

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

Big IGST relief for Duty Exemption Scheme, EPCG Scheme and EOU Scheme of DGFT till 31.03.2019

DGFT issues notification extending the Integrated Goods & Services Tax (IGST) and Compensation Cess exemption under Advance Authorisation, EPCG & EOU Scheme up to 31.03.2019.

DGFT has issued a Notification No.35/2015-20 dt.26th September,2018 amending paras 4.14, 5.01 and 6.01 (d) (ii) of FTP of 2015-20.

By virtue of the above amendments, DGFT has done extension of Integrated Goods & Services Tax (IGST) and Compensation Cess exemption under Advance Authorisation, EPCG & EOU Scheme up to 31.03.2019.

The above step of DGFT will be a big relief to all those importers who avail of the above three schemes.

Copy of DGFT Notification dt. 26.09.2018 referred to above is reproduced below:

(Copy)

Notification No.35/2015-20, New Delhi, Dated 26.09.2018

Subject: Amendments to Foreign Trade Policy 2015-2020 - Extension of Integrated Goods and Service Tax (IGST) and Compensation Cess exemption under Advance Authorisation, EPCG and EOU scheme upto 31.03.2019.

S.0(E): In exercise of powers conferred by Section 5 of FT(D&R) Act, 1992, read with Paragraph 1.02 of the Foreign Trade Policy, 2015-20, as amended from time to time, the Central Government hereby makes following amendments in Foreign Trade Policy 2015-20.

1. Exemption from Integrated Tax and Compensation Cess under Advance Authorization under Para 4.14 of FTP 2015-20 is extended upto 31.03.2019.
2. Exemption from Integrated Tax and Compensation Cess under EPCG Scheme under Para 5.01(a) of FTP 2015-20 is extended upto 31.03.2019.
3. Exemption from Integrated Tax and Compensation Cess under EOU scheme under Para 6.01(d)(ii), of FTP 2015-20 is extended upto 31.03.2019.

Effect of the Notification: Para 4.14, Para 5.01(a) and Para 6.01(06) of FTP are amended as above.

Impex # 2

System driven issue of MEIS scrips

DGFT issues Trade Notice containing guidelines to apply for MEIS under the system driven approval mechanism for MEIS applications.

In the past, DGFT has taken many measures to simplify the process of implementation of the FTP Schemes by establishing processes which are smooth, free from manual interface and are quick and efficient.

Another step in the above direction has been taken by DGFT for issue of MEIS scrips. He has issued a Trade Notice no.30/2018-19 dt. 11th September,2018 containing guidelines to apply for MEIS under the system driven approval mechanism for MEIS application for shipping bills for EDI ports.

The system has started application w.e.f. 13.09.2018.

Copy of Trade Notice dt. 11th September, 2018 referred to above is reproduced below:

(Copy)

Trade Notice No.30 /2018-19, Dated: 11th September, 2018

Subject: Amendments to Foreign Trade Policy 2015-2020 - Extension of Integrated Gt.ods and Service Tax (IGST) and Compensation Cess exemption under Advance Authorisation, EPCG and EOU scheme upto 31.03.2019.

Subject: Guidelines to apply for MEIS under the System Driven approval mechanism for MEIS applications for shipping bills from EDI ports.

The Directorate has been on regular basis taking measures to simplify the process of implementation of the FTP Schemes by establishing processes which are smooth, free from manual interface and are quick and efficient. In line with the Government of India's motto of facilitating the "Ease of doing business ", this Directorate would start the process of system driven approval of the MEIS claim Applications from 13.09.2018 in respect of exports made through EDI shipping bills. The procedure for exporters/ MEIS applicants and the RAs are being outlined below for information and awareness.

