



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

Clarifications on exports related refund issues

CBEC issues a Circular containing a number of clarifications to enable exporters to file their refund claims correctly and thereby get them back speedily.

The one issue that has very badly jolted and unsettled the exporters is non-refund of their GSTs/ITCs in a streamlined manner.

In spite of the best of efforts of GST Council, CBEC etc., a satisfactory procedure is still not in place with the result that thousands of crores of rupees of exporters continue to remain un-refunded as on date.

According to CBEC, the slow speed of refund is on account of non-filing of required returns and inadequate/incorrect information/details given by the exporters in the returns.

In order to ensure that exporters file their refund application correctly, CBEC has issued a Circular No. 37/11/2018-GST dt. 15.03.2018. The Circular contains 13 clarifications. Since these runs into 6 pages, only the 'headings' of the Clarifications are given below:

1. Non-availment of drawback.
2. Amendment through Table 9 of GSTR-1.
3. Exports without LUT.
4. Exports after specified period.
5. Deficiency memo.
6. Self-declaration for non-prosecution.
7. Refund of transitional credit.
8. Discrepany between values of GST invoice & shipping bill/bill of export.
9. Refund of taxes paid under existing laws.
10. Filing frequency of refunds.
11. BRC/FIRC for export of good.
12. Supplies to merchant exporters.
13. Requirement of invoices for processing of claims for refund.

The instructions shall apply to exports made on or after 1st July, 2017.

Impex # 2

Facility of making online payment for miscellaneous applications launched

DGFT issues a 'Trade Notice' about "launch of e-MPS-Facility to make online payment for miscellaneous applications".

Among many things, two things are very important in international trade. These are ease of doing business and reduction in transaction cost. For quite sometime DGFT has been concentrating a lot on these two things.

Working on the above cited objects, DGFT has issued a Trade Notice No. 25/2018 dt 14.03.2018 containing a new electronic module of payment of applications fee of miscellaneous matters/applications. In the trade notice it is described as 'e-MPS-facility'.

Using the above named facility, the online payment can now be made even for a manual application. The working of this facility has been detailed in the trade notice.

Copy of the Trade Notice dt 14.03.2018 referred to above is reproduced below:

Copy

Subject: Launch of e-MPS- facility to make online payment for miscellaneous applications

DGFT has always endeavoured to promote ease of doing business by providing online mode for submission of applications for various FTP schemes and digital payment for these applications. Still, there are applications like amendment of license, payment of composition fee etc. where facility of online payment is not available. To bridge this gap, a facility is being made available to make online payment of fee/ charges for all the applications where payment is currently being made through manual mode i.e. through Demand Draft/ Bank Receipt.

Using this facility, the online payment can now be made even for a manual application made to a DGFT Regional Office/ DGFT HQ. The proof of payment, along with the relevant application has to be submitted to the concerned DGFT Regional Authority (RA)/ DGFT HQ.

On submission, the concerned DGFT Regional Office will authenticate the payment from the system and update it as utilized. The DGFT Office will print the receipt, having unique DGFT reference number, of payment received and will link it with the particular application submitted. The fee for the application will be treated as paid and application will be processed.

Both, the online payment and manual mode payment will be allowed for one month from the issue of this trade notice. The issues reported and problem faced with three-MPS will be addressed in this one month period. At the expiry of the one month period all the fee payments will have to be made electronically only. It has to be noted that this new facility is not to be used for making payment for applications where an online payment facility coupled with online application facility is already available. For example; fee for MEIS has to be paid through the MEIS application module only.

The facility of online payment can be accessed from DGFT website using Online Application ? ECOM ? Online ECOM Application path or from http://164.100.128.143/e_homepage.asp link. The applicant has to login using his Digital Certificate. Login ids/ pwds have been created for DGFT offices to access this module. The user guide for both members of the trade and internal users of DGFT Offices can be downloaded from the above link.

Impex # 3

Questions & Answers

Question : A meeting of GST Council was held on 10.03.2018. Could you give a summary of its decisions?

