

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

Delay on part of DGFT compensated

DGFT issues Trade Notice giving three months time for applying for MEIS for shipping bills with HS Codes which were harmonized and notified under MEIS Appendix 3B, Table 2 after a delay.

22/ 31.08.2017 and 60/ 15.02.2018 may kindly be referred to for such codes).

It is a good gesture on the part of DGFT not to allow its dear exporters to suffer on account of its inability to implement certain things in time. Because of the delay in DGFT office there were certain shipping bills, which could not be utilised for MEIS, because the codes under the shipping bills were harmonized with the ITC HS and notified under MEIS after some delay by DGFT (Public Notice 17/ 22.08.2017,

Since the Custom has transmitted such shipping bills to DGFT by now, the Regional Licencing Authorities can now issue MEIS scrips against such shipping bills.

DGFT has issued a Trade Notice No. 14/2015-20 dt 15th May, 2019 informing the exporters to file their MEIS scrip applications against such shipping bills within a period of three months (copy reproduced below):

(Extract)

Subject: Three months time window for applying for MEIS for Shipping bills with HS Codes which were harmonized and notified under MEIS Appendix 3B, Table 2 after a delay.

There were certain shipping bills, which could not be applied for MEIS, because the codes under the shipping bills, were harmonized with the ITC HS and notified under MEIS after some delay by this Directorate. The Public Notice 17/ 22.08.2017, 22/ 31.08.2017 and 60/ 15.02.2018 may kindly be referred to for such codes.

2. It is informed that the Customs Server has now transmitted such shipping bills to the DGFT server and the necessary changes have been made thereby making these shipping bills available for application under MEIS. The HS Code list for which shipping bills have been received may be seen in the Annexure. For these shipping bills, the applicant can take the benefit of the para 3.15 (a) (ii) of the HBP 2015-20, which allows three months time for filing claims under MEIS from the date of upload of EDI shipping bills onto the DGFT Server by customs, before the late cut provisions are applicable. Therefore, all the applicants with shipping bills with the relevant codes are requested to apply for MEIS claim, well within the time window of three months, to avoid any late cut.

3. As soon as Customs transmits the remaining shipping bills to LX1FT, the same will be made available for MEIS claims at the earliest.

Annexure to Trade Notice No. 14

Sl No.	HS Code	Port Code	Number of Shipping Bills received from the Port
1	29221990	INAKV6	2

For Sl. No. 2 to 723 see full text of Trade Notice.

724	94069020	INWFD6	1
		Total	57028

DGFT issues Policy Circular about creation of an 'upload document' facility in the Advance Authorisation & EPCG ECOM modules.

In spite of the fact that there was no need of physical copy of the application (para 4.02 (ii) of H.B.) for issue of Advance Authorisation & EPCG Authorisation, the Regional Licencing Authorities were still asking for the same on account of absence of 'non-loading facility' of document.

Now DGFT has issued a Policy Circular No.23/2015-20 dt 15th May,2019 wherein it is slated that NIC has now created 'upload document' facility in the ECOM modules of the two authorisations with effect from 20th may, 2019. It means that now the application and its documents can be filed simultaneously and as such no need to submit any requirement physically.

Copy of DGFT Policy Circular No. 23/2015-20 dt 15th May, 2019 referred to above is reproduced below:

Copy

Policy Circular No. 23/2015-20, dtd. 15 May 2019

Subject: Non-requirement of submission of Hard Copy of application at RAs for issue of Advance Authorisation (AA) & EPCG Authorisation

Attention is invited to Para 4.02(ii) of HBP 2015-20 which explicitly states that "Applicant shall upload documents as prescribed in ANF 4A, if any, at the time of online filing of application. No physical copy of application is required to be submitted to Regional Authority." However it has been observed that almost every RA asks for the hard copy of the application and Advance Authorisation/ EPCG is processed on receipt of hard copy only. Main reason was that facility to upload documents in the online ECOM application was not available.