2. Information for Applicants:

- i. The process of logging into the E corn module would be the same as before. However, after entering the MEIS application window, the applicants would be prompted to select whether their MEIS claim is for Project Exports or not. The applicants are required to tick the relevant box in case they wish to apply for MEIS under Project Exports benefits as per procedure specified in Trade Notice 14 /2018-19 dated 30.05.2018. These applications would be -submitted, but would be processed at the DGFT HQs as informed vide the above Trade Notice.
- ii. The rest of the application process is same for EDI shipping hills, however, the applicants are being informed that the Online module would not accept the 'mission of the MEIS application if,
 - a. The applicant firm (IEC) is in Denied Entity List/ Suspended IEC/ Cancelled IEC.
 - b. The applicant's RCMC is not valid as on date of application.
 - c. The application is not made as per para 3.06 (a) of HBP 2015-20 under which the applicants are required to submit MEIS application for one financial year in one Jurisdictional Regional office. To illustrate, if an exporter has chosen RA Chennai for claiming rewards for exports made in 2017-18, then all claims for exports made in 2017-18, irrespective of the date of application shall be made to RA Chennai only. Date of export shall be reckoned as per criteria specified in Para 9.12 of HBP
 - d. The shipping bills, already attached in any of the earlier applications and later disallowed for any reason whatsoever, would not be allowed to be accepted again under the new MEIS module w.e.f. 13.09.2018. Such shipping bills need to be re-activated before filing claims. For reactivation of disallowed Shipping Bills, Shipping Bills of Cancelled Scrips and Rejected Applications, a request letter has to be sent after examination of the issue by Regional Office to the EDI Division, DGFT HQ with a copy to NIC DGFT HQ, quoting the File No, Shipping Bill Number, Shipping Bill Date and Shipping Bill Port.
- iii. The applicants would also be prompted to select the mode of dispatch of the duty credit scrip. i.e, whether they want to collect the MEIS scrip in person from the Counter of the Jurisdictional Regional Office of DGFT or wish to have the scrip sent to them by post at the address specified. This choice needs to be necessarily filled in by the applicants in the online module.
- iv. After submission, the Online Module would segregate the applications into Manual (non-automated) and automated applications. The applications in which all shipping bills meet the following requirements would be approved by the system automatically at the end of submission process.
 - a. Shipping Bills from EDI PORT - Please note that SEZ shipping bills are non EDI port shipping bills for this system.

- b. Shipping Bills having Let Export date on or after 01.01.2017.
 - c. No shipping Bill under the application should have any of the ITC(HS) codes as listed in Annexures to PN 62 dated 16.02.2018 and PN 13 dated 12.06.2018.
 - d. MEIS applications with Total Claim value of less than Rs.2 Crore.
 - v. The system approved MEIS applications would be available for printing at the Regional offices of DGFT and would be authenticated (attested). Scrips shall be dispatched as per option selected by the applicant,
 - vi. Further, the members of the trade may note that all kind of MEIS applications, except as in (iv) above would continue to be processed in the RAs as per the current practice through the non-automated procedure.
3. The EPCs and members of Trade are also informed that in order to transition to this new system of MEIS application processing, the E corn module for MEIS, at the DGFT portal would not be available on 12.09.2018. This may be given wide publicity.

Impex # 3

No fee can be charged for REX Registration

DGFT issues Trade Notice containing the clarification that charging fee for REX Registration is no correct & in violation of instructions laid down in his Public Notice no. 51 dt. 30.12.2016

India is implementing the EU GSP REX System w.e.f. 1st January, 2017 to enable its exporters to self certify the origin of product through Statement of Origin for duty preference under European Union Generalised System of Preference. DGFT issued a Public Notice No. 51 dt. 30.12.2016 on the subject.

It was brought to the Notice of DGFT that some agencies were charging for REX Registration in violation of the instruction on the subject.

To stop the above malpractice, DGFT has issued a Trade Notice No. 32/2018-19 dt. 14th September, 2018 (Copy below).

(Copy)

Trade Notice No. 32/2018-19 dt 14th September, 2018

Subject: Charging of Fees for REX Registration - reg.

This is regarding registration of exporters under EU GSP REX System and assigning them a REX number enabling them to self certify the origin of product through Statement of Origin for duty preference under European Union Generalised System of Preferences, India is implementing EU GSP REX System w.e.f. 13' January.2017..1-0 this effect, DGFT had brought out a Public Notice No. 51 7 (201502929) dated 30.12.2016. For doing the REX registration, some agencies have been identified - and details of these agencies given in the Public Notice No, 51 dated 30.12.2016.

2. The REX registration is free of charge and it has been clearly indicated in the Public Notice No. - 51 dated 30 12.2016. However, it has been brought to the notice of the Department of Commerce that some of the agencies are charging exporters for REX registration, which is not correct and in violation of the instructions laid down in Public Notice No. 51 dated 2016. It is reiterated that REX registration under EU GSP Scheme is free and no fees can be charged from Exporters for REX registration.

3. It has also been noted that RAs of DGFT and Local Authorities for REX are not registering some applicants under REX as they are under DEL. In this regard, it is clarified that registering an applicant under REX is not a benefit being granted under the FTP Registration under REX enables an exporter to export to EU under the EU-GSP Scheme and get a preferential tariff. Accordingly, applicants', even if under DEL, may be registered under REX for exports to EU - GSP.