Answer : The same is given below:

The system of e-way bill for interstate movement of goods under the GST will be rolled out from April 1 and in a phased manner for intrastate movement. The Council decided to continue with summary return through Form 3B for another three months till June 30, 2018 as it failed to finalise the proposed, simpler new return form.

The Council, in its 26th meeting, deferred the implementation of the reverse charge mechanism of collecting GST till June 30 and the provision for tax deduction at source will also remain suspended till June 30.

Exporters have been allowed to claim tax exemption on imported goods for another six months till October 1, 2018, by when e-wallet scheme is expected to be in place. It means that exporters will be able to import against Advance Authorisations and EPCG Authorisation without payment of duties of all type. The e-way bill is essentially a description of goods being moved, and is seen crucial to preventing GST evasion. It was rolled out for interstate supplies from February 1 but was deferred.

"Intrastate e-way bill will be rolled out in a phased manner with four groups of states. Each group will come under it every week after April 1 and efforts will be made to implement it across the country by April end."

The decision on the first group of states will be taken in April 7 and they will roll out intrastate e-way bill by April 15. The government had eased the rules for e-way bill, providing relief to ecommerce, couriers and small businesses. E-way bill will be required for transport of goods worth more than Rs. 50,000.

"The Council felt that there should be single return every month - it should be simple, not prone to evasion and (there was a need to discuss) how to simplify it further." "So no decision was taken. The existing system has been extended by three month."

The Group of Ministers (GoM) on IT has been tasked to finalise the new return form. A GoM will also look into the modalities of the implementation of reverse charge mechanism to ensure that no inconvenience is caused to trade and industry.

Under this, tax is collected from unregistered GST suppliers by the one purchasing the supply and is seen crucial to curbing tax evasion. "As expected, there was no further discussion on reduction of rates as the government may wait for some buoyancy in revenue collection before moving in that direction.

Question : Whether E-way bill is required to be generated for movement of exempted goods also?

Answer : Notification No. 3/2018 has provided that E-way bill is not required to be generated for movement of goods covered under Notification No. 2/2017-Central Tax (rate). This notification covers all exempted categories of goods. Hence, there is no need to generate E-way bill when a person is causing movement of exempted category of goods except de-oiled cake. In addition to such bill is not required for following goods:

- Non-GST goods, i.e. alcoholic liquor for human consumption, petroleum crude, high speed diesel oil, motor spirit, natural gas, aviation turbine fuel.
- Goods being transported are not considered as supply under Schedule III of CGST Act.
- Goods covered under Annexure to Rule 138.

Question : From Customs port to warehouse - whether E-way bill is required? If yes, on what basis?

Answer : E-way bill is required to be generated for every movement of goods. Therefore, where the goods are to be transported from the port to the warehouse, the E-way bill can be generated against "Bill of Entry" as "Inward Supply" from "URP" (unregistered person) and the place of supplier shall be selected as "other countries" from drop down list.

Question : Whether E-way bill is required to be generated for the movement of goods between Container Freight Station ('CFS')/ Inland Container Depot ('ICD') to port in the course of importation and exportation of goods?

Answer : Exemption has been provided for movement of goods from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs in the course of importation. Hence, there is no need for generation of E-way bill for movement within these locations.

In case of exportation where movement of goods take place between CFS/ICD to port, there is no such exemption granted. Further, Rule 138 (10) also mentions validity period within the country. Hence, in the absence of any specific exemption, there may be need to generate.

Question : It is said that the 'e-wallet scheme' on which the work is going on shall solve the problem of blockage of funds of exporters. When do you think it will be implemented?

Answer : Introduction of e-wallet mechanism will effectively address the woes of exporters who have been complaining of delays in refund of taxes under the GST regime. Under the e-wallet mechanism, a notional credit would be transferred to exporters' accounts based on their past record and the credit can be used to pay taxes on inputs. The commerce and finance ministries are working on the matter.