

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

Faceless assessment in customs extended to more custom zones

CBIC issues custom circular to roll out "2nd phase of All India roll-out of Faceless Assessment" with effect from 03-08-2020.

Trade facilitation is a key factor in increasing the competitiveness of our goods in the international market. The facilitation measures should ensure 'ease of doing business and 'reduction in transaction cost'.

One more step in the above direction was taken by CBIC by introduction of "1st phase of All India roll-out of Faceless Assessment" by its Custom Circular No.28/2020-Customs Dt 5th June, 2020. This circular appeared in the last issue of CRAFTCIL. This measure was introduced at Bengaluru and Chennai with effect from 8th June, 2020.

Now CBIC has issued Custom Circular No. 34/2020-Custom Dt 30th July, 2020 extending the roll-out to other custom zones as detailed in the circular. This has been called '2nd phase' and shall be applicable from 03-08-2020. (copy reproduced below).

(Copy)

Custom Circular No. 34/2020-Customs dtd. 30th July, 2020

Subject: 2nd phase of All India roll-out of Faceless Assessment - reg.

Kind reference is invited to Board Circular No.28/2020-Customs and Instruction No. 09/2020, both dated 05.06.2020 on the 1st phase of All India roll-out of Faceless Assessment under the umbrella of the Turant Customs programme. The 1st phase was begun from 08.06.2020 at Bengaluru and Chennai Customs Zones for items of import primarily covered by Chapters 84 and 85 of the Customs Tariff Act, 1975. As earlier informed, the 1st phase marked the beginning of the pan India roll out of Faceless Assessment, in different phases covering other ports and items of import, leading upto this mode of Customs assessment becoming the norm across the country from 01.01.2021.

2. Board has reviewed the 1st phase of Faceless Assessment at Bengaluru and Chennai and resolved few technical and administrative issues that arose. Board also noted that on expected lines the Faceless Assessment ushered in a smooth and faster clearance process with uniformity in assessment. Accordingly, Board has decided to begin the 2nd phase of All India roll-out of Faceless Assessment w.e.f.03.08.2020 by including Delhi and Mumbai Customs Zones and extending the scope of Faceless Assessment at Chennai and Bangalore Customs Zones. It is clarified that the Customs Zones and the imports already covered under the 1st Phase would continue and be treated as subsumed under the 2nd phase. Thus, the 2nd phase of Faceless Assessment will cover the following specified Customs Zones and the imports primarily under the specified Chapters of the Customs Tariff Act, 1975:-

S. No.	Chapter(s) of the Customs Tariff Act, 1975	Appraisement Group	Customs Zones	Remarks
1	84	5	Bengaluru, Chennai and Delhi	Bengaluru and Chennai Zones were covered in 1st phase.
2	85	5A	Bengaluru, Chennai and Delhi	Delhi Zone is newly covered.
3	89 to 92	5B	Bengaluru, Chennai and Delhi	Pilot programme has been running in Delhi Zone since September 2019 and now Bengaluru and Chennai are newly covered
4	50 to 71	3	Bengaluru, Chennai and Delhi	Pilot programme has been running in Chennai Zone since September 2019 and now Bengaluru and Delhi are newly covered.
5	29	2A	Mumbai I, Mumbaill and Mumbai III	Newly introduced Zones

3. Further, for monitoring and ensuring speedy and uniform assessments in the Customs Zones at S.Nos. 1 to 4 of the above table, in regard to Bills of Entry assigned by the Customs Automated System to the officers of the Faceless Assessment Groups, Board hereby nominates the following officers as Nodal Commissioners:-

S No.	Designation
1.	Principal Commissioner/Commissioner of Customs, Bengaluru City, Bengaluru
2.	Principal Commissioner/Commissioner of Customs, Airport and Air Cargo Complex, Bengaluru
3.	Principal Commissioner/Commissioner of Customs (II), Chennai
4.	Principal Commissioner/Commissioner of Customs (VII), Air Cargo Complex Chennai
5.	Principal Commissioner/Commissioner of Customs, ICD Tughlakabad, Import
6.	Principal Commissioner/Commissioner of Customs, Air Cargo Import, Delhi

3.1. For the Customs Zones at S.No.5 of the table in para 2 above, Board hereby nominates the Principal Commissioner/Commissioner of Customs, Import-II, New Custom House, Mumbai, the Principal Commissioner/Commissioner of Customs, NhavaSheva-I, Jawaharlal Nehru Customs House, Mumbai and the Principal Commissioner/Commissioner of Customs(III), Import, Air Cargo Complex, Sahar, Mumbai as Nodal Commissioners who shall be administratively responsible for monitoring and ensuring speedy and uniform assessments in the three Customs Zones, in regard to Bills of Entry assigned by the Customs Automated System to the officers of the Faceless Assessment Groups.