DGFT issues Notification in which the limit of Rs. one crore per year for exports on free of cost exports basis for status holders removed. Now it is flat 2% of average annual export of preceding three licencing years.

As a measure of export promotion of their products, many exporters have to oblige their clients abroad with free supply of their export products. The upper limit the above could be done was laid down in para 3.24(j) of FTP 2015-20.

Now DGFT has issued a Notification No. 28/2015-20 dt. 27th August, 2018 in which the limit of Rupees one crore for exports on free of cost exports basis for status holder has been removed and

made 2% of average annual export realization during preceding three licencing periods with immediate effect.

The amended para 3.24 (j) of the FTP of 2015-20 is reproduced below:

(Copy)

Notification No: 22 /2015-2020 New Delhi, the 27th August, 2018

Subject: Amendment in Para 3.23 (j) of chapter-3 of FTP 2015-2020.

Amended Para 3.24(j) of the FTP 2015-20

Status holders shall be entitled to export freely exportable items (excluding Gems and Jewellery, Articles of Gold and precious metals) on free of cost basis for export promotion subject to an annual limit as below:

- a. Annual limit of 2% of average annual export realization during preceding three licensing years for all exporters (excluding the exporters of following sectors-(1) Gems and Jewellery sector, (2) Article of Gold and precious metals sector)
- b. Annual limit of Rupees One Crore or 2% of average annual export realization during preceding three licensing years, whichever is lower. (for exporters of the following sectors-(1) Gems and Jewellery Sector. (2) Articles of Gold and precious metals sector).
- c. In case of supplies of pharmaceutical products, vaccines and lifesaving drugs to health programmes of international agencies such as UN.W110-PATIO and Government health programmes, the annual limit shall be upto 8% of the average annual export realisation during preceding three licensing years.

The free of cost supplies made under provisions of Para 3.24(j) shall not be entitled to Duty Drawback or any other export incentive under any export promotion scheme.

Effect of this Notification: The limit of Rs One Crore per year for exports on free of cost exports basis for export promotion for Status Holders is removed and is made 2% of average annual export realization during preceding three licensing years with immediate effect.

DGFT issues Public Notice requiring the submission of a fresh installation certificate in case the EPCGs are shifted to other units mentioned in IEC can RCMC.

Since the capital goods under EPCG Scheme are allowed to be imported without payment of custom duty, the importer is required to intimate to their licencing authority about the installation of the EPCG (within 6 months from the date of last import)

Now DGFT has issued a Public Notice No. 31/2015-20 dt. 29th August, 2018 wherein it is stated that in case the EPCG is shifted to any other unit

of the importer, then he has to submit a fresh certificate of installation. The EPCG can be shifted to only those units which are mentioned in the IEC & RCMC.

Copy of DGFT Public Notice dt 29th August, 2018 referred to above is reproduced below:

(Copy)

Public Notice No. 31/2015-20 New Delhi, Dated the 29th August, 2018

Subject: Regarding shifting of Capital Goods imported under the EPCG Scheme.

In exercise of the powers conferred under Paragraph 1.03 of the Foreign Trade Policy (FTP) 2015-20, the Director General of Foreign Trade in public interest hereby makes the following amendment in the Para 5.04(a) of Hand Book of Procedures 2015-20. The amended para is produced below:

Para 5.04(a): Certificate of Installation of Capital Goods

Authorization holder shall produce, within six months from date of completion of import, to the concerned RA, a certificate from the jurisdictional Customs authority or an independent Chartered Engineer, at the option of the authorisation holder, confirming installation of capital goods at factory/premises of authorization holder or his supporting manufacturer(s). The RA may allow one time extension of the said period for producing the certificate by a maximum period of 12 months with a composition fee of Rs.5000/-. Where the authorisation holder opts for independent Chartered Engineer's certificate, he shall send a copy of the certificate to the jurisdictional Customs Authority for intimation/record. The authorization holder shall be permitted to shift capital goods during the entire export obligation period to other units mentioned in the IEC and RCMC of the authorization holder subject to production of fresh installation certificate to the RA concerned within six months of the shifting."

Effect of this Public Notice: EPCG authorisation holders are permitted to shift the capital goods imported during the entire export obligation period to their other units mentioned in the IEC and RCMC subject to conditions specified.

Impex # 6

Questions & Answers

Question : Is e-way required for the movement of goods from one place in a state to another place in the same state via another state?

Answer : Yes, e-way bill is required to be generated. Generation of e-way depends on the route of the movement of goods not their origin or destination.

Question : As a job worker making inter-state supply, are we required to register under GST?

