

EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

Frequent Asked Questions (FAQ) – Foreign Trade policy

Q.1 What are the registration's etc required to be able to import & export?

Ans. They are:

1. Registration as a firm or company.
2. Registration as an industrial units under MSME unit or large scale unit.
3. Import Export Code (IEC) number as per para 2.05 of the foreign trade policy 2015-2020.
4. Registration-cum-Membership Certificate from Handicraft Export Promotion Council (EPCH) as per 2.53 of the Handbook of Procedure (Vol.1) of 2015-2020. The application form & other details relating to it are available at EPCH website
5. Bank account with a bank authorised deal in foreign exchange. These banks are called AD (authorised dealer) banks.
6. Any other specific trade on industry specific registration /licence etc. under the state/ centre provision

Q.2 What are the incentives available on the export of handicraft?

Ans. They are:

1. Duty credit scripts under MEIS under exports from India scheme. The details of the entitles are given in para 3.04 of the foreign trade policy 2015-20. The entitlement leased on previous exports are different for different items. Items wise rates are given in appendix 3B of the handbook of precedent (vol 1) of 2015-20. Other details of the scheme are given in chapter 3 of foreign trade policy 2015-20.

2. Duty exemption / remission scheme.

(a) the duty exemption scheme consist of the following advance authorities (AA) WHICH WILL INCLUDE aa For annual requirement

(b) dutyremission scheme Duty drawback scheme a demonstrated key department of revenue (custom).

It is a scheme for reimbursement of custom duty etc (excluding IGST) on exports on the basis all industries duty drawbacks rates announced by department of revenue from year to year . The last rates applicable at present were announced by notification numbers. The detail of the scheme are given in chapter -4 of the foreign trade policy 2015-20.

3. Export promotion capital goods (EPCG) Scheme - the objective of the scheme is to facilitate import of capital goods for producing quality goods and enhance Indian manufacturing competitiveness.

Under this scheme the EPCG are allowed to imported without payment of custom duty etc. IGST is exempt up to 31-03-2018. Import under this scheme shall be subject to an export equipment to six times the of all duties, taxes and cash saved on capital goods to be fulfilled in 6 years from the date of issue of authorisation.

The detailed scheme is given in chapter 5 of the foreign trade policy 2015-20.

4.EOU Scheme- units which undertake to export their entire productive of goods (except permissible in DTA) are set up under this scheme. Trading units are not allowed in this scheme.

Objectives of the scheme is to promote exports, enhance foreign exchange earnings, attract investment for export production and employment generation .Import by EOU are allowed duty free subject to conditions applicable. The detailed scheme is given in chapter 6 of the [FTP 2015-20](#).

5. SEZ SCHEME- the SEZ scheme used to be a part of foreign trade administered by DGFT. Now the scheme operated under its own SEZ act and SEZ rules. It is now administered by department of commerce directly.

- Interest equalisation scheme (previously known as interest subvention scheme)
The rates of interest in India are quite high and adversely affect the competitiveness of Indian goods abroad, the RBI gives a subsidy called Interest equalisation scheme of on pre shipment & post shipment finance.

6. Duty Free import of trimming and embellishment.

Trimming and embellishments enhance the look of the products. Some importers insist that they handicrafts to imported by them should have on them trimmings and embellishments supplied by them. In order to reduce the transaction cost of such items, the Department of revenue allows duty free Imports (IGST to be paid) of such specified trimmings and embellishment. The list of such articles are given at S.No. 229 of custom notification No. 50 Dt 30.06.2018 ([link](#))

7. Interest Equalisation Scheme

The RBI vide its RBI/2018-19/81.DBR.Dic.BC.No.09/04/02.001/2018-19 dated 29.11.2018 has increased the interest equalisation rate from 3% to 5% on pre and post rupee export credit in respect of exports by Micro, Small & Medium Enterprises (MSME). The increased rate of 5% should be applicable from 02/11/2018

Frequently Asked Question (FAQ) on provisions regarding Imports

Q.1 What is a 'Restricted Item'?

