

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBIC 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

Facilitation measure for fixation of SION of a new export product

DGFT issues Trade Notice containing details of measures for fixation of SION of a new export product.

DGFT published a book containing thousands of SIONS (Standard Input Output Norms) for the purpose of obtaining Advance Authorisations. They are group wise like textiles, engineering, etc.

But these published SIONS are not helpful whenever an exporter wants to export a new product for which the SIONS are not fixed. To take care of this situation, the exporter may apply in the prescribed application form for fixation of a new SION for the new export product.

DGFT Trade Notice No.26/2022-23 dt 08.02.2023 containing details of assistance in filing of application for fixation of "Standard Input Output Norms" (copy enclosed)

(Copy) Trade Notice No. 26/2022-23, Dated: 08.02.2022

Subject:- Assistance in filing of the applications for fixation of Standard Inputs Output Norms (SIONS)

It is informed that there is an existing permanent platform wherein daily video conference facility for interaction between DGFT Regional Authorities officials and members of trade & industry in lieu of physical interactions at DGFT Regional Authorities is convened.

2. Every RA's permanent VC link, operational on every working day between 10:30 AM to 11:30 AM, attended by an Officer not less than a Deputy DGFT is accessible on DGFT website (<https://dgft.gov.in>) -> About DGFT -> VC Facility for Trade Facilitation w.e.f 2nd October 2022.

3. Members of trade can also seek assistance/guidance with regard to the filing of application of Advance Authorisation cases for fixation/finalization of Standard Input Output Norms (SIONS) through this facility to ensure completeness of application for faster fixation of SION.

Impex # 2

EPCG authorisation issued under 2009-14 also allowed to pay additional application fee

DGFT issues Public Notice extending the one time relaxation for furnishing additional fee to cover excess imports under EPCG under FTP of 2009-14.

EPCG authorizations of DGFT run for many years beyond the policy in which they are issued. During this long period, the authorisation holders face many unseen circumstances.

DGFT when apprised of the above problems issues one time relaxation from time to time. One such instance was the issue of DGFT

Public Notice No. 03 dt 13.04.22 by which one time relaxation for furnishing additional fee to cover excess imports affected under EPCG.

Now DGFT has issued a Public Notice No. 58/2015-20 dt 24.02.2023 extending the relaxation to EPCG Authorisation issued under the FTP of 2009-14 also. (copy enclosed)

Subject:- One time relaxation for furnishing additional fee to cover excess imports affected under the Export Promotion Capital Goods Scheme to promote Ease of Doing Business - reg.

In exercise of powers conferred under Paragraph 1.03 and 2.04 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Director General of Foreign Trade hereby makes one time relaxation in procedure in respect of acceptance of fee for excess duty utilisation under the EPCG Scheme.

1. For Ease of Doing Business, Public Notice No. 03 dated 13.04.2022 was issued amending para 5.16(a) of HBP, 2015-20 to allow the EPCG authorization holder to furnish additional fee, to cover excess duty utilised, to RA concerned at the time of application for EODC.

2. To facilitate the Ease of Doing Business, it has been decided to permit the RAs to allow the authorisation holder to furnish additional fee to cover excess duty utilized for the EPCG authorizations issued under the FTP 2009-14 (extended upto 31.03.2015) also at the time of application of EODC subject to the condition that excess duty utilized was not more than 10% of duty saved value of the authorization.

Effect of this Public Notice: One time relaxation is granted in submission of additional fee to cover excess duty utilised in EPCG authorisations issued under Foreign Trade Policy (2009-14) (extended upto 31.03.2015).

Impex # 3

Questions & Answers

Question: Why is the IGST amount levied on imports of goods cannot be paid from available 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 the importer is located in UP, he can only discharge his SGST liabilities in respect of UP and not in respect of other States.

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, 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 re-import in view of exemptions granted under 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 : Initially, there was no bar to exports of goods procured by Merchant exporters at 0.1% for final exports at applicable IGST rate. However, CBIC has issued Notification No. 3/2018 dated 23rd Jan, 2018 depriving the facility of exports on payment of IGST if goods were procured by Merchant exporters 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 Oct, 2017.

Question: If the vehicle in which goods are being transported having e-way bills is changed, then what has to be done?

Answer : The e-way bill for transportation of goods always should have the vehicle number that is actually carrying the goods. There may be a requirement to change the vehicle number after generating the e-way bill or after commencement of movement of goods due to transshipment or due to breakdown of vehicle. In such cases, the transporter or generator of the e-way bill can update the changed vehicle number.

Question: We are a manufacturer of exempted goods for export. We availed input stage rebate used in the manufacture of exported goods. How would we get GST refund, if our supply remains an exempt supply?

Answer : Under IGST Act, a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16(3)(a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made there under.