Answer : As per the amended provisions, a job worker is required to obtain registration only if his aggregate turnover (to be computed on all India basis) in a financial year exceeds the threshold limit of Rs. 20 lakh (Rs. 10 lakh in case of special category states except Jammu & Kashmir), regardless of whether the principal and the job worker are located in the same state or in different states.

Question : We want to import goods and keep them in a customs bonded warehouse. Are we required to pay GST at the time of entry of the goods in the warehouse or when we take them out from the warehouse?

Answer : In case of supply of the warehoused goods, the point of levy would be the point at which the duty is collected under section 12 of the Customs Act, 1962, which is at the time of clearance of such goods under section 68 of the Customs Act. IGST shall be levied and collected at the time of final clearance of the warehoused goods for home consumption i.e. at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which the integrated tax would be payable at the time of clearance of the warehoused goods for home consumption.

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News from 'Print Media'

Business Standard 11.09.2018

Govt gets HC notice on GST tweaks in import licence

Notice also to indirect tax department, DGFT and DRI on petitions against alleged restrictions on availing advance authorisation licences

INDIAN EXPRESS
New Delhi, 10 September

The Delhi High Court on Monday issued notices to the Centre, the Indirect Tax Department, the Directorate General of Foreign Trade, and the Directorate of Revenue Intelligence (DRI) on a clutch of petitions against alleged restrictions on availing of advance authorisation licences.

Importers have moved court against changes in the criteria for availing of the advance authorisation licence, which, they say, has led to the DRI issuing notices to them.

Similar ones are going in the Orissa and the Madras High Courts and importers are also filing petitions in the Gujarat and the Goa High Courts. The Delhi High Court had



"DUE TO THE IMPOSITION OF THE PRE-IMPORT CONDITION, THE BENEFITS GRANTED TO THE PETITIONERS HAVE BEEN CURTAILED TO THE EXTENT THAT THEY WOULD NEVER BE ABLE TO GET THE EXEMPTIONS AS THEY WERE PROMISED"

ANUSHOK RASTOGI, counsel for the petitioners in the Delhi High Court

These licences are issued to allow duty-free imports of inputs that are used in manufacturing export products. The clause means that imports done after exports will not get exemption from the GST. However, advance authorisation is generally used for importing goods after exports are made as against the pre-import condition imposed by the CBIC, argued Anushok Rastogi, counsel for the petitioners in the Delhi High Court and partner at Khaitan & Co.

The clause was introduced after exemption from the IGST was granted to imports under advance authorisation. Earlier, imports under advance authorisation were subjected to the IGST. This prompted importers to move court. Though the IGST is refundable, the cash flow of exporters was hampered.

Following this, the CBIC came up with a notification exempting these imports from the IGST. However, it inserted the contentious clause of "pre-import" in the notification.

Rastogi argued the petitioners had procured the advance authorisation licences for post-export imports. "Due to the imposition of the pre-import condition, the benefits granted to the petitioners have been curtailed to the extent that they would never be able to get the exemptions as they were promised."

This has left the petitioners who have advance authorisation licences at the level of those who would import through the normal channel, he said.

Rastogi said the condition essentially denied IGST benefits in these imports, which happened after exports. "A conspicuous absence of definition and purpose of 'pre-import' also added to the confusion," Rastogi said.

The CBIC had issued the notification, inserting a provision of 'pre-import' with effect from October 13. Rastogi said that many such licences had a shelf life beyond October 13, but the benefits under the GET have virtually become redundant because of this pre-import condition.

He added that the DRI was trying to impose the IGST on imports under advance authorisation licences by using a "loophole" in the exemption notification.

Financial Express 22.09.2018

FROM ₹2 CR TO ₹10 CR

CBIC think-tank for raising revenue limit for GST returns

DGGST has raised reservations about some provisions in the new return filing system

A THREE-TANK WITHIN the Central Board of Indirect Taxes and Customs (CBIC) has recommended that the revenue threshold for annual GST returns be raised to ₹10 crore from ₹2 crore currently to avoid burdening smaller taxpayers.

The tax department needs to amend the format for GST-9C, which is required to be furnished by taxpayers with revenue of above ₹2 crore. These taxpayers are also required to get their books audited by a chartered accountant.

"Filing of annual returns will involve compiling of lots of information data and for small taxpayers it will be a huge burden. Accordingly, it is proposed that the threshold limit for filing annual returns may be increased to ₹10 crore," the Directorate General of GST Policy wing last week. The DGGST advised the policy wing of GST as a think-tank.

