

*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**

## Exemption from payment of IGST under Advance Authorisation, EPCG and EOU Schemes extended upto 31.03.2020

**DGFT issues notification restoring the IGST exemption under Advance Authorisation, EPCG and EOU Schemes from 01.04.2019 to 31.03.2020.**

The three schemes of Advance Authorisation, EPCG and EOU are very popular and widely used schemes of FTP as under them the importers and exporters are not required to pay custom duty, IGST and compensation cess. Under the GST scheme & benefit of non-payment of IGST and compensation cess had been withdrawn

and the stakeholders were required to pay the IGST and compensation cess in the first instance (upfront) and take ITC. The importers and exporters & their EPCs represented against the above arrangement very strongly as it increased their transaction cost in exports and reduced ease of doing business. The GST Council accepted the demand of the stakeholders and issued notifications from time to time to maintain the status quo prevailing before the introduction of GST.

Now DGFT has issued a Notification No. 57/2015-20 dt 20.03.2019 extending the non-payment of IGST and Compensation Cess under Advance Authorisation, EPCG and EOU schemes (copy reproduced below).

Copy

DGFT Notification No. 57/2015-20 New Delhi, Dated 20 .03.2019

**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 31.03.2020.**

S.O(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 31.03.2020.

2. Exemption from Integrated Tax and Compensation Cess under EPCG Scheme under Para 5.01(a) of FTP 2015-20 is extended upto 31.03.2020. 3. Exemption from Integrated Tax and Compensation Cess under EOU scheme under Para 6.01(d)(ii) of FTP 2015-20 is extended upto 31.03.2020.

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

## Impex # 2 Deadline for installation of radiation scanners for imported metal scrap extended upto 30.06.2019

DGFT issues Public Notice extending the date of installation of 'Radiation Portal Monitors' and 'Container Scanner' for import of unshredded metal scrap.

It has been found that many consignments of imported metal scrap were radio active. Since radiations are harmful to living beings, it is necessary that all metal scrap imported into the country are screened before clearance. To check the radiation, installation of 'Radiation Portal Monitors' and installation of 'Container Scanners' are necessary at every port where import is allowed. The task of installation it appears is not easy and therefore, DGFT has to extend the deadlines from time to time.

Now DGFT has issued a Public Notice No. 80/2015-20 dt 22.03.2019 extending the date further to 30.06.2019 (copy reproduced below).

Copy

DGFT Public Notice No. 80/2015-2020, New Delhi, Dated the 22 March, 2019

Subject: **Amendment in Para 2.54 of the Handbook of Procedures, 2015-2020.**

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby amends sub-para (v)(ii) of Para 2.54 of the Handbook of Procedure (2015-20) and extends the deadline to install and operationalize Radiation Portal Monitors and Container Scanners by 30.06.2019. Such sea ports which fail to meet the deadline will be derecognised for the purpose of import of un-shredded metallic scrap w.e.f 01.07.2019.

**Effect of this Public Notice:** The period for installation and operationalisation of Radiation Portal Monitors and Container Scanner in the designated ports is extended upto 30.06.2019.

## Impex # 3 Existing procedure for procurement from SEZ modified in view of discontinuation of TRA facility

DGFT issues Policy Circular to remove the difficulty in procurement from SEZ on account of the discontinuation of TRA facility.

DGFT issued Policy Circular No. 19/2015-20 dt 14.02.2019 discontinuing the issue of physical copy of Advance / EPCG Authorisations for EDI ports. In place of physical copy the applicant will get a message as given in the above Policy Circular. But the Policy Circular had a rider which reads No TRA facility under such Advance / EPCG Authorisations issued from 01.03.2019 onwards will be available from EDI ports to non-EDI ports.

This provision has adversely affected procurement from SEZs because of the non-integration of SEZ with ICEGate at present.

To remove the above limitation, DGFT has issued a Policy Circular No. 21/2015-20 dt 11.03.2019 in which the DGFT Policy Circular No. 19 dt 14.02.2019 has been partially modified. The details of the modification has been detailed in the Policy Circular dt 11.03.2019 referred to above (copy given below).

