27.7.2017 is no longer required w.e.f. 1.10.2017;
- With trade facilitation in view. Tenure of the drawback committee constituted by the central Government has been extended to 31.12.2017 to expeditiously look into issues arising from the changes made. Accordingly, exporters may immediately come forward with representations with supporting data and documents, if any, for higher rates than rates provided;

EPCH has made a comparative statement of the old and new AIRs and the same is reproduced at the end.

A perusal of the statement will show that a (drawback when Cenvat facility has been availed) removed from the drawback schedule and replaced by 'Drawback rate and 'Drawback cap per unit in Rs.'

From the above it will be seen that drawback in the same whether one avails of ITC of IGST or not. Further the new rates & caps are on the basis of Cenvat (ITC) availed and are the same as in the previous 'Drawback Schedule'.

Extracts of New Drawback Rates taken from CBEC website www.cbec.gov.in notified by Department of Revenue, Ministry of Finance, Govt. of India vide Notification no. 89/2017-Customs (N.T.) Dt. 21.09.2017 made effective from 01.10.2017 as amended.

Tariff Item	Description of goods	Unit	Drawback Rate	Drawback cap per unit in Rs.
1	2	3	4	5
3307	Pre-shave, shaving or after shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties.			
330701	Perfumed Agarbatti / Incense Sticks / Dhoop / Loban	Kg.	3.7%	15.7
330799	Others		1.5%	
4414	Wooden frames for paintings, photographs, mirrors or similar objects	Kg.	1.9%	12.5
4419	Tableware and kitchenware of wood	Kg.	1.9%	12.5
4420	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94	Kg.	1.9%	12.5
4421	Other articles of wood			
442101	Handicrafts/Artware of wood	Kg.	1.9%	12.5
442199	Others		1.5%	

4823	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other article of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres			
482302	Decorative handicraft articles made of papier machie	Kg.	1.7%	18.6
482399	Others		1.5%	
5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal		1.5%	
5804	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of heading 6002 to 6006	Kg.	1.3%	9.2
5808	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles	Kg.	1.3%	9.2
5809	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56 05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included		1.5%	
5810	Embroidery in the piece, in strips or in motifs			
581001	of Silk	per kg. of silk	6.9%	703.8
581099	Others	Kg.	1.3%	13
5811	Quilted textile products in the piece, composed of one or more layouts of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810	Kg.	1.3%	6.3
5905	Textiles wall coverings			
590501	Of manmade fiber	Kg.	1.8%	11
590599	Of cotton and others	Kg.	1.3%	9.2
680204	Artistic & Decorative crafted stone products (Handicrafts)		1.8%	9
7013	Glassware of a kind used for table, kitchen, toilet, office indoor decoration or similar purpose (other than that of heading 7010 or 7018)			
701301	Hand cut lead crystal Glass ware	Kg.	1.5%	6.5
701303	Jars, perfume bottle, candle Plate coasters, Votive, lotion bottle/soap dish, ornamental spheres/stars/bells	Kg.	1.5%	6.5
7020	Others articles of Glass			
702001	Glass Artware/Handicrafts	Kg.	1.5%	13.2
702002	Glass Artware/Handicrafts made of two or more ply glass with or without metallic fusion	Kg.	1.5%	14.8
702003	Glass Refills silver coated for vacuum flasks	Kg.	1.5%	4.4
702004	Glass Artware/Handicrafts with silver coating	Kg.	1.5%	14.8
702005	Glass Artware/Handicrafts with glass chatons	Kg.	1.5%	14.8
702099	Others		1.5%	

7117	Imitation Jewellery			
711701	Brass Jewellery	Kg.	1.5%	32.1
711702	Aluminium Jewellery	Kg.	1.5%	10.7
711703	Plastic Imitation Jewellery with or without embellishments	Kg.	1.5%	8.5
711704	Plastic Bangles with or without embellishments	Kg.	1.5%	8.5
711705	Stainless steel Jewellery	Kg.	1.5%	10.7
711706	Iron Jewellery	Kg.	1.5%	10.7
711707	Glass Jewellery	Kg.	1.5%	10.7
7326	Other articles of Iron and steel			
732601	Handicrafts/Artware of cast Iron or Iron or steel, with or without plating/ coating/galvanizing/brass	Kg.	2%	6.7
732602	Handicrafts/Artware of stainless steel	Kg.	2%	17.8
732699	Others	Kg.	2%	4.9
741803	Electro Plated nickel silver ware (EPNS)	Kg.	2.2%	20.3
7419	Other articles of copper			
741901	Artware/Handicraft of Brass	Kg.	2.2%	35.4
741902	Artware / Handicrafts of Copper	Kg.	2.2%	38.7
741998	Other articles of Brass, including bushes	Kg.	2.2%	20.3
741999	Other articles of Copper, including bushes	Kg.	2.2%	24.6
7616	Other articles of Aluminium			
761601	Aluminium Artware/ Handicrafts	Kg.	1.5%	13.5
761699	Others	Kg.	1.5%	6
8306	Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal			
830601	Of brass and other copper alloys	Kg.	2.25%	35.4
830602	Of copper	Kg.	2.2%	38.7
830603	Of Iron and steel	Kg.	2%	6.7
830604	Of Aluminum	Kg.	1.5%	13.5
803699	Others	Kg.	2%	4
92	Musical Instruments: parts and accessories of such articles			
9201	Pianos, including automatic pianos; harpsi-chords and other keyboard stringed instruments		1.5%	
9202	Other string musical instruments (for example guitars, violins, harps)		1.5%	
9205	Wind musical instruments (for example, keyboard pipe organs, accordions, clarinets, trumpets, bagpipes) other than fairground organs and mechanical street organs		1.5%	
9206	Percussion musical instruments (for example, drums, xylophones, cymbals, castanets, maracas)		1.5%	

9207	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions)		1.5%	
9403	Other furniture and parts thereof	Kg.	1.5%	6
9405	Lamps and Lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs , illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included			
940501	Of Brass	Kg.	2.2%	20.3
940502	Of Copper	Kg.	2.2%	24.6
940503	Of Wrought Iron	Kg.	2%	6.7
940504	Of Aluminium	Kg.	1.5%	13.5
940505	Of Glass	Kg.	1.5%	13.7
940599	Others	Kg.	1.5%	6
9504	Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment			
950401	Carrom Board, with or without coins and strikers	Piece	1.5%	20.6
9505	Festive, Carnival or other entertainment articles, including conjuring tricks and novelty, jokes		1.5	

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