

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 DGFT 'Helpdesk' in operation for Russia - Ukraine related international trade issues

DGFT issues Trade Notice is that 'Helpdesk' is in operation to support and seek suitable resolutions on the subject above.

Russia and Ukraine are at war at present due to which Indian importers and exporters may face difficulties in imports and exports to these two countries. In order to help our importers and exporters, DGFT has in operation 'Helpdesk' on the subject and issued a Trade Notice No.36/2021-22 dt 25.02.2022 (reproduced below).

Dated: 25th February 2022

Trade Notice No.36/2021-2022-DGFT

Subject: DGFT Helpdesk for Russia-Ukraine related International Trade Issues

In view of the current international situation, Department of Commerce and DGFT have undertaken to monitor the status and related difficulties being faced by stakeholders on Russia/Ukraine trade related issues. Department of Commerce/DGFT has operationalised a Helpdesk to support and seek suitable resolutions to issues related to India's International Trade in this regard with immediate effect.

2. Export-Import community may submit details of their issues on the DGFT website, on which support is required, using the following steps-

i. Navigate to the DGFT Website (<https://dgft.gov.in>) -> Services -> DGFT Helpdesk Service

ii. 'Create New Request' and select the Category as 'Russia-Ukraine'

Alternatively, you may send your issues directly over email to: dgftedi@nic.in with the subject header: 'Russia-Ukraine Trade Helpdesk', or call the Toll-Free No at 1800-111-550

3. The status may be tracked using the Status tracker under the DGFT Helpdesk Services. Email and SMS would be generated for immediate intimation as and when the status of these tickets are updated. Trade Community is requested to make use of the given Helpdesk facility suitably.

4. Further, a weekly meeting with concerned exporters/importers/other trade stakeholders will also be held by DGFT & FT(CIS) division of Department of Commerce every Monday at 03:00 pm IST via Video Conference. Concerned stakeholders may consider joining the said virtual meeting to flag specific issues. The web-link for the proposed Video Conference is as follows

<https://directorategeneralofforeigntrade.my.webex.com/wbxmjs/joinservice/sites/directorategeneralofforeigntrade.my/meeting/download/1c31222d06bd4d5e89301d16c6d6cdf?siteurl=directorategeneralofforeigntrade.my&MTID=m8aa668976ac27713b881875b9be0d085>

Meeting Password: 1234

DGFT issues Trade Notice making it mandatory filing/issuance of Registration Cum Membership Certificate etc with effect from 01.04.2022.

These are the days of speed with ease. DGFT is doing its best in this respect. Now DGFT has issued a Trade Notice No.35/2021-22 dt 24.02.2022 making it compulsory with effect from 01.04.22 filing and issuance of RCMC etc. through the DGFT common digital platform (copy reproduced below):

Dated: 24.02.2022

Trade Notice No. 35/2021-2022-DGFT

Subject: Mandatory filing/issuance of Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC) through the DGFT common digital platform from 01.04.2022

Reference is invited to Trade Notice No. 27 dated 30.11.2021. In this regard, it is informed that the electronic platform to facilitate electronic issuance/renewal/amendment of Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC) has been implemented. The objective of the platform is to provide an electronic, contact-less single window for RCMC/RC related processes.

2. In this reference, it is informed that from 1st April 2022, it will be mandatory for the exporters to file Registration Cum Membership Certificate (RCMC)/ Registration Certificate (RC) applications (for issue/renewal/amendment) through the common digital portal of e-RCMC Platform.

The prevailing procedure of submitting applications directly to the designated Registering Authorities will continue only till 31.01.2022. All Registering Authorities as notified under Appendix-2T are requested to ensure that they are on-boarded on eRCMC portal before 31st March 2022.

3. Registering Authorities, who have already on-boarded are advised to adopt e-RCMC platform as single point for handling RCMC related processes. The Registering Authorities are also advised to conduct outreaches & issue suitable advisories to the members/exporters to use the e-RCMC platform before the stated timelines.