Copy

DGFT Policy Circular No. 21/2015-20 Dated 11 March 2019

Subject: **Discontinuation of physical copy of Advanced/EPCG Authorisation - Procurement from SEZs.**

It has come to the notice of this Directorate that procurement from SEZs has been adversely affected due to the discontinuation of TRA facility for authorizations from EDI to non EDI ports vide Policy circular 19 dt. 14.02.2019. The process of integration of SEZ online with ICEGate might take some time. Therefore, for trade facilitation, it has been decided that, in partial modification of Policy circular 19 dt. 14.02.2019, the following process will be followed:

2 Procurement from SEZ 2.1 In case of procurement from SEZs, TRA facility shall be operated by RAs of DGFT as outlined below. The request for TRAs from EDI ports to SEZs shall be made to the concerned RA.

2.2 In cases where the request on a plain paper is made along with the application for authorization, the RA may issue a "Certificate of supplies from SEZ", containing details as given in Para 4.30 (d) of the HBP 2015-20, for the requested item, after making the import item "Invalid for direct imports". The "Certificate of supplies from SEZ" shall be marked in quadruplicate with a copy each to the authorization holder, SEZ supplier unit, designated officer at SEZ, and the relevant port customs authorities. The above certificate shall be issued as an online amendment to the authorization and has to be transmitted.

2.3 In cases where the request for issue of "Certificate of supplies from SEZ" is made in due course, it shall be accompanied with an authorization utilization status issued by the relevant customs authorities mentioned on the authorization for the RA to verify the actual utilization of authorization at the time of application. The certificate may be issued to the extent of quantity available as per utilization status. The remaining procedure shall remain same as the case where the request is made along with the application.

Impex # 4

### Three condonations in the three requirements in EPCG Scheme

DGFT issues Public Notice giving extension in time till 30.09.2018 for receipt of requests for

1. Block-wise extension in E.O. period.
2. Extension in export obligation period.
3. Extension in submission of installation certificate.

Many EPCG Authorisation holders are not able to meet the deadlines in respect of fulfilling the E.O. blockwise, fulfillment of E.O. in the given time, submission of installation certificate. To take care of such cases DGFT has been issuing Public Notices giving extensions in all the three types of cases cited above.

Now DGFT has issued a Public Notice No. 78/2015-20 dt. 11th March, 2019 giving extension in the time upto 30.09.2019 for receiving requests for the three type of cases cited above. Copy of Public Notice dt. 11.03.2019 is reproduced below:

Copy

DGFT Public Notice No. 78/2015-20 New Delhi, Dated 11 March, 2019

Subject: **Onetime condonation under the EPCG Scheme - Extension till 30.09.2019.**

The following Public Notices have been issued by the Directorate General of Foreign Trade :-

- a. Public Notice No. 35/2015-20 dated 25.10.2017 - Onetime condonation of time period in respect of obtaining block-wise extension in Export Obligation period under EPCG Scheme.

b. Public Notice No. 36/2015-20 dated 25.10.2017 - Onetime condonation of time period in respect of obtaining extension in Export Obligation Period under EPCG Scheme.

c. Public Notice No. 37/2015-20 dated 25.10.2017 - Onetime relaxation for condonation of delay in submission of installation certificate under EPCG Scheme.

The validity of the above mentioned Public Notices was extended till 30.9.2018 vide Public Notice No. 1/2015-20 dated 26.04.2018.

2. Later, Public Notice No. 37/2015-20 dated 25.10.2017 was modified vide following Public Notice :-

Public Notice No. 30/2015-20 dated 14.08.2018 - RAs have been delegated power till 31st March, 2019 of one time relaxation and condonation of delay in submission of installation certificate for EPCG authorizations issued upto 31.03.2015. without payment of any penalty.

3. In exercise of powers conferred under Paragraph 2.04 of FTP (2015-20) read with Paragraph 2.58 of FTP (2015-20), the Director General of Foreign Trade in public interest hereby further extends the time of receipt of requests till 30.09.2019 in respect of the above mentioned Public Notices.

4. The other contents of the above mentioned Public Notices shall remain the same.

Effect of this Public Notice: Extension in time period for receipt of requests is being provided as mentioned above.