Ans. All goods, import of which is permitted only with an Authorisation / Permission / License or in accordance with the procedure prescribed in a notification / public notice are 'Restricted' goods.

Q.2 Where are the 'Restricted' item listed?

Ans. The list of 'Restricted' items is available in the ITC(HS) Classification of Export and Import items and the same can be viewed under the Download section in DGFT

website at <http://dgft.gov.in>.

Q.3 What is the procedure for import of a 'Restricted' item?

Ans. For the items mentioned as 'Restricted' for imports in Schedule 1 of ITC (HS) Classification of Export & Import 2012, an application for grant of an Import Authorisation may be made to the concerned Regional Authority of DGFT in Aayaat Niryaat Form 2 B (ANF 2B) along with documents prescribed therein, with two copy of the complete sets to DGFT(Hqrs) at Udyog Bhawan, New Delhi. The requests for such imports are considered by Inter Ministerial Committee meeting. The minutes of the Committee are available on website <http://dgft.gov.in> under heading Committee Cases.

Q.4 What are ITC(HS) Codes?

Ans. ITC(HS) Code or better known as Indian Trade Classification (Harmonized System) Code was adopted in India for import – export operations. Indian Customs uses an Eight Digit ITC(HS) Codes to suit the national trade requirement.

Q.5 How do I find HS Code for my product?

Ans. If you want to know the HS Code, Click on 'ITC HS Based Policy' on the website of DGFT. A new window will open as ITC(HS) Query Form. Insert the name of the product in the description option to know the HS Code of your product.

Similarly, if you want to know the product and are already aware of the HS Code, enter the ITC(HS) Code (e.g. 0324) option to know the product.

Q.6 Is there any Fees for the processing of the form?

Ans. The scale of fee, mode of payment, procedure for refund of fee and categories of persons exempted from payment of fee can be viewed in Appendix 21B of Handbook of Procedures, Vol.-I. This can be downloaded / viewed on DGFT website in the download section. The minimum fee is Rs.200/- and the maximum is Rs.1,00,000, if paid manually (Rs.50,000 if paid electronically).

Q.7 What is the procedure for import of Cat / Dog by Indians returning from abroad and claiming benefit under Baggage Rules?

Ans. As per baggage rules of CBEC, import of pet animals – domestic pets upto two numbers per passenger are allowed at one time. This is subject to production of required health certificate from Country of origin and examination of the said pets by the concerned quarantine officer.

Q.8 What is the procedure for import of goods as part of passenger baggage?

Ans. (a) Bona fide household goods and personal effects may be imported as part of passenger Baggage as per limits, terms and conditions thereof in Baggage Rules notified by Ministry of Finance as per Custom's Notification no. 30/98-Cus. (N.T.), dated 2-6-1998.

(b) Samples of such items that are otherwise freely importable under FTP may also be imported as part of passenger baggage without an Authorisation.

(c) Exporters coming from abroad are also allowed to import drawings, patterns, labels, price tags, buttons, belts, trimming and embellishments required for export, as part of their passenger baggage without an Authorisation.

Q.9 Is Importer-Exporter Code (IEC) mandatory for import of goods?

Ans. IEC is compulsory for import. However, certain categories of importers are exempted from obtaining IEC. Details may be seen at Para 2.8 of Handbook of Procedure, Vol.-I on the DGFT website.

Q.10 What is procedure for Export and Import of samples?

Ans. No Authorisation shall be required for Import of bona fide technical and trade samples of items restricted in ITC (HS) except vegetable seeds, bees and new drugs. Samples of tea not exceeding Rs.2000 (CIF) in one consignment shall be allowed without an Authorisation by any person connected with Tea industry (value limits).

Q.11 What is the procedure for import of items which is governed through exclusive or special privileges granted to State Trading Enterprises (STE(s))?

Ans. Any goods, import of which is governed through exclusive or special privileges granted to State Trading Enterprises (STE(s)), may be imported by STE(s) as per conditions specified in ITC (HS). DGFT may, however, grant an Authorisation to any other person to import or export any of these goods under para 2.11 of the Foreign Trade Policy.

