

Impex # 1

**Impetus to "Make in India" by streamlining
'Manufacture Operations in Warehouse Regulations'**

CBIC issues Notification containing new regulations for 'Manufacture and other Operations in Warehouse Regulations'.

CBIC has issued a Notification No. 44/2019-Customs (N.T.) dt 19th June, 2019 containing new regulations in respect of 'Manufacture and other Operations in Warehouse Regulations'.

These regulations have been put in place with a view to streamline the procedure for manufacture in a warehouse under section 65 of the Customs Act, to give impetus to "Make in India".

Copy (Extract) of the Custom Notification dt. 19th June, 2019 referred to above is reproduced below:

1. Short title and commencement:- (1) These regulations may be called the Manufacture and Other Operations in Warehouse Regulations, 2019.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions:- (1) In these regulations, unless the context otherwise requires, -

(a) "Act" means the Customs Act, 1962 (52 of 1962);

(b) "bond officer" means an officer of customs in-charge of a warehouse;

(c) "section" means the section of the Act;

(2) The words and expressions used herein and not defined in these regulations but defined in the Act shall have the same meanings respectively as assigned to them in the Act.

3. Eligibility for application for operating under these regulations:- The following persons shall be eligible to apply for operating under these regulations, -

(i) a person who has been granted a licence for a warehouse under section 58 of the Act, in accordance with the Private Warehouse Licensing Regulations, 2016 which were notified by the Central Government in the Gazette of India, Extraordinary, Part-II, Section-3, Sub-Section (i), vide the number G.S.R 518 (E), dated the 14th May, 2016.

(ii) a person who applies for a licence for a warehouse under Section 58 of the Act, along with permission for undertaking manufacturing or other operations in the warehouse under section 65 of the Act.

4. Application for permission:- An application for operating under these regulations shall be made to the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be.

5. Grant of permission:- Upon due verification of the application made as per regulation 4, the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, shall grant permission to operate under the provisions of these regulations to a person, who -

- (i) has been granted a licence for a warehouse under Section 58 of the Act, in accordance with Private Warehouse Licensing Regulations, 2016;
- (ii) undertakes to maintain accounts of receipt and removal of goods in digital form in such format as may be specified and furnish the same to the bond officer on monthly basis;
- (iii) undertakes to execute a bond in such format as may be specified.
- (iv) undertakes to inform the input-output norms, wherever considered necessary, for raw materials and the final products and to inform the revised input-output norms in case of change therein.

Impex # 2

Last date of installation of radiation monitors for scanning of imported metallic scrap extended

DGFT issues Public Notice extending the date to 30.09.2019 for installation of radiation monitors and container scanners in ports for scanning the imported unshredded metallic scrap.

In the interest of public health it is desirable that the imported unshredded metallic scrap is free from radiation. To ensure it the imported material has to be screened by radiation monitors and container scanners. The installation of these two equipments at all the ports where the material is imported is not a small work. Some ports have done it and some have not been able to do it within the deadline fixed by DGFT.

DGFT has now issued a Public Notice No. 13/(2015-20) dt. 25th June, 2019 extending the date of installation of equipments to 30th Sept, 2019 (copy reproduced below):

Copy

Public Notice No. 13 /(2015-2020) NEW DELHI: Dated the 25 June, 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 30.09.2019. 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 01.10.2019.

Effect of this Public Notice: The period for installation and 1 operationalisation of Radiation Portal Monitors and Container Scanner in the designated ports is extended up to 30.09.2019.

Question : What is 'Third Party' exports and what are its requirements in case of 'Third Party' export in EPCG Scheme?

Answer : The definition of 'Third Party' export is given in para 9.60 of the FTP of 2015-20 and is given below:

9.60 "Third-party exports" means exports made by an exporter or manufacturer on behalf of another exporter(s). In such cases, export documents such as shipping bills shall indicate names of both manufacturer exporter/manufacturer and third party exporter(s). Bank Realisation Certificate (BRC), Self Declaration Form (SDF), export order and invoice should be in the name of third party exporter. As regards its applicability in EPCG Scheme the same is given in para 5.10 of the H.B. of Procedure (Vol. 1) of 2015-20 and is reproduced overleaf:

5.10. Conditions for fulfilment of Export Obligation

In addition to conditions in paragraph 5.04 of FTP, the following conditions shall also be applicable for fulfilment of export obligation:

- (a) Name of the supporting manufacturer as well as the exporter shall be indicated on export documents.
- (b) EPCG authorisation holder may export either directly or through third party(ies).
- (c) In case the Authorization Holder wants to export through a third party, export documents viz., shipping bills/Bill of exports etc. shall indicate name of both authorization holder and supporting manufacturer, if any, along with EPCG authorization number. BRC, GR declaration, export order and invoice should be in the name of third party exporter. The goods exported through third party should be manufactured by the EPCG Authorisation Holder or the supporting manufacturer where the capital goods imported under the authorisation have been installed. Proceeds realised through normal banking channel from third party exporter's account to the authorisation holder's account on account of such exports only shall be counted towards fulfilment of export obligation.