## Impex # 5

## Questions & Answers

### **Question : Can we pay IGST on import of goods from our ITC credit?**

**Answer :** IGST on imports is the case of Reverse Charge Mechanism (RCM) and all RCM taxes are to be paid 'in cash'. So you cannot pay IGST on import of goods from your ITC account. However, the IGST amount paid in cash on imports is available as ITC to the importer which can be utilized by him for settling his further tax liabilities. SGST liabilities can be settled only in respect of the State where the importer is located. Thus, if the importer is located in UP, then he can discharge his SGST liabilities only in respect UP and not in respect of other States.

### **Question : We are an advance authorization holder. Are we allowed to export on payment of IGST?**

**Answer :** After the issuance of notification No.54/2018 - Central Tax dated the 9th October 2018, exporters, who are importing goods under Advance Authorisation in terms of notification No.78/2017 - Customs, are not eligible for refund of IGST paid on exports. Therefore, the Advance Authorisation holder can export only under LUT from 9th October, 2018.

### **Question : What is the late fee, if GSTR 3B is not filed by the due date?**

**Answer :** From October 2017 onwards, the amount of late fee for filing of GSTR 3B payable by a registered person has been reduced from Rs 200 per day to Rs 20 per day if tax liability arising during the month of filing is 'NIL'; and from Rs 200 per day to Rs 50 per day if tax liability arising during the month of filing is 'NOT NIL'.

### **Question : Is Provisional Refund allowed for all refunds under GST?**

**Answer :** No. Section 54(6) of CGST Act provides for grant of provisional refund of 90% of the total refund claim only in case the claim relates to refund arising or account of zero rated supplies. Thus only refund claim arising on account of zero rated supply are entitled to provisional refund.

**US ACTS TOUGH**

# Come May, India to lose GSP duty concessions

**\$190 m/year scope to go on \$3.6-bn exports; move to erode export edge in many items by up to 300 bps**

**FE BUREAU**  
New Delhi, March 18

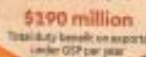
**BY A HCPN** (The analysis said) went against the vital bilateral source of credit for trade, the United States has decided to withdraw duty benefits on annual exports worth \$3.6 billion from India under the so-called Generalised System of Preferences (GSP). The move follows the US trade representative's decision, based on the assumption that the US will be able to secure America's "national security" interests, remove a few where the two countries were close to an earlier trade deal that would have accelerated the globalisation of both sides.

Commerce secretary Anup Wadhvani and export minister Anandiben Patel are expected to be discussing the loss of duty concessions under the GSP with only about \$190 million a year and

**END OF BENEFITS**

**\$5.6 billion**  
Annual value exports to the US under GSP regime

**\$190 million**  
Total duty benefit on exports under GSP per year



**1,784** Number of items covered by GSP including certain engineering goods, organic chemicals and leather

**2-3%** Likely duty on most products currently under GSP after benefits are suspended



I am taking a 3% duty on most products currently under GSP after benefits are suspended.

— **DEEPAK KUMAR**  
DIRECTOR GENERAL OF TRADE

India was able to offer a very meaningful way forward on some of the US requests by a few instances, specific US requests were not found reasonable and realistic at the time.

— **DEEPAK KUMAR**  
DIRECTOR GENERAL OF TRADE

20% levy on steel supplies. The exports under the GSP account for roughly 11% of India's total goods exports to the US.

Under the GSP, 1,784 products — ranging from certain engineering goods and organic chemicals to textiles — are exported from India to the US at zero duty. However, these products typically attract low duties there — for instance, the engineering goods and textiles covered under the GSP typically attract less than 3%. Nevertheless, some leather products, processed food items and handloom are not covered under the GSP. This will impact small exporters who will have to hike the price of their products.

Ravi Sehgal, chairman of engineering goods exporters' body FIEC India, said the cost of locally produced engineering goods that enjoy GSP benefits will rise 10%. Higher duty on imported items like steel, aluminium, Malaysia and Thailand, exports are unlikely to suffer, given the quality of the products and the price of the inputs.

most of the key products in any case, are already outside its ambit. However, given that Indian exports are struggling and the slow growth in global trade owing to protectionist measures, the high logistical and delivery costs are dampening prospects of a major revival in the near term, the US decision could not have come at a more inauspicious

time for the country. US President Donald Trump has recently indicated his resolve to launch a trade offensive against India by cutting high-tariff but low-value categories of "imported" goods.