Q.12 What is the validity of an import authorisation?

Ans. Validity of an import Authorisation shall be 18 months from the date of issue of an Authorisation. RA concerned may revalidate import Authorisation on merits, for six months from date of expiry of validity.

Q.13 Does an import authorisation expire on the day of expiry?

Ans. Where an Authorisation expires during the month, such authorisation shall be deemed to be valid until last day of concerned month.

Q.14 Is Import through courier allowed?

Ans. Import through a registered courier service is permitted as per Notification issued by Department of Revenue. However, importability of such item shall be regulated in accordance with FTP.

Q.15 What is the procedure for import under Government to Government agreement?

Ans. Import of goods under Government to Government agreement may be allowed without an Authorisation or CCP on production of necessary evidence to satisfaction of Custom Authorities.

Q.16 What is the procedure for transfer of imported goods?

Ans. Freely importable goods can be transferred by sale or otherwise by importer freely. Transfer of imported goods, which are subject to Actual User condition and have become surplus to the needs of Actual user, shall be made only with prior permission of DGFT (Hqrs). For Details relevant para 2.43 of Handbook of Procedures may be seen.

Q.17 What is the procedure for import of Overseas Office Equipment?

Ans. On winding of up of overseas office, set up with approval of RBI, used office equipment and other items may be imported without an Authorisation.

Q.18 What is the procedure for import of Prototypes?

Ans. Import of new / second hand prototypes / second hand samples may be allowed on payment of duty without an Authorisation to an Actual User (Industrial) engaged in production of or having industrial licence / letter of intent for research in item for which prototype is sought for product development or research, as the case may, upon a self – declaration to that effect, to satisfaction of customs authorities.

FAQs on HS Codes

Q.1 What is HS Code?

Ans. The Harmonized System (HS) codes are an international method of classifying products for trading purposes. This classification is used by customs officials around the world to determine the duties, taxes and regulations that apply to the product.

Q.2 What is the use of HS Code?

Ans. HS code stands for Harmonized System. HS code description and coding System was created by the World Customs Organization (WCO) to categorize goods into approximately 5,000 (6 digit level) commodity groups, which is accepted and implementing by more than 200 countries worldwide

Q3 How many digits are there in HS Code and what is their significance?

Ans. Harmonized code system (HS) is a system of progressively more specific identifiers for a commodity. This number is an aggregate of a series of codes starting with a broad category assigned a 2 digit identifier. It is then assigned a 4 digit identifier and goes down further. We use an HS code because it is a universal classification tool to distinguish products in certain categories.

HS codes at 6 digit levels are universally acceptable i.e. they are acceptable in all countries and classification of product categories also remains the same. Many governments add additional digits to the HS number to further distinguish products in certain categories. These additional digits are typically different in every country. In India HS code at 8 digits are used.

Q.4 Is HS code same for all countries?

Ans. The World Customs Organization (WCO) has been administering 6 digits HS codes schedule. However, each country can modify by adding two digits or four digits as per their requirements without changing first six digits. In other words, first six digits of HS code (HTS code) are same in all countries.

Q.5 How to know the HS code of the product exported.

Ans. You must know the description/category of the HS code in which your product is specified. HS codes are divided into various chapters which clarifies the items exported under that category. We can also further check the HS Code at 8 digit level under the chapter head.

Q.6 Who maintains the data of items exported/imported in India.

Ans. Directorate General of Commercial Intelligence and Statistics (DGCI&S) is a government organisation which maintains the Import/Export data.

Q.7 How to check the export of any particular item or group of items?

Ans. Export data can be accessed from the website of Ministry of Commerce under trade statistics section or click the link given below to access export/import data.

<http://commerce-app.gov.in/eidb/default.asp>

Q.8 What are items as per HS Codes which are categorised as per handicrafts items.

Ans. The list of handicrafts items at 8 digit level is available on the website kindly click the <https://www.epch.in/policies/hscod.pdf> to view the list of 167 handicrafts HS code.