Additionally, the department suggested that online filing facilities be provided to taxpayers quickly for their transactions in real-time banks. "A check should be incorporated in the GSTN-9 and GST-9C format which would allow taxpayers to file the annual return online if they have filed all GSTN-3 and GSTN-19 returns for the financial year for which annual returns are being filed," the letter says by email.

In another letter also passed out last month, the DGGST had raised reservations about some of the provisions in the new return filing system, which is being notified by the GST Network.

It flagged the provision of allowing a supplier to amend invoices before it is locked by the supplier as being prone to abuse.

"No change should be permitted in the quantity of goods; it will provide a legal channel to unscrupulous suppliers to supply goods clandestinely without payment of tax," the DGGST said.

CURB ON IMPORTS TO BRING RUPEE TO 68-70 LEVEL, SAYS GARG

NEW DELHI: The Centre will "very soon" implement the second set of measures including a curb on imports of non-essential items to shore up rupee to 68-70 level against the US dollar, economic affairs secretary Subhash Chandra Garg said, terming the about 12% slide in the currency as a temporary phenomenon. The government had earlier this month announced easing of overseas borrowing norms for manufacturing companies, removal of restrictions on foreign portfolio investors (FPI) investment in corporate bonds and tax benefits on Masala bonds to shore up rupee and check widening of current account deficit. Now, the Centre has prepared a list of non-essential items whose imports can be curbed and also drawn up a separate list of goods whose exports can be boosted with a little policy intervention, Garg told PTI in an interview here.

Already late, e-wallet to miss October deadline

SHANKHAR PATTANAYAK
A-SHIFT JMK
New Delhi, September 21

THE ROLL-OUT of an e-wallet mechanism for exporters under the goods and services tax (GST) regime may be delayed again beyond the proposed date of October 1, as the required systems are not yet in place, according to trade and official sources.

As per the proposed e-wallet mechanism, a notional credit would be transferred to exporters' accounts based on their past record and the credit can then be utilised to pay taxes on inputs. Once the e-wallet is in place, exporters do not have to pay taxes first and then seek refunds. It will typically act as a virtual payment system whereby the exporters will pay only notional duty and get notional refunds later.

Exporters, especially MSMEs, have long been demanding an e-wallet-type mechanism, arguing most of them take working capital loans to pay taxes, and since refunds are delayed, their money is blocked on a regular basis. This hits their ability to ship out in large volumes.

THE E-WALLEY mechanism was initially planned to be introduced from April 1, which was then delayed to October 1. Any delay in its roll-out, without speedy refunds, could hurt exporters as the country looks to scale up outbound shipments to \$370 billion in the current fiscal, up 16% from a year before. In 2017-18, merchandise exports had grown 10%.

While extending the April deadline for e-wallet, the GST Council had conceded that "more was needed to be done to address a large number of identified technical, legal and administrative issues".

Exporters have said that while refunds under the Integrated GST regime are being processed fast, getting refunds against input tax credits is still a time-consuming process.

To expedite the refund process, the Central Board of Indirect Taxes and Customs (CBIC) has been organising "refund fortnights" from time to time, the last being in July. The total GST refunds disposed by the Centre and the states were to the tune of ₹4 54,378 crore as of end-July.

Financial Express 22.09.2018

GST : छोटी-मोटी गलती पर जब्त नहीं होगा ट्रक और माल

डूरी भ्रम, नई दिल्ली : जीएसटी के लान इम्प्लीमेंटेशन और डॉकमेंट को तैयार करने में सफल होना है कि ई-वे फिल में छोटी-मोटी गलतियों पर गड़बड़ी या भ्रम जमा नहीं किया जा सकता। जल के इम्प्लीमेंटेशन पर सख्त जांच और सख्त के नियमों में एक और संशोधन करते हुए नाम, फस, हाइले भंडार, एकलपत्र खंड में समुचित त्रुटियों के लिए 500 से 1000 रुपये का जुर्माना तय कर दिया गया है और कहा गया है कि ऐसे मामलों में जब्त नहीं के उपाय लाने की शक्ति होगी।

दरम्यान डॉक्यूमेंट को तैयार करने में सफल होना है कि ई-वे फिल में जब्त नहीं की छोटी-मोटी गलतियों पर गड़बड़ी रोक देते हैं और कोई जब्त की

जा 129 सख्त कर देते हैं। सॉफ्टवेयर (सॉफ्टवेयर) के डॉक्यूमेंट को तैयार करने और सफल होना है कि ई-वे फिल में जब्त नहीं की छोटी-मोटी गलतियों पर गड़बड़ी रोक देते हैं और कोई जब्त की

Hindustan Times 24.09.2018

NavbharatTimes 17.09.2018