2. To remove the time lag between online application and receipt of hard copy in the DGFT Regional Authority (RA), NIC has now created an 'upload document' facility in the Advance Authorisation & EPCG ECOM modules.
3. Therefore with effect from 20th May 2019, all exporters filing online AA & EPCG applications will, in addition, need to upload supporting documents also as prescribed in ANF/FTP/HBP. With the use of this facility, exporters will not be required to submit hard copy of the AA/EPCG application and its related documents to the DGFT RA.
4. RAs would examine/process such ECOM applications based on the information & documents filed online by the exporter and issue AA/EPCG within the laid down timelines of 3 working days.
5. In cases where the basic prescribed documents have not been uploaded online by the exporter or in exceptional cases where additional document/information is needed for further clarity or decision making, RA may issue an online deficiency letter. Exporter can log in the Online ECOM module and view the deficiency raised online. Although the exporter can submit the reply in writing at the RA counter/post but for a quick response from the RA, it is desirable that exporter also submits the deficiency reply by email to the official email id of the concerned RA (with RA File no. in the subject line) along with necessary scanned documents as attachments.
6. Exporters may note that, after issue of Advance Authorisation under Para 4.07 of the Hand Book of Procedures, 2015-20 (Self declared Authorisations where SION does not exist) it is now the responsibility of the applicants to send two (2) sets of complete application [along with the PDF copy of AA, Appendix 4E, production/consumption data etc. and other related documents which will help in fixation of ad-hoc norms] directly to the FTDO of the concerned Norms Committee (NC) in the o/o DGFT, Udyog Bhawan, New Delhi-110011 for ratification/fixation of the norms. Details of Norms Committee(s) along with products groups dealt by each Norms Committee are laid down in Para 4.06 (i) of Hand Book of Procedures, 2015-20. In case, the application details are not made available by the exporter applicant to the concerned NC on time, the process of fixation of ad-hoc norms will get delayed. Non-availability of application with supporting documents beyond a reasonable period of say 2 months will lead to rejection of the case by the Norms Committee.

DGFT issues Public Notice by which the number of shipping bills has been increased from 50 to 250 in one application (ANF 3D) for MEIS scrip.

DGFT has issued Public Notice No.07/2015-20 dt 7th may, 2019 in which the number of entries of shipping bills/Airway bills which can be filed in a single online ANF 3D application has been increased from 50 to 250 for claiming MEIS benefit (copy given below):

Copy

Public Notice 07/2015-2020 Dated the 7th May, 2019

Subject: **Amendments in the ANF 3D notified on 05.02.2019**

In exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy (2015-2020), the Director General of Foreign Trade hereby makes the following amendment in the ANF 3D notified vide Public Notice No.72/2015-2020 dt.05.02.2019.

Instructions / Guidelines for applicants filing ANF 3D, as notified vide Public Notice 72 dated 05.02.2019	Current Instruction	Amended Instruction
Serial no.v	For the details in the Serial No. 3 below, Applicant to select/feed the details of details of one consignments/shipping bills/ courier shipping bills/postal bill of export / airway bills at a time. A maximum of 50 such details can be filed in one application.	For the details in the Serial No. 3 below, Applicant to select/feed the details of one consignment/shipping bills/courier shipping bills/postal bill of export /airway bills at a time. A maximum of 250 such details can be filed in one application.

Effect of this Public Notice:The number of entries of shipping bills/ Airway bills which can be filed in a single online ANF 3D application has been increased from 50 to 250 for claiming MEIS benefit.

DGFT issues two Trade Notices about discontinuation of physical copy of RCMC w.e.f. 01.07.2019 while filing application for incentive/entitlement under FTP.

One way of reducing transaction cost & increasing ease of doing business in exports and imports is to reduce documentation to bare minimum. DGFT has already done a lot in this direction. The list of mandatory documents for export/import of goods from/into India is given in para 2.06 of FTP of 2015-20. A perusal of the same

shows that only three documents are required in each case.