4. Further, Notification No.63/2020-Customs (N.T.) dated 30.07.2020 is issued for the purpose of empowering the jurisdictional Commissioners of Customs (Appeals) at Bengaluru, Chennai, Delhi and Mumbai to take up appeals filed in respect of Faceless Assessments pertaining to imports made in their jurisdictions even though the assessing officer may be located at the other Customs station. To illustrate, Commissioners of Customs (Appeals) at Bengaluru would decide appeals filed for imports at Bengaluru though the assessing officer is located at Delhi. Similarly, Commissioners of Customs (Appeals) at Mumbai-I would decide appeals filed for imports at Mumbai-I even though the assessing officer is located at Mumbai-II.

5. All other clarifications and guidelines on Faceless Assessment, as provided vide Circular No.28/2020-Customs and Instruction No.09/2020-Customs, both dated 05.06.2020 may be kindly referred to.

6. The concerned Principal Chief Commissioners/Chief Commissioners are requested to issue Public Notices and guide the trade suitably to ensure the smooth roll out of Phase 2 of Faceless Assessment.

Impex # 2

Additional measures for enhancement of efficiency in custom clearance process

CBIC issues Custom Circular containing the scheme of setting up of 'Turant Suvidha Kendra' and other initiatives for Contactless Customs.

For speedy clearances, transparency in decision making, ease of doing business and very importantly, reduce physical contact in the prevailing pandemic situation, CBIC has issued a Custom Circular No. 32/2020-Customs DT 6th July, 2020 containing facilitation measures as detailed below:

1. Turant Suvidha Kendra in all customs formations.
2. Automated debit of bond after assessment.
3. Simplified registration of importers/ exporters in ICEGATE.
4. Registration of Authorized Dealer Code, Bank Account through ICEGATE.

The details of all the above initiative for enhancement of trade facilitation as well as improve the efficiency of custom process are given in the above custom circular (reproduced overleaf).

(Copy)

Customs Circular No.32/2020-Customs dtd.6th July, 2020

Subject: Turant Customs - TurantSuidha Kendra and Other Initiatives for Contactless Customs - reg.

Under its flagship 'Turant Customs' programme aimed at providing a 'Faceless, Contactless and Paperless' Customs administration, Board has recently introduced a number of initiatives that leverage technology in order to enhance the efficiency in the Customs clearance processes thereby leading to speedy clearances, transparency in decision making, ease of doing business and very importantly, reduce physical contact in the prevailing pandemic situation. These initiatives include, amongst others, automated clearances of Bills of Entry, digitisation of Customs documents, paperless clearance, Faceless Assessment and establishment of TurantSuidha Kendra at Bengaluru and Chennai vide Circulars No.05/2020-Customs, dated 27.01.2020, No.19/2020-Customs, dated 13.04.2020 and No.28/2020-Customs, dated 05.06.2020 respectively.

2. Continuing with the aforementioned initiatives and with a view to further prepare the ground for applying the reforms pan-India, Board has now decided to take certain measures, which are detailed below.

3. TurantSuidha Kendra in All Customs Formations:

3.1 Circular No.28/2020-Customs, dated 05.06.2020 provided for setting up TurantSuidhaKendras (TSK) for the purpose of implementation of 1st Phase of Faceless Assessment at Bengaluru and Chennai and Instruction No.09/2020-Customs, dated 05.06.2020, details the roles and functions of TSKs. Considering the benefits ushered in by providing single point interface, Board has decided to extend TSKs to all the Customs formations for carrying out the functions mentioned in para 5 of the said Circular. The Principal Chief Commissioners of Customs/ Chief Commissioners of Customs are advised to set up the TSKs in all Customs stations by 15.07.2020. This step is being taken in advance of the pan-India rollout Faceless Assessment, which would be done in phases to be announced soon. To reiterate, the broad scheme of the TSK would be as follows:

(i) The document verification by Customs officers at Assessment and Customs Compliance Verification (CCV) stages would normally be based on the documents uploaded in the e-Sanchit, not requiring physical submission of documents. However, if in any exceptional situation the physical submission of documents is required by Customs, for defacement or validation, such submission would be made only at the TSKs.

(ii) Documents requiring verification during examination for validation with goods would continue to be done during examination, as at present.

(iii) One or more TSKs may be set up for the convenience of the trade.

(iv) Suitable procedures are to be devised for handling & safe keeping of the documents produced at TSKs. Ideally these documents should also be kept in electronic form.