FAQs on Export and FTP related issues of GST ISSUED BY DGFT

1-Has DGFT/ Department of revenue issued any clarification to explain implication of GST on FTP schemes/ exports/ imports?

I-DGFT has issued Trade Notice No 11 on June 30, 2017.

Please see the following link:

<http://dgft.gov.in/Exim/2000/TN/TN17/Trade%20Notice%20No.11%20dt.30.06.2017.pdf>

II-DOR has issued a guidance note on imports-exports. Please see the following link:

<http://www.cbec.gov.in/resources//htdocs-cbec/guidnce-note-imprtrsexprtrs.pdf;jsessionid=64B4B7C8DC1C02885DFAB663533AAA5E>

2. What is the definition of exports under the GST?

Exports of goods means taking goods out of India to a place outside India.(Section 2(5) of IGST Act.)

3. What categories of supplies have been covered as the Zero rated supplies under the IGST Act?

Ans. "Zero rated supply" under Section 16 of the IGST Act, 2017 means any of the following supplies of goods or services or both, namely:

(a) export of goods or services or both; or

(b) supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

4. Can an exporter get exemption from the payment of GST on the export product?

Ans.An exporter would get exemption from the payment of GST on the final product and get refund of GST paid on inputs.

5. What are the GST refund options available to the exporters?

Ans. An exporter would be eligible to claim refund under one of the following two options, namely –

a) He may export under bond, without payment of IGST and claim refund of unutilized input tax credit in;

(b) He may export on payment of IGST and claim refund of IGST paid on goods and services exported.

The SEZ developer or SEZ unit receiving zero rated supply can claim refund of IGST paid by the firm making supply to SEZ.

6. What is the time line for obtaining refund on the GST paid?

Ans. Refund on account of export

I. For 90% of the total amount claimed as refund excluding the amount of input tax credit, provisional refund will be granted within 10 days of making of application or within 7 days of issuance of acknowledgement of the application.

II. Refund of the balance 10% will be granted after verification of documents furnished by the applicant

7. What type of duties can be paid using MEIS or SEIS scrips now? Can we use these scrips to pay GST?

Ans .For items covered under the GST, scrips can be used for payment of Basic Custom Duty, Safeguard Duty, Transitional Product Specific Safeguard Duty, and Antidumping Duty.

For items not covered under the GST (specified in Fourth Schedule to Central Excise Act 1944 covering specified petroleum products, tobacco etc.), in addition to the Basic Custom Duty, Safeguard Duty, Transitional Product Specific Safeguard Duty, and Antidumping Duty, scrips can also be used for payment of duties like central excise, CVD/ SAD.

The scrips cannot be used for payment of any type of GST.

8. Where can I find HS code, GST rates for my product?

Ans. Please see the following links

I-HS codes

<https://www.icegate.gov.in/Webappl/Trade-Guide-on-Imports>

II-GST rates

<http://www.cbec.gov.in/resources//htdocs-cbec/gst/chapter-wise-rate-wise-gst-schedule03.06.2017.pdf>

III-IGST Rates for Goods

<http://www.cbec.gov.in/resources//htdocscbec/gst/Notification%20for%20IGST%20rate%20Schedule-1.pdf>

9. Can the EOUs continue to get duty free supplies from domestic market?

Ans. An EOU will have to pay the applicable GST on the import or domestic sourcing of inputs (goods or services).

10. Will the exemptions, available to 100% EOUs & SEZs in the pre GST regime would continue ?

Ans. **SEZs**

No change in the operation of the SEZ scheme

SEZs can continue to import raw materials without payment of any duty. Supplies to SEZs would also be treated as Zero rated supplies

EOUs

(i) Imports by EOUs

The EOUs will continue to get exemption from payment of the basic Customs Duty, however they will have to pay IGST on imports.