Now DGFT has issued two Trade Notice Nos.:

1. Trade Notice No. 12/2019-20 dt 13th May, 2019
2. Trade Notice No. 17/2019-20 dt 22nd May, 2019

Both the above Trade Notices are on the subject of 'Discontinuation of submission of physical copy of RCMC with effect from 01.07.2019 for filing applications for incentives/entitlements under FTP'. The Trade Notice dt 22nd May, 2019 also contains further clarification in the matter (copies of both reproduced below):

Copy

DGFT Trade Notice No. 12/2019-20 Dt. 13th May, 2019

Subject: **Discontinuing submission of physical copy of RCMCs with effect from 1.7.2019 while filing application for incentives/entitlements under FTP.**

A copy of the RCMC is a requirement for filing any application to DGFT offices for obtaining incentives/entitlements under FTP, 2015-20. Till now applicants have been submitting the physical copy of the ECMC with the application. In order to improve ease

of doing business and reduce transaction cost it has been decided to discontinue the requirement of submission of physical copy of the RCMC with effect from 1.7.2019. The validity of RCMCs will be checked directly from the DGFT's data base which has the uploaded data of RCMCs from EPCs.

2. DGFT had already issued instructions vide Trade Notice No 37/dated 02.11.2018 requesting all EPCS to upload the old valid and new RCMCs of all the exporters registered with them. As on 30th April, 2019, 32,060 valid RCMCs are available on DGFT's data base. A statement of EPC-wise number of valid RCMCs is attached. All exporters are advised to ensure that their valid RCMCs are duly uploaded by their respective EPCS in the DGFT server. All EPCS are requested to ensure that their latest data regarding RCMCs is uploaded in the DGFT server urgently and also on a regular basis so that exporters are not put to any disadvantages in availing incentives/entitlements.

Copy

DGFT Trade Notice No. 17/2019-20 New Delhi, Dated 22nd May, 2019

Subject: Discontinuing submission of physical copy of RCMCs with effect from 1.07.2019 while filling application for incentives/entitlements under FTP and further clarification in the matter.

In order to improve ease of doing business and reduce transaction cost, vide Trade Notice No.12 dated 13.05.2019, requirement of physical copy of RCMC has been dispensed with from 1.07.2019 and it was decided that the validity of RCMCs will be checked directly from the DGFT's database as uploaded and updated from time to time by various EPCs. DGFT has already provided the facility for exporters to check status of uploading of their RCMCs by their respective EPCs on DGFT's website which may be assessed at http://dgft.delhi.nic.in:8100/RCMCproj/rcmcCheck_input.isp.

2. Further, many times questions arise with regard to appropriateness of EPCs issuing RCMCs under para 2.56 of FTP read with 2.94 of HBP. In this regard, it is clarified that:

- (i) An entity requires only one RCMC from its relevant EPC as per Appendix-2T. It can keep on adding any number of businesses afterwards and RCMCs from other EPCs will be optional only.
- (ii) If an entity, having RCMC for goods from a particular EPC/FIEO, exports services subsequently, there is no need to obtain second RCMC from SEPC (membership with SEPC in such a case is merely optional).

Impex # 5

Procedure notified for claiming MEIS benefit in two cases of not usual type

DGFT issues Public Notice containing procedure where (i) E-BRC is in INR (ii) the shipment has been made to countries which are in OFAC list with no BRC.

International trade is of very varied type where a lot of cases of various types takes place. So DGFT has to devise tailor-made solutions for each type of case.

While most exports are of type where E-BRC gets generated in foreign exchange, there are also two types of cases where the E-BRC is there but not in foreign exchange but in INCR. Then there are cases where there is no BRC as in cases of exports to countries in OFAC list.

DGFT has issued a Public Notice No. 8/2015-20 dt 14.05.2019 in which the procedure for obtaining MEIS benefit of the two types of cases detailed above has been laid down (copy given below):

Copy

Public Notice No. 8 /2015-20 Dated the 14th May, 2019

Subject: Amendment in the Para 3.01(b) of the Handbook of Procedures

In exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy (2015-2020), the Director General of Foreign Trade hereby makes the following amendments in the Para 3.01 (b) of the Handbook of Procedures, 2015-20.

Current Para 3.01 (b)
(b) An application for claiming rewards under MEIS on exports (other than Export of goods through courier or foreign post offices using e-commerce), shall be filed online, using digital signature, on DGFT website at <http://dgft.gov.in> with RA concerned in ANF 3A. The relevant shipping bills and e BRC shall be linked with the online application.