3.2. The Principal Chief Commissioners of Customs/ Chief Commissioners of Customs are advised to give wide publicity regarding the place, timings and contact details of the TSKs.

4. At the behest of Board, DG Systems, CBIC has enabled w.e.f. today i.e., 06.07.2020 certain functionalities in ICEGATE which would reduce the need for physical interaction between Customs and trade and also speed up the Customs clearance process. These new functionalities are explained below.

4.1. Registration of Authorised Dealer Code, Bank Accounts through ICEGATE:

4.1.1. Exporters are presently required to register their Authorised Dealer (AD) Code and Bank Account(s) for purposes of remittances and availing export benefits respectively at every Customs station. Even though it is an one-time procedure, it requires physical interaction between the Customs and the trade and submission of physical documents by the latter. Being a manual process, it causes delays impacting exports besides requiring the exporters or their representatives to personally visit the Customs Houses. Same is the case for the process of updation of Bank Account details. On review, this procedure has been done away with.

4.1.2. The Directorate General of Systems, CBIC has now enabled a functionality within ICEGATE login which allows the exporters to make an online request for registration/modification of their AD Code / Bank Account(s) and also electronically submit the

Passbook copy or Bank Authorisation letter through e-Sanchit. The exporters would also have access to a Dashboard to view the status of approval and acceptance at PFMS, for quick rectification at their end. The detailed step-by-step guide is available on the ICEGATE portal at https://www.icegate.gov.in/Download/Bank_Account_Management_Advisory.pdf.

4.1.3 The Principal Commissioner/Commissioner of Customs is advised to ensure that the concerned Customs officer completes the approval process for registration/update of the Authorised Dealer (AD) Code and Bank Account(s) details in ICES within the same working day of receiving the applications, if all requirements are submitted in ICEGATE. Further, if any deficiencies are noticed, the same shall be communicated to the exporter via the Customs Automated system, who would then make required rectification through ICEGATE portal.

4.2 Automated debit of bond after Assessment:

4.2.1 Presently, importers or their representatives are required to physically visit Customs House for physical debit of Bonds after the Bill of Entry is returned (to the importer) for the payment of duty. On review, it has been decided to do away with this requirement. Instead, ICES would automatically debit the Bond and reflect the same in the first copy of the Bill of Entry, provided the details of the Bond are provided during submission of the Bill of Entry. As has been re-iterated earlier, trade is encouraged to use a continuity bond to avoid procedures related to repeat submission of Bonds.

4.3 Simplified Registration of Importers/Exporters in ICEGATE:

4.3.1 Although simplified Registration module for importers / exporters based on verification provided in associated GSTIN has been provided without the requirement of digital signature, since many importers / exporters have not availed the same, various functionalities available in the ICEGATE portal cannot be accessed by them. These functionalities are useful to the importers / exporters and would help them in their management of imports and exports. Some of these functionalities are Management of Bank Accounts, Ledger View, IGST Refund status, Query Reply etc. Therefore, importers / exporters are advised to register on ICEGATE and conduct their Customs clearances through electronic interface. The simplified registration on ICEGATE can be done easily in few moments by following the steps given in the link at https://www.icegate.gov.in/Download/Advisory_for_Simplified_Registration_at_ICEGATE_v1.pdf.

5. The aforementioned initiatives are expected to enhance trade facilitation as well as improve the efficiency of the Customs processes. Therefore, the trade is advised to make full use of the new initiatives and make their Customs clearance process a pleasant experience. Any difficulties, in this regard, may please be brought to notice of Board.

Impex # 3

Questions & Answers

Question : Our Export House certificate is expiring in September, 2020. We understand that as per Public Notice No. 67 dated 31.03.2020 (attached), the validity of all export houses have been extended up to 31.03.2021. We request you to kindly clarify the same

Answer : All certificates valid on 31st March, 2020 have been extended till 31st March 2021. Therefore, a certificate expiring in September 2020 is also extended till 31st March, 2021. However, you have the option to file an application of renewal as well, if you so desire.

Question : What is the NIRVIK Scheme announced by the Government?

Answer : NIRVIK (Niryat Rin Vikas Yojana) is aimed to ease the lending process and enhance the availability of credit to exporters. Under the Scheme, the insurance guarantee provided by ECGC to banks will now cover up to 90% of the principal and interest both on pre and post shipment credit. The ECGC currently provides such guarantee only up to 60% of the loss to the banks. The premium for the coverage will also get reduced thereby benefiting the MSME exporters. This in turn is expected to enhance accessibility and affordability of credit to exporters, besides, less provision requirement and liquidity due to quick settlement of claims ensuring availability of adequate working capital to the export sector.