- On the IGST paid on import of inputs, ITC would be available which can be utilized for payment of GST payable on the goods cleared in the DTA. Refund of the unutilized ITC can also be claimed under Section 54(3) of CGST Act.
- The facility of duty free import of capital goods under the Procurement Certificate procedure will not be available. To import capital goods at zero duty, EOUs will have to follow procedure under of the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

(ii) Supplies t o E O U s

Suppliers to EOU will pay normal GST as they would pay while supplying to a domestic unit. An EOU can take Input Tax Credit (ITC) of the GST paid while taking domestic supplies and same can be used for payment of GST on finished goods cleared in DTA.

(iii) DTA sale DTA

sale shall be subject to fulfilment of the following conditions:

- fulfilment of positive NFE
- payment of applicable GST on product under DTA sale
- Reversal of the BCD exemption availed on the inputs used in the manufacture of products under DTA sale. The reversal of BCD would be as per Standard Input Output norms published by the DGFT or norms fixed by Norms Committee of DGFT(where no SION is fixed).
- Refund of any benefits taken on procurement of inputs from DTA under Chapter 7 of FTP and used in the manufacture of products under DTA sale

(iv) Inter Unit Transfers

Supply of goods from one EOU to another EOU (inter-unit transfer) will require payment of applicable GST. The BCD exemption availed on inputs by the supplier EOU, utilized in such transferred goods would have to be reversed by the recipient EOU at the time clearance of such goods in DTA. Same provisions apply on sending of Goods for Job work

(v) Exempt products

For GST exempt Goods like Petroleum products, the existing provisions provided under notification no. 52/2003-Cus, notification no. 22/2003-CE and Notification no. 23/2003-CE will continue to apply for import, domestic procurement and domestic clearance respectively.

11. How to update GST number in IEC?

Ans. There is no need to update or incorporate the GSTIN in the IEC. However, it is informed that all IECs issued with effect from 1.07.2017, would reflect PAN as IEC.

12. Under GST regime, can we get duty free benefit (all duties exempted) if we import using Advance authorization or EPCG?

Ans. Under GST regime, both the Advance Authorization and EPCG holders would continue to get the exemption from payment of the Basic Customs Duty, Safeguard Duty, Transitional Product Specific Safeguard Duty, and Antidumping Duty. And for items specified in Fourth Schedule to Central Excise Act 1944 (specified petroleum products, tobacco etc.) exemption from Additional C Duty leviable under Sections 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 will also be available.

However there is one major change. Now an Advance Authorisation holder will have to pay IGST at the time of imports. He can take input Tax Credit (ITC), and after export, claim refund of any unutilized input tax credit at the end of tax period.

The EPCG holder also will have to pay IGST at the time of imports and take input Tax Credit (ITC) on the duty paid. He cannot claim refund of any unutilized input tax credit after the exports.

13. Will Invalidation and ARO be available under Advance Authorisation or EPCG scheme post GST implementation?

Ans. **ARO**

For items covered under the GST, No Advance Release Order (ARO) facility will be available in Advance Authorisation and EPCG scheme.

For items not covered under the GST (Listed in the Schedule 4 of Central Excise Act, 1944 read with The Taxation Laws (Amendment) Act 2017 No 18 of 2017, with effect from July 1, 2017) ARO would be available.

Invalidation

Invalidation facility will be available for both Advance Authorisation and EPCG schemes, but applicable GST would need to be paid while making local procurement, using an invalidation letter.

Input Tax Credit (ITC) of the GST paid on such local procurement can be availed as per CGST Rules 2017. Please also refer to DGFT Trade Notice No.11/2018 dated 30.06.2017.

14. Do we need to register for VAT?

Ans. You need to register only with GSTN and obtain GSTIN.

15. Is cess on customs duty to be paid on imports under GST regime?

Ans. Education cess and Compensation cess would be applicable on imports

16. Will IGST be refunded for Capital Goods imported under EPCG scheme?

Ans. The EPCG holder also will have to pay IGST at the time of imports and take input Tax Credit (ITC) on the duty paid. He cannot claim refund of any unutilized input tax credit after the exports.