The EPCG authorization holder shall submit the following additional documents for discharge of EO through third party(ies):

- (i) A copy of agreement entered into between the authorization holder and the ultimate exporter undertaking to export the goods manufactured by the authorization holder/supporting manufacturer for fulfilment of the export obligation against the EPCG authorization in question.
- (ii) Proof of having despatched the goods from authorization Holder's factory premises to the ultimate exporter/port of export viz. (a) ARE 1 certificate issued by Central Excise/Tax invoice for export prescribed under the GST rules with due authentication by the Customs verifying the exports along with the shipping bill number, date and EPCG authorization number or (b) Invoice duly incorporating the relevant EPCG authorization number & date at the time of dis-patch in case the unit is not registered with Central Excise/GST.
- (iii) Lorry Receipt (LR)/Logistical evidence for transportation of goods from the premises of the authorization holder to the third party/port of export.

- (iv) An undertaking from the 3rd party on a stamp paper, declaring that the products exported for fulfillment of EO by them on behalf of the license holder as per details given in the statement of exports, were manufactured by the license holder.
- (v) Financial evidence for having received proceeds through normal banking channel from third party exporter's account to the authorization holder's account on account of such exports towards such third party supplies.
- (vi) Disclaimer certificate from third party that they shall not use such proceeds towards EO fulfillment of any EPCG authorization(s) obtained by them.

Question : What is the process of refund of GST on exports?

Answer : In case of refund of tax on inputs used in exports, refund of 90% is granted provisionally within seven days of acknowledgment of application in Form GST RFD-01. Remaining 10% is paid within a maximum period of 60 days from the date of receipt of application complete in all respects. Interest @6% is payable if full refund is not granted within 60 days.

In the case of refund of IGST paid on exports, the shipping bill filed with the Customs is treated as an application for refund and is deemed to have been filed after submission of export general manifest (EGM) and furnishing of a valid return in Form GSTR-3 by the applicant. The Customs process the claim for refund and an amount equal to the 1GST paid in respect of each shipping bill is credited to the bank account of exporter.

Question : How is compensation cess refunded on exports?

Answer : A registered person making export of final goods without payment of IGST under bond or LUT, who pays compensation cess on inward supplies, can avail the ITC of the compensation cess in GSTR-3B and apply for refund of such accumulated ITC to the extent of export turnover. An exporter may also make exports on payment of integrated tax. but he cannot utilize the credit of the compensation cess for payment of integrated tax in view of the proviso to Section 11(2) of the Cess Act, which allows the utilization of the input tax credit of cess, only for the payment of cess on the outward supplies. Accordingly, he cannot claim refund of compensation cess in case of zero-rated supply on payment of integrated tax.

Question : Who is required to file annual return in GSTR-9 and who are exempted from it?

Answer : Section 44(1) of CGST Act says, every registered person shall be required to file GSTR-9. Hence, irrespective of the turnover, every registered person under GST is required to file GSTR-9. However, there are some exceptions. An input service distributor, a person paying tax under section 51 (TDS) or section 52 (TCS), a casual taxable person, and a non-resident taxable person are not required to file GSTR-9. Person paying tax under section 52 (TCS) is required to file GSTR-9B, but since the provision of Section 52 is applicable from 1st October 2018 only, such person is not required to file GSTR-9B for the year 2017-18.

Question : What is the due date of filing GSTR-9?

Answer : As per Section 44(1) of CGST Act, every registered person is required to file annual return on or before 31st December of the year succeeding the financial year in form GSTR-9. For FY 2018-19, the due date of filing GSTR-9 is 31st December 2019.

News from 'Print Media'

Accept value in bill of entry

The Supreme Court declared last week that the transaction value mentioned in the bill of entry should not be discarded unless there are contrary details of contemporaneous imports or other material justifying the rejection. The court stated so in its judgment in Century Metal Recycling Ltd vs Union of India. The company is engaged in the manufacture of aluminium alloys, for which it regularly imports aluminium waste as a raw material for self-consumption. Its grievance is that the principal commissioner of customs, Noida, always refused to clear consignments according to the declared transaction value in the bill of entry. The officers insist that the firm write a letter agreeing to pay customs duty as per their valuation. Thus the firm is compelled to forego its right to provisional assessment under the Customs Act. The court allowed the appeal stating that the order of the customs authorities was flawed and contrary to law for it did not give a good reason for rejection of the transaction value as declared in the bill of entry.

Business Standard 27.05.2019

US Removal of Preferential Tariffs Unfortunate, Says India

New Delhi: India on Saturday termed the US move to end preferential tariffs to \$4.6 billion of Indian exports as "unfortunate" and vowed to protect the country's national interest.

The US on Friday announced its decision to end preferential tariffs to Indian exports after determining that New Delhi has not assured the US that it will provide "equitable and reasonable access to its markets". The announcement came on the day Piyush Goyal took charge as the new commerce and industry minister.