Amended Para 3.01 (b)

(b) An application for claiming rewards under MEIS on exports (other than Export of goods through courier or foreign post offices using e-Commerce) shall be filed online, using digital signature, on DGFT website at <http://dgft.gov.in> with RA concerned in ANF 3A. The relevant shipping bills and e BRC shall be linked with the online application.

However, if

i. E-BRC has been generated in INR and payment is under Para 2.52(b) of the FTP, a letter from the concerned bank is required to be submitted to the concerned RA confirming that the payment has been received through Vostro Mechanism,

or

ii. The shipment has been made to countries which are in OF AC list and e BRC could not be generated by the concerned bank, a declaration to that effect by the exporter along with a self attested copy of the proof of payment such as Foreign Inward Remittance Certificates/Statements, etc. is required to be submitted to the RA,

The RAs would process the application under (1) and (ii) above, after the required documents are submitted in hard copy to the RAs.

Effect of this Public Notice: Procedure for claiming MEIS benefits for exports realized under Para 2.52 (b) of the FTP and for exports in which e BRC is not generated by banks has been notified.

In this connection DGFT has also issued a Trade Notice No. 15/2015-20 dt 16th May, 2019 dealing in detail with various aspects of the two type of cases (reproduced below):

Copy

Trade Notice No. 15/2015-2020 Dated: 16th May 2019

Subject: **Claim of MEIS benefits for exports made to countries in the OFAC List such as Iran and for Vostro payments.**

Vide Public Notice 8/2015-20 dated 14.05.2019 a revised procedure for making online MEIS applications/claims has been notified for situations where exports have been made to countries listed in the OFAC list such as Iran or export realizations have been received through the Vostro mechanism.

2. Under the revised procedure -

2A. In case a shipment has been made to countries which are in the OFAC list and e-BAC has not been generated by the concerned bank for that specific shipment. then the exporter while making the MEIS application/claim has to submit to the RA

i A declaration to that effect, along with

ii A self attested copy of the proof of payment such as Foreign Inward Remittance Certificate/Statement

2B. Also, if e-BRC has been generated in INR and payment is under the Vostro mechanism, a letter from the concerned bank is required to be submitted to the RA confirming that the payment for the particular shipment has been received through Vostro Mechanism in freely convertible currency.

3. In the MEIS Online E- Com module

3A. For OFAC Shipments:

- The exporters are required to submit all such shipments in 1 application. The system would not allow shipments to other countries to be linked in this application.
- An option of "Shipments to OFAC countries " is required to be ticked for building the application with such shipping bills. After the relevant option has been exercised by the applicant, the system would segregate such applications and classify them under 'manual' mode.
- Then for the relevant shipping bill the applicant is required to fill the details of foreign exchange realized manually and submit the application. Exporters will also need to submit the hard copy of documents as mentioned above to the RA [making a reference of the RA File No which has been generated after the Online MEIS claim has been submitted to the jurisdictional RA]. It may be noted that such "manual" applications would not be auto processed by the system and will require due scrutiny by the RAs before MEIS scrips are approved/issued. However, in line with Trade Notice no 3 dated 3rd April 2019, no physical/paper copy of the MEIS scrips will be issued for EDI ports.
- For all such applications, the RAs can change the FIRC details after due scrutiny of the physical copy of the FIRC/ Statement.
- For such applications with shipping bills of the period 01.04.2015 to 15.05.2019, the RAs shall consider the date of Let Export Date as 15.05.2019 (in relaxation of the procedure as notified in para 9.12 (D) of the HBP 205-20) and accordingly modify and impose the appropriate late cut. For shipping bills with Let Export date on or after 16.05.2019, usual late cut would be applied by the system and RAs shall not change it.

3B. For Vostro Payments, the E corn module will identify and segregate the e BRCs which are in INR for processing in manual mode. The RAs will scrutinize the documents as prescribed in the Public Notice No. 08 dated 13.05.2019, which are a self declaration and the certificate of the bank, before issue of the scrip.