17. Will Deemed export drawback and TED refund be available under GST regime for deemed exports?

Ans. The following provisions would apply under the GST regime for the deemed exports in relation to the refund of the Terminal Excise Duty (TED) and Drawback (DBK).

1. No TED refund would be available as the central excise duty is subsumed under the GST.

However, for the items covered under Schedule four of Central Excise Act, 1944, the TED refund would be available, provided the items are eligible for supply under the said category of the deemed exports under chapter 7 of the FTP, and there is no exemption from payment of excise duty.

2. The drawback as provided under Chapter 7 would be limited to the refund of basic custom duty only

18. Whether balance import quantities under Advance Authorisations issued before 01.07.2017 can be utilised after 01.07.2017? And, will there be any implications on export obligation?

Ans. The balance import quantities under Advance Authorisations can be utilised for duty free import but only Basic Customs Duty will be exempted on import after 01.07.2017. The applicable IGST will be required to be paid. There will be no implication on export obligation of Advance Authorisations

19. Whether balance import quantities under EPCG issued before 01.07.2017 can be utilised after 01.07.2017? And, will there be any implications on export obligation?

Ans. The balance import quantities under EPCG can be utilised for duty free import but only Customs Duties will be exempted on import after 01.07.2017. The applicable IGST will be required to be paid. Since the export obligation is based on actual duty saved amount, the EO will be accordingly adjusted.

20. In the IGST regime, whether a separate IEC number would be allotted to each regional office?

Ans. No.

FAQs on electronic- Bank Realisation Certificate (e-BRC)

Q 1. Where I can find detailed step by step instruction on filing an application?

Ans. Please check HELP file for details

Q 2 How do I know if a BRC is eBRC or manual BRC?

Ans. From 17.08.2012, banks transmit all BRC data electronically to DGFT. Such BRC is called 'e-BRC'.

BRC issued in physical forms by bank before 17.08.2012 is termed manual BRCs.

You can check the status of your BRC on DGFT website(dgft.gov.in) Note: All BRCs irrespective of date of realization with BRC date on or after 17.08.2012 are eBRCs

Q 3. If my BRC is 'eBRC', is it mandatory for the Shipping Bills to be EDI?

Ans. No. Even non-EDI Shipping Bills can be linked to eBRC

Q 4. Once I have added Shipping bill to the repository, do I have to add it again?

Ans. No. Once the Shipping Bill is added to the Repository, it is available for utilization. You can view it by going to the shipping bill repository.

Q 5. Can I use my Shipping bill in multiple Schemes?

Ans. Yes. However, you are not allowed to use it in the same scheme twice. **Example.** If you have used your shipping bill for DEPB scheme, you cannot claim benefit again under the DEPB scheme. However, you can use the same shipping bill in any other eligible scheme.

Q 6. My shipping bill has multiple products, each eligible under different scheme.

For claiming benefit under Various schemes, I need separate realization value for each product. However, I see a problem here as banks report only one consolidated realization value for each Shipping Bill(even if there are more than one item on a single shipping bill).

How this value is to be distributed against multiple products in Shipping Bill for the purpose of making applications under various schemes?

Ans. In case of multiple products on a shipping bill, the FOB value will be proportionately distributed to its product list and multiplication factor applied on it.

This can be easily understood through the following illustration:

Suppose a Shipping Bill contains 3 export products A,B and C with FOB values US \$40, US \$60 and US \$80 respectively (total FOB US \$180/-).

Now, if the total NFE realised as per e-BRC is US\$90/- , then by pro-rata calculation the benefits on 3 products i.e. A, B and C will be calculated on 20 US\$, 30 US\$ and 40 US\$ respectively.

Q 7. Who will enter Commission, Insurance, and Freight in the application?

Ans. Exporter will enter these details. BRC details available in the DGFT server do not contain values of Commission, Insurance and Freight These are to be entered by the exporters while making applications under various DGFT schemes.

Q 8. What happens if banks have reported BRC which is less than total realized value?

Ans. Exporters must ensure that the 'e-BRC' value reported by bank reflects total realized value.