4. For guidance on application submission process, the Help Manual & FAQs may be accessed on Learn Section of DGFT website (URL: <https://dgft.gov.in> -> Learn -> Application Help & FAQs).

Central Bank of Egypt issues 'Advisory' about new import rules in Egypt.

Second Secretary (Commerce) Embassy of India Cairo, Egypt has issued an advisory to all Export Promotion Council in India about new import rules in Egypt mandating importers to use a letter of credit instead of cash against documents. Advisory reproduced below:

On 12 February 2022, the Central Bank of Egypt issued a new guideline mandating importers to use letters of credit instead of a cash-against-documents. The move is to guarantee import operations through covering risks associated with issuing letters of credit (L/Cs) from banks.

Wef 22 February 2022, importers will have to present letters of credit to import goods from abroad. Documentary collection from exporters will no longer be accepted by banks to facilitate the import of goods into Egypt from the beginning of March. Imports of medicines, tea, meat and poultry, fish, wheat, oil, powdered milk, baby formula, beans, lentils, butter and corn are exempt. Imports with a value of less than \$5,000, express post shipments, as well as imports by foreign companies and their subsidiaries, are also exempt, as per media sources. Link of the news is as under- <https://enterprise.press/stories/2022/02/16/cbe-holding-the-line-on-new-import-rules-65104/>

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 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, identity of goods imported with export goods needs to be established to seek exemption from import duty in accordance with Customs provisions. IGST will be exempted at the time of reimport in view of exemptions granted under Customs.

Question : What is the nature of IGST on imports? Is it a Customs tax or a tax under GST? How is it imposed?

Answer : The IGST on imports of Goods is levied under the Customs Act read with Customs Tariff Act, the IGST on imports of services is levied under IGST Act. The manner of IGST imposition on imports will be as follows:

- (i) Assuming the assessable value of Goods is Rs 20,000.
- (ii) Basic Customs Duty@10% = Rs 2,000.
- (iii) Value for levy of IGST = Rs 20,000 + Rs 2,000 = Rs 22,000.
- (iv) IGST @ 18% = Rs 3,960.

Question : Why IGST amount on imports of goods cannot be paid from ITC Credit?

Answer : Since IGST on imports is charged on Reverse Charge Mechanism (RCM) and all RCM taxes have to be paid in cash, IGST on imports of goods cannot be paid from ITC. However, the IGST amount paid in cash on imports is available as ITC to importer which can be utilized by him for settling his further liabilities. However, the SGST liabilities can be settled only in respect of the State where the importer is located. Thus, if importer is located in UP, he can only discharge his SGST liabilities in respect of UP and not in respect of other States.

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 : Initially, there was no bar to exports goods procured by Merchant exporters at 0.1% for final exports at applicable IGST rate. However, CBEC has issued Notification No 3/2018 dated 23rd January, 2018 depriving the facility of exports on payment of IGST if goods were procured by Merchant exporter at 0.1%. Therefore, in such cases, exports shall take place on LUT/Bond. Unfortunately, the above provision has been incorporated with retrospective effect from 23rd October, 2017.

Question : How is the duty-free scheme for trimming and embellishments operate now?

Answer : The budget has restored the facility of duty-free import of trimming and embellishments required by apparel, textiles, leather garments, footwear and handicraft sectors. However, the scheme will not operate on the basis of duty-free certificate issued by the Export Promotion Councils. The exporters willing to operate under the scheme will register online as per the procedure prescribed for Import of Goods under Concessional Rate of duty (IGCR). They will be issued IIN number and will execute an online running bond. While importing trimming and embellishments, the details of IIN and bond will be given in the bill of entry and the same will be shown as a debit. Upon exports, suitable credit entry will be made in the bond. It may be noted that the goods imported under the scheme will have to be re-exported within six months' time.