Impex # 6

Questions & Answers

Question : We have exported goods on payment of IGST and got refund of the same also under Rule 96 of the CGST Rules, 2017. We also have some cases where we exported goods under LUT without IGST payment and claimed refund of unutilised input tax credit under Rule 89 of the CGST Rules, 2017. Now, in some cases, we agreed to short payment from buyer due to quality claims. We sought write-off from our bankers for the shortfall. They have asked us to surrender proportionate export incentives. We have surrendered the proportionate drawback and MEIS benefits. Are we required to surrender proportionate refunds obtained under GST laws also?

Answer : No. Under the goods and services tax (GST) laws, exports of goods are zero-rated and refunds under the said Rule 96 of 89 of the CGST Rules, 2017 for export of goods are not linked to realisation of payments.

Question : Should I start a new invoice series for the financial year 2019-20 or continue with the old series?

Answer : Rule 46 (b) of the CGST Rules 2017 specifies that the tax invoice issued by a registered person should have a consecutive serial number, not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters hyphen or dash and slash symbolized as "-" and "/" respectively, and any combination thereof, unique for a financial year.

This rule indirectly implies that with the start of new financial year 2019-20 (w.e.f.01/04/2019), a new invoice series, unique for the financial year is to be started by the taxpayers. Similar provision is there in Rule 49 of the CGST Rules 2017 in respect of the issue of Bill of Supply by registered tax-payers availing Composition Scheme or supplying exempted goods or services or both.

If the provisions of Rule 46 or Rule 49 are not adhered to, then apart from non-compliance issue, you may face problem while generating e-way bill.

Question : **The e-way bill software automatically calculates the distance based on PIN. Can we change the distance?**

Answer : E-way bill system is now enabled to auto calculate route distance for movement of goods, based on the Postal Index Number (PIN) codes of source and destination locations given by the user. The e-way bill system will calculate and display the actual distance between the supplier and recipient addresses. You are allowed to edit the distance shown, but it will be limited to 10% more than the displayed distance. If the source PIN and destination PIN are same, then the user can enter up to a maximum of 100 kms only. If PIN entered is incorrect, then the system would alert the user as INVALID PIN CODE, but you can continue entering the distance.

Question : **Can I get IGST refund in a different bank account other than the one mentioned in GST registration?**

Answer : The refund amount is credited to one of the bank accounts that you have added while filing your registration application on the GST Portal. At the time of filling RFD-01A form, you will be required to select a bank account from the list of your linked/registered accounts in the GST Portal for crediting refund to that account, from the dropdown available in refund application. In case you want refund in an-other bank account which is not appearing in the dropdown list, then you will have to add that bank account by filing amendment of registered (non-core) form. The bank account added by amendment form will get added to the dropdown list.

Question : **We refer to DGFT Public Notice No. 84/2015-2020 dated April 3, 2019, and Trade Notice No. 03/2015-2020 dated April 3, 2019, phasing out physical copies of MEIS and SEIS Duty Credit Scrips issued with EDI port as part of imb registration from April 10, 2019" onwards. Does it mean we need not go through the process of registration of such scrips?**

Answer : No. The CBIC has issued a circular no. 11/2009-Customs dated April 9, 2019, referring to the same matter. It says that MEIS/SEIS duty credit scrips shall continue to be transmitted electronically by DGFT to the Customs system and for registration, assessment and debiting of scrips, the current procedure as per the extant Circular No.12/2016-Customs dated March 28, 2016, shall continue to be followed, except that instead of presenting physical copies of the MEIS/SEIS scrips printed on security paper, the current owner or his authorised representative shall approach the proper officer of Customs with details of the MEIS/SEIS scrip such as IEC number, scrip number, etc. As regards verification of ownership of scrip, the same will be checked from the DGFT website.

Question : **Can we delete an e-way bill generated by us?**

Answer : The e-way bill once generated cannot be deleted. However, it can be cancelled by the generator within 24 hours of generation. But if a particular e-way bill has been verified by the proper officer, then it cannot be cancelled. However, e-way bill can be cancelled if either goods are not transported or are not transported as per the details furnished in the e-way bill.

News from 'Print Media'

CBIC tells taxmen to file review pleas

on export scheme in courts

INDIRI BHAGHIA
New Delhi, May

The indirect tax head has asked senior officials to file review petitions on any court order against its move to limit tax benefits under an export incentive scheme in the goods and services tax (GST) regime.