The US move could also hinder New Delhi's resolve to step up exports of its steel to the US. The US administration's steel

**CONTINUED**

**Continued**

## Come May, India to lose GSP duty concessions

**ENGINEERING GOODS** made up for as much as a fourth of the total benefits under the GSP.

The immediate trigger for the withdrawal is said to be the tightening of India's FDI guidelines on e-commerce, which are expected to hit Amazon and Walmart-backed Flipkart, and New Delhi's drive to force global card payments companies such as Mastercard, Visa and Mastercard to move their data to India, apart from higher tariffs on electronic products and smartphones.

Gautam Haloi, managing director at Matrix Consulting, one of the largest garment exporters, said the textiles and apparel sector won't be affected, although leather items may see some impact. As such, ready-made garments are outside the GSP and are subjected to 16-31% duty in the US, he added.

Ganesh Kumar, president of the Federation of Indian Export Organisations, said while exporters would be able to absorb the duty loss, where it is 3-3%, the government needs to provide support to those products where GSP tariff advantage is significant, particularly in the labour-intensive sector, including processed food and leather products (other than footwear).

country, noted. Moreover, a higher tariff would pose a greater challenge to leather exports.

Indeed, the dull sales of new trucks reflect the weak demand, after growing at a brisk pace in the first half of 2018-19, returns in the March segment of commercial vehicles were flat in January on the back of an 11% year-on-year dip in November and a 21% year-on-year dip in December.

"Acceptability of US market, across requests related to products like utility vehicles, tractors and post-harvest equipment, the US is willing to consider discussions for a Mutual Recognition Agreement," the commerce ministry said.

India just, India had asked the US to default its demand for greater market access from New Delhi to the US and a waiver from the extra steel duty. New Delhi also wants the Trump administration to

reiterate that India is the only large economy whose goods trade surplus with the US has been shrinking (India's China's). In fact, in 2018, the surplus shrank \$4 billion from the previous year. Also, India will miss out on the work of the growing large economy in the coming years, presenting opportunities for US businesses to sectors ranging from defence and retail to IT. India is also a thriving market for US services and e-commerce companies like Amazon, Uber, Google and Facebook with billions of dollars of revenues.

# Exporters' body expresses concern over rupee surge

**PRESS TRUST OF INDIA**  
New Delhi, March 18

**THE FEDERATION OF** Indian Export Organisations (FIEO) on Monday said the sharp appreciation in the rupee is a cause of concern and called for intervention to manage extreme volatility in the domestic currency.

The Indian rupee surged by 57 paise on Monday to close at an over seven-month high of 68.53 against the US dollar, also marking a sixth straight session of gains, driven by sustained foreign fund inflows and narrowing trade deficit.

"Such sharp appreciation is causing concern both amongst the exporters as well as importers, as uncertainty in the exchange rate is driving volatility," FIEO President Ganesh Gupta said.

"Exporters, who have contracted at ₹74 to a dollar but could not hedge it due to non-availability of limit by banks, tend



to incur huge losses," he said.

He suggested that extreme volatility should be managed through intervention so that the exchange rate continues to provide requisite competitiveness to Indian exports.

The rupee is set to appreciate further, giving a jolt to efforts to increase exports, and therefore it should be ensured that it remains near 70 to a dollar, Gupta said.

## GST exemption limit for SMEs to be effective from April 1

The Centre on Thursday notified April 1 as the date for the implementation of doubling of the goods and services tax (GST) exemption limit to ₹40 lakh, which will benefit small and medium enterprises. It will also be the date for availing turnover cap of ₹1.5 crore for availing composition scheme. Also, service providers and suppliers of both goods and services with a turnover of up to ₹50 lakh would be eligible to opt for the GST composition scheme and pay a tax of 6 per cent from the beginning of the next financial year.

### Be cautious while filing returns: FinMin to industry

The finance ministry asked trade and industry to exercise caution while filing the annual GST returns form as the facility to revise it is not available.