If a bank has erroneously transmitted less than total realized value after deducting components like Freight, Insurance or Commission, exporters should get it corrected from the bank.

Q 9. Shortfall in realization (case 1-- Shipping bill contains only one product).

I realized less foreign exchange compared to the FOB value declared on the shipping bill.

How this shortfall is to be adjusted for the purpose of calculating entitlement under various schemes?

Ans. In case of shortfall in foreign exchange realization with respect to the shipping bill FOB value, pro rata distribution of realized foreign exchange against each export item will be made by the system itself. This can be easily understood through the following illustrations:

• **Illustration 1** (Single Export Product) – If foreign exchange realization as per e-BRC is US \$ 100/- and FOB value mentioned on the Shipping Bill is US\$ 80/- , the benefit would be granted on US \$ 80/-.

• **Illustration 2** (Single Export Product) - If foreign exchange realization as per e-BRC is US \$ 100/- and FOB value as mentioned on the Shipping Bill is US \$ 120/- , then FTP benefits would be granted on US \$ 100/-.

Q 10. Shortfall in realization (case 2-- Shipping bill contains more than one product)

How this shortfall is to be adjusted for the purpose of calculating entitlement under various schemes?

Ans. In case of multiple products on a shipping bill, the FOB value will be proportionately distributed to its product list and multiplication factor applied on it.

This can be easily understood through the following illustration: Suppose a Shipping Bill contains 3 export products A,B and C with FOB values US \$40, US \$60 and US \$80 respectively (total FOB US \$180/-).

Now, if the total NFE realised as per e-BRC is US\$90/- , then by pro-rata calculation the benefits on 3 products i.e. A, B and C will be calculated on 20 US\$, 30 US\$ and 40 US\$ respectively.

Q 11. What is Multiplication Factor?

Ans. Multiplication Factor (M.F) defines the ratio between the FOB value actually realized and FOB value mentioned on the Shipping Bill.

Multiplication Factor M = FOB value actually realized in Rs.

Shipping Bill FOB in Rs.

Value of M is to be restricted to actual value or 1 whichever is less. It will be rounded off to six decimal places. Note: Exchange rate to be taken as on Shipping bill date

Q 12 What is Net FOB(FOB excluding commission)? How is Net FOB value calculated from the value realized in foreign Currency?

Ans. Net FOB is calculated by excluding commission from the FOB value in Foreign Currency.

Net FOB parameter is used to factor correct amount of commission allowable under various schemes.

Based on whether the foreign exchange realization is in CIF, &F or FOB; net FB is calculated as follows: Following table gives details

S	Type of realized value	Net FOB value actually realized equals
1	If realized value is in CIF	Realized value – (Freight + Insurance+ Commission)
2	If realized value is in C&F	Realized value – (Freight+ Commission)
3	If realized value is in FOB	Realized value - Commission

Q 13. What values of Freight, Insurance and Commission are to be files in the application Freight, Insurance and Commission values should be actual transaction values.

Ans. Freight, Insurance and Commission values should be actual transaction values.

Q 14 How Commission is factored under various schemes?

Ans. Commission is treated in 2 ways in FTP schemes. Following Para give details of calculation:

A-DEPB and Chapter 3 schemes(ANF 3C and ANF 4G)

For the purpose of calculating entitlement, commission amount is to be restricted to actual value or 12.5% of net FOB value realized; whichever is less.

The allowed commission (item wise) will be calculated as per the formula:

$$C^T = (P/T)*C_p$$

C^T- allowed commission (item wise)

P- Assessed FOB value of item in INR as mentioned in SB

T- Total SB FOB value in INR CP-Total commission on SB in Foreign Currency

B-Advance Authorization and EPCG scheme(ANF 4D, ANF 4F, ANF 4H and ANF 5B)

For the purpose of calculating entitlement, commission amount is to be excluded.

Q 15. How is Realized FOB including commission calculated for DEPB and Chapter 3 schemes?