Two courts — the Gujarat High Court and the Madras Bench of the Madras High Court — have given conflicting orders on the issue.

The issue revolves around facilitation of advance authorisation licences under the GST regime. These licences entitle the holder to import goods at zero duty for the purpose of export.

The Central Board of Indirect Taxes and Customs (CBIC) and the Director General of Foreign Trade restricted the use of these licences by imposing the condition of "pre-importation".

This means that these licences are valid only if goods have been imported prior to exports.

This also meant that licences could be used for only those lots of exports for which imports are made and not afterwards.

This condition was not there in the pre-GST law regime. It was based on the pre-import condition, the Directorate of Revenue Intelligence had issued notices to exporters, who used the licences but

have not so the imported goods.

Abhinav Bhatnagar, the counsel for petitioner in the high courts and partner in Khaitan & Co, said, "The matter is set to conclude at various high courts and hence the Supreme Court, at some stage, will have to decide both the merits and vagueness of the pre-import condition."

Policy to boost exports on cards

MADAN KUMAR
New Delhi, May

The Central Board of Indirect Taxes and Customs (CBIC) has set up a working group to look into export promotion policy, the impact of free trade agreements (FTAs) signed by India, tariff concessions vis-a-vis non-tariff barriers faced by exporters, and facilitating e-commerce exports.

"We are looking into issues faced by exporters and intense competition in the international market. The idea is to look at our policies comprehensively from the perspective of export, manufacturing, and trade facilitation," a CBIC official said.

The move comes as India's trade deficit, the gap between exports and imports, reached a high of \$20 billion in 2018-19. Exports touched \$31 billion last year.

WORKING GROUP TO LOOK INTO...

- Tariff concessions vis-a-vis non-tariff barriers faced by exporters
- Need for non-preferential rules of origin and their structure
- Cost of services provided by customs brokers, shipping lines, forwarders
- Facilitation of e-commerce exports
- Manufacture-in-bond under Section 44 of the Customs Act



GOVERNMENT TO SET UP A WORKING GROUP TO LOOK INTO...

but fell short of the government's annual target of \$350 billion. India's FTA have been criticised for being skewed in favour of the partner country, which has led to a widening of the trade deficit.

While the Department of Commerce is doing the impact study, the Customs working

group is going to examine these agreements from the revenue perspective. "We are studying whether the revenue foregone due to various FTAs has been offset by any benefit to our economy," said another official.

According to the revenue numbers given by the Controller General of Accounts, Customs realised the Revised Business target of \$1.2 trillion, largely on the back of little in-

clude Customs duties on several tariff lines including air conditioners, refrigerators, washing machines, mobile phones, and telecom and communication equipment.

Besides, the panel will look at the quality and cost of services provided by intermediaries in the Customs environment like shipping lines and Customs brokers.

Click on Page 04

Business Standard 07.05.2019

Business Standard 02.05.2019

The Customs department is looking at popularising the manufacture-in-bond under Section 44 of the Customs Act, wherein manufacturers can import duty-free for export in the bonded warehouses.

"We want push the scheme to a few export-oriented sectors like apparel, gems and jewellery, carpets, handicrafts, and electronic equipment," said the official.

"We are also planning to go for only record-based supervision and do away with physical supervision in bonded warehouses for most cases," he said.

With the introduction of the goods and services tax (GST), bonded warehouses are more favourable for exporters as complications arising under central excise law on what would or would not be synonymous with manufacture are gone. Only the GST on the imported GST is being levied now allowing a free flow of goods.

There are no geographical restrictions to set up in-bond warehouses and this does not require approval from the inter-ministerial board as in the case of export-oriented units and special economic zones.

Imports of raw materials and capital goods are duty-free till their final clearance.

The CBIC had last year allowed a single-bond as well as an integrated digitised accounting form. India's rank on trading across borders took a quantum leap from 146 to 40 in the ease of doing business report released by World Bank last year.