The two sides had been negotiating a trade package to resolve bilateral issues, including the issue of the Generalized System of Preferences (GSP) scheme, whose termination the US announced in March. "It is unfortunate that this did not find acceptance by the US. India, like the US and other nations, shall always uphold its national interest in the commerce, the commerce and industry ministry said on Saturday. Significant development in trade and commerce, and citizens' aspirations for better standards of living will remain the guiding factor in the government's approach, it said.

As part of the bilateral trade discussion, India had offered resolution on a significant US request to find a mutually acceptable way. "These are unilateral, non-reciprocal and non-discriminatory benefits extended by some developed countries to developing countries," it said.

However, India said it will continue to build relations through dialogue with the US and resolve "ongoing issues" on economics ties. "We are confident that the two nations will continue to work together to meet the challenges of a mutually beneficial approach," the ministry said.

The US also removed the exception for India from the application of the safeguard measures on crystalline silicon photovoltaic (SPV) products and large residential windows, effective June 5. In January last year, the US had implemented a safeguard measure on imports of certain SPV cells and large windows.

"At the macro level, the impact of GSP withdrawal on our exports to the US would be minimal," said Ganeswar Kumar Gupta, president, FIEBO.

—Our Business



Economic Times 02.06.2019

अब बस आधार से ही हो जाएगा GST रजिस्ट्रेशन

नई दिल्ली: केंद्रीय वित्त मंत्री अरुण जेटली ने कहा है कि अब GST रजिस्ट्रेशन के लिए आधार से ही हो जाएगा। उन्होंने कहा कि यह सुविधा 15 अगस्त से लागू होगी।

जेटली ने कहा कि यह सुविधा GST रजिस्ट्रेशन के लिए आधार से ही हो जाएगा। उन्होंने कहा कि यह सुविधा 15 अगस्त से लागू होगी।

जेटली ने कहा कि यह सुविधा GST रजिस्ट्रेशन के लिए आधार से ही हो जाएगा। उन्होंने कहा कि यह सुविधा 15 अगस्त से लागू होगी।

जेटली ने कहा कि यह सुविधा GST रजिस्ट्रेशन के लिए आधार से ही हो जाएगा। उन्होंने कहा कि यह सुविधा 15 अगस्त से लागू होगी।

Navbharat Times 20.06.2019

RBI asked to give \$25bn credit for exports: Goyal

New Delhi: Commerce and industry minister Piyush Goyal on Friday urged the Reserve Bank of India (RBI) to provide \$25 billion credit for exports and ensure that exporters get bank at interest rates not exceeding 10%.

The minister was speaking at a meeting of all private banks and private sector banks, RBI, India bank, exporters representatives to look into the issues pertaining to export credit sector.

RBI has been asked to look into \$25 billion line of credit from its foreign currency reserves for use to lend performing loans, and to look into priority sector lending programs for export credit, it added.

The RBI has been asked to look into \$25 billion line of credit from its foreign currency reserves for use to lend performing loans, and to look into priority sector lending programs for export credit, it added.

The RBI has been asked to look into \$25 billion line of credit from its foreign currency reserves for use to lend performing loans, and to look into priority sector lending programs for export credit, it added.

Times of India 8.06.2019

IGST credit accrued in FY18 won't lapse if not availed that fiscal

New Delhi, June 4

THE FINANCE MINISTRY on Tuesday assured traders and exporters that credit accrued on import of goods by paying IGST in 2017-18 will not lapse even if the taxpayer did not claim credit in the next financial year.

Addressing concerns raised by trade and industry regarding the expiry of credit for the first year (2017-18) of IGST credit, the ministry assured taxpayers to file the correct data about tax payments and other details as reported in monthly sales returns to annual return GSTR-9 by submitting self-populated data.

The ministry said many taxpayers have raised concerns that annual return form GSTR-9 does not allow a taxpayer to report details of IGST paid on



Financial Express 05.06.2019

Export credit: Decline in loans to exporters a concern, says Goyal

New Delhi, June 7

COMMERCE AND INDUSTRY minister Piyush Goyal on Friday expressed his concern over the decline in export credit, especially for MSMEs, and urged the RBI to ensure that the credit line is available to exporters at the lowest possible rate.

Goyal said that the decline in export credit is a concern for the government and he has asked the RBI to ensure that the credit line is available to exporters at the lowest possible rate.

Goyal said that the decline in export credit is a concern for the government and he has asked the RBI to ensure that the credit line is available to exporters at the lowest possible rate.



Financial Express 08.06.2019

Financial Express 10.06.2019

WTO TROUBLE: India to phase out major export scheme in 2-3 yrs

New Delhi, June 7

INDIA is set to phase out its major export scheme, the Export Credit Scheme (ECS), in 2-3 years, according to a report by the World Trade Organization (WTO).

The report says that the ECS is a major export scheme and it is being phased out because it is not WTO-compliant.

The report says that the ECS is a major export scheme and it is being phased out because it is not WTO-compliant.