Question : What are the new features added in the ICEGATE system for facilitating exports?

Answer : The new functionalities added by ICEGATE are:

- i) **Registration of Authorised Dealer Code, Bank Accounts through ICEGATE:** Exporters are presently required to register their Authorised Dealer (AD) Code and Bank Account(s) for purposes of remittances and availing export benefits like Duty Drawback, IGST refund, etc, respectively at every Customs station. This requires physical interaction between the Customs and the trade and submission of physical documents by the latter. The Directorate General of Systems, CBIC has now enabled a functionality within ICEGATE login which allows the exporters to make an online request for registration/modification of their AD Code/Bank Account (s) and also electronically submit the Passbook copy or Bank Authorisation letter through e-Sanchit.
- ii) **Automated debit of bond after Assessment:** Presently, importers are required to physically visit Customs House for physical debit of Bonds after the Bill of Entry is returned (to the importer) for the payment of duty. On review, it has been decided to do away with this requirement. Instead, ICES would automatically debit the Bond and reflect the same in the first copy of the Bill of Entry, provided the details of the Bond are provided during submission of the Bill of Entry.
- iii) **Simplified Registration of Importers/ Exporters in ICEGATE:** Although a simplified Registration module for importers / exporters based on verification provided in associated GSTIN has been provided without the requirement of digital signature, since many importers / exporters have not availed the same, various functionalities available in the ICEGATE portal cannot be accessed by them. These functionalities are useful to the importers / exporters and would help them in their management of imports and exports. Some of these functionalities are Management of Bank Accounts, Ledger View, IGST Refund status, Query Reply etc. Therefore, importers / exporters should register on ICEGATE and conduct their Customs clearances through electronic interface.

Question : In order to incur a reduced export obligation under the EPCG scheme, we propose to pay IGST on imports of capital goods? Is it allowed?

Answer : Yes, provided you do not take input tax credit of the IGST paid. As per Para 5.01(d) of the FTP, "in case Integrated Tax and Compensation Cess are paid in cash on imports under EPCG, incidence of the said Integrated Tax and Compensation Cess would not be taken for computation of net duty saved provided Input Tax Credit is not availed".

Question : Would GST be payable on goods not intended to be sold, taken out for participation in overseas exhibitions and trade fairs and brought back into India as these goods are meant for exhibition only?

Answer : GST is not payable in such cases. Exporters will need an exhibition participation letter and SDF/GR waiver letter from the concerned bank for the purpose of exchange control requirements. At the time of re-import, the identity of goods imported with export goods needs to be established to seek exemption from import duty in accordance with Customs provisions.

Question : We are a Merchant Exporter. Can I take a supply from a manufacturer for exports at 0.1% and export it, without availing LUT facility, paying the applicable IGST rate of 18% ?

Answer : CBIC has issued Notification No 3/2018 dated 23rd January, 2018 depriving the facility of exports on payment of IGST if goods were procured by a Merchant exporter at 0.1%. Therefore, in such cases, exports shall take place on LUT/Bond.

Business Standard 27th July 2020

IGST crackdown: Exporters cry foul

Say they are being harassed by the authorities even as 1,500 who claimed bogus GST refunds are untraceable

By **MANISH**
New Delhi, July 26

Exporters have alleged that the authorities are harassing them as 1,500 who claimed bogus GST refunds are untraceable. Annual IGST exporters have been identified as 1,500 and according to the terms of physical checks of their compliance. They have been harassed to submit documents for verification of their compliance. Exporters have alleged that the authorities are harassing them as 1,500 who claimed bogus GST refunds are untraceable. Annual IGST exporters have been identified as 1,500 and according to the terms of physical checks of their compliance. They have been harassed to submit documents for verification of their compliance. Exporters have alleged that the authorities are harassing them as 1,500 who claimed bogus GST refunds are untraceable.