"As global trade is showing signs of moderation, competition is set to increase. Therefore, additional efforts are needed to impart competitiveness to our exports, including trade facilitation, which Customs is attempting," said Ashw Sahai, director general and chief executive, Federation of Indian Export Organisations.

Customs has also come out with a national trade facilitation action plan, which provides a road map for meeting India's commitments under the trade facilitation agreement.

HC: No GST at duty-free shops

Indira Bhatnagar

New Delhi: Multiple court rulings on payment of goods and services tax (GST) at duty-free shops are making its

confusing for those by taxpayers and consumers from the airports.

A recent Allahabad high court judgment may however, provide some relief with the court ruling that there shall be no GST on the purchase of goods made at duty free stores at the arrival or departure terminals. The court held that tax will not be levied as the goods never cross customs barrier and passengers carry the items for their personal effect.

The ruling is similar to the one by Karnataka high court where in case of Florida Duty Free Shop, it was held that sale or purchase by such stores would be a transaction in the course of export or import.

But what complicates matters is a ruling by the Madras high court in the case of West Clothing, where it held that the transactions were liable to GST as supply to a duty-free shop by an Indian supplier is not to a place outside India and therefore such supplies do not qualify as exports under GST.

Moreover, the Authority for Advance Rulings (AAR) had held that supply of goods to passengers going abroad from duty-free shops at Delhi

International Airport is liable to GST. Alcohol, which is the most popular item at duty-free shops, is exempt from GST.

"Applicability of GST on duty-free shops has been a perennial issue under the erstwhile VAT regime with multiple diverse rulings. The situation has not improved even under GST on account of diverse rulings by MP and Karnataka high courts. The new ruling seems to have rightly interpreted the provisions under the GST law as well as taxpayer's rights to arrive at the conclusion which appears to be reasonable."

BIG RELIEF?

noted in line with the legislative intent," said the court.

The Allahabad HC order came in response to a PIL filed by Atin Krishna on the grounds that the taxpayer is being harassed. The petition has argued that the respondents are liable to pay Central and state GST on the goods sold to international passengers at international terminals and is liable to get refunds of the accumulated input tax credit.

The respondents contended that the supply of goods to their cross-border travellers is not a supply under the integrated GST.

Times of India 25.05.2019

Times of India 25.05.2019

Govt likely to offer export sops, check import flows from China

Times News Network

New Delhi: A commerce department strategy paper has suggested a slew of measures to boost exports and reduce imports to check the massive trade deficit with China.

The paper has been prepared at the behest of commerce and industry minister Suresh Prabhu, who has been trying to reduce the gap between exports and imports with India's neighbours. Some of the steps have helped in narrowing the trade deficit with China to \$25.8 billion in 2018-19 from \$28 billion in the previous financial year.

To further bridge the gap, the paper has suggested export incentives. "Efforts would be made to support exporters by providing tariff reduction through ICEEP (Integrated trade agreement) and by providing suitable export in-



Schematic diagram

centives to adequately substitute the existing MISB (Manufacturing Incentive Schemes) from India.

It said the ministry needs to vigorously pursue for greater market access for agriculture and dairy products, and pharmaceuticals.

The paper said Indian pharmaceutical firms face regulatory hurdles such as prolonged and unpredictable timelines for drug registration, demand for submission of detailed clinical trial

data and requirement to re-evaluate the drug formulation process at the time of filing for registration.

On this, the ministry would look at establishing an interface between IITD and Drug Administration (DAs) of India and China in the form of regular training programmes on regulatory standards and processes of filing dossiers in China, and releasing product registration timeline from 36 years to one year.

It would also look at providing export orders where market access has been obtained from China for commodities like rice, sugar and sesame seeds. Regarding import substitution, the paper noted that India's imports from China are mostly dominated by electronics, telecom, electrical equipment and pharmaceuticals.

Citing views of telecom industry it said China is adopting a host of discriminatory and restrictive practices against Indian companies to bar them from participating in their procurement process.

On this, the industry would look at establishing an interface between IITD and

manufacturing of products like printed circuit board and camera modules, and creation of the research and development fund for the sector.

Further, it said interventions are required for attracting foreign technology intensive firms, which are relocating their manufacturing facilities away from China in light of the ongoing trade war between the US and China.