THE ALLEGATIONS

- Exporters claim GST refunds to taxpayers
- 1,500 exporters identified as 'bogus' by IGST authorities
- Annual IGST exporters have been identified as 1,500 and according to the terms of physical checks of their compliance
- They have been harassed to submit documents for verification of their compliance
- Exporters have alleged that the authorities are harassing them as 1,500 who claimed bogus GST refunds are untraceable

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EXPORT BENEFITS

Capping MEIS benefit to hit export recovery

Keeping the outlay at just ₹9,000 crore will deny exporters of two-thirds of the duty remission they are entitled to

By **BANSHIKAR PATTANAYAK**
New Delhi, July 28

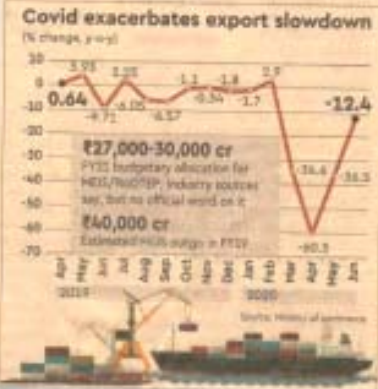
IF INDIA'S FOREIGN trade in goods and services has in recent quarters been a contributor to the growth of the domestic product (GDP), the pull-down effect could be far stronger in the current fiscal, by capping

the outlay for the Merchandise Exports from India Scheme (MEIS) at ₹9,000 crore for the April-December period, the revenue department has deprived exporters of over two-thirds of the duty remission benefits they are entitled to. The move could also have wider implications for exporters of assorted

goods as the denial of the benefit will suffice to blunt the already tarnished recovery in key markets over competitors, trade sources say.

Porting a shortage of funds following the revenue department's decision, the commerce ministry has, for the time being, blocked the online module for claiming MEIS benefits since July 23. Federation of Indian Export Organisations (FIEO) president Shantani Kumar Saraf cautioned that many liquidity-starved exporters, especially MSMEs, could go out of business. "Cash flow is badly hit and export recovery is in jeopardy now," he said.

Merchandise exports have been contracting since March. They witnessed a record 60% crash year-on-year in April, although the contraction narrowed to 37% in May and 13% in June, as lockdowns (followed by a partial lift) took hold. However, the latest decision of the revenue department may dash hopes for a steady recovery anytime soon, exporters warn. Sources said the FY21 budgetary allocation for benefits under the MEIS (or a new scheme that is now expected to replace it from January 2021) was about ₹27,000-30,000 crore, although there is no official word on it.



Financial Express 28th July 2020

From the Front Page

Capping MEIS benefit to hit export recovery

IN FY19, THE MEIS outlay was in the tune of ₹40,000 crore, according to an official source.



Exporters typically firm up deals after factoring in the MEIS scrips, which range from 2% to 5% of the export turnover, depending on the products or shipment destinations. Any abrupt or premature withdrawal of or reduction in benefits by the government will, therefore, strike exporters' margins disproportionately, at a time when they are already braced by a Covid-induced cancellation of orders, said Mahesh Doshi, chairman of the negotiating exporters' body GEPIC India. "The decision will also stoke further uncertainties on the export front," he added.

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Financial Express 28th July 2020

Finmin caps export sops under MEIS at ₹9,000 cr for April-Dec

By **FE BUREAU**
New Delhi, July 27

Online MEIS module has been blocked on July 23 from accepting new application for shipping bills

THE REVENUE-STARVED finance ministry has asked the commerce ministry to limit benefits under the flagship Merchandise Exports from India Scheme (MEIS) at just ₹9,000 crore for the April-December period of FY21, prompting it to block the online MEIS module for exporters to apply for such incentives from July 23.

Commerce and industry minister Piyush Goyal wrote a letter to finance minister Nirmala Sitharaman on July 21 to reconsider the revenue department's decision. Unless the issue is resolved fast, the decision would further hurt exporters as they struggle to cope with the impact of the pandemic and a wide-scale cancellation of orders. In FY19, the outgo under the MEIS was

to the tune of ₹40,000 crore.

In an office memorandum on Monday, deputy director general of foreign trade Praveen Kumar told Nitish Kumar Sinha, joint secretary at the revenue department, that MEIS scrips worth ₹422.4 crore have already been issued to exporters for shipping bills with the so-called "let export order" (LEO) since April 1. "Since allocated funds at this stage for MEIS for FY2020-21 (up to December) stand at ₹9,000 crore and any additional allocation has not been conveyed by the DoR (department of revenue), the online MEIS module has been blocked

on July 23, from accepting new application for shipping bills with LEO dated April 1 onwards to limit the issuance of any more scrips."

"DoR/CBIC (Central Board of Indirect Taxes and Customs) may take steps in such a situation and with customs ports/field formations to stop registration of MEIS scrips with LEO dated April 1 and beyond," the deputy DGFT said in the memorandum. For its part, the revenue department has asked its commerce counterpart to review the MEIS rates and coverage so that the allocation doesn't exceed ₹9,000 crore.

The MEIS would remain valid until December this year and was to be replaced with a more WTO-compatible scheme, RoDTEP, which reimburses all levies (that are not subsumed by GST) paid on inputs consumed in exports.

Financial Express 27th July 2020