Ans. Item wise Realized FOB including commission is calculated as

$$FOB^{ItemFC} = [FOB^{TotalFC} * M + CT]$$

FOB^{ItemFC} - Item wise Realized FOB including commission

$FOB^{TotalFC}$ - FOB Value in Foreign Currency

M-Multiplication Factor

CT - Allowable commission(item wise) =(Assessed FOB value of item in INR as mentioned in SB /Total SB value in INR) * FOB Value in Foreign Currency * MF + Allowable commission(item wise)

Note: Exchange rate applicable is as on LEO (Let Export Order) Date

Q 16. I had an application pending for submission as on 28.09.2012 for DEPB/FMS/MLFPS/VKGUY but with the resumption of the system on 10.10.2012 the shipping bills attached with earlier applications are not visible

Ans. A message was displayed on DGFT website advising the applicants to either submit or delete shipping bills from DEPB/Chapter 3 schemes themselves. Such shipping bills which were not deleted by the exporters themselves have been deleted by the system. If they are EDI shipping bills, their status has been made available. All Non-EDI shipping bills may be first attached to the shipping bill repository before they can be utilized in any of the schemes

Q 17 What precautions should be taken by the applicant at the time of making a Licensing Application?

Ans. User must ensure that his:

1. BRC details are correct
2. Whenever manual data is updated same is entered correctly. Commission, Insurance and Freight is properly updated against each BRC.

Q 18 How can I take a print out of eBRC for my use?

Ans. We are developing system for allowing printing of eBRCs. A method also is being worked out for sharing of eBRC is with different agencies.

Q 19. Sometimes, I realize forex in parts, necessitating the need for issuance of more than one BRC. Is it allowed?

Ans Yes. DGFT system can process multiple BRCs issued against a Shipping Bill. Exporter should apply after receiving full payment.

Q 20. Can I view all information filed by me on a single screen?

Ans. Yes

Q 21. Should banks deduct commission from the full realized value?

Ans. No. Banks must mention full amount realized. You must approach banks for restoration of full value.

Q 21A. (i) My buyer released the full amount of \$100 to the foreign bank but the foreign bank deducts \$10 as its charges and remits \$ 90 to Indian bank. What is the correct realization value that should be mentioned by the Indian Bank while issuing the eBRC ?

(ii) If the bill value is \$100 but the AD bank in India receives only \$90, what is the correct realisation value that should be mentioned by the Indian Bank while issuing the eBRC ?

\$90

As this is the money actually received in India

Q 22. The e-BRC has been uploaded by the bank and is visible and available on the website but when I go to the Shipping Bill to attach BRC, it says "No Record Found".

Ans. Please check the Shipping Bill Number, Shipping Bill Date and Port Code. It should be identical in BRC as well as in Shipping Bill to enable automatic matching. Even a small difference may result in Non-Selection of BRC details. **Example: Shipping Bill No.** on shipping bill is **0790173** and on **BRC** it is **NSA1 0790173**.

Note: eBRCs issued prior to 17.08.2012 are not eligible for auto attach to shipping bills. Their details need to be entered manually by the exporter for claim of benefits. Treatment of such eBRC will be like manual BRC. However, to facilitate the data entry, BRC's between 01.04.2012 to 16.08.2012 reported by the banks will be attached with the Shipping Bill with the status "**Manual**".

Q 23. I have EDI Shipping Bill for Drawbacks/Free Shipping Bills. Same I am unable to link to shipping bill repository from customs database. When I enter the same manually in Repository, it shows as Shipping Bill is manually entered in the application.

Ans. Shipping Bill data from Drawback and Free Shipping Bill are currently not being exchanged with customs, hence they need to be entered manually. Since Shipping bills are entered manually for DGFT purposes, their treatment will be like a manual/non-EDI shipping bill.

Q 24 I have an EDI Shipping Bill on which I have claimed DEPB. Now I want to claim chapter 3 benefit on that but it is not showing that in customs link.

Ans. You may enter the Shipping Bill details manually and claim chapter 3 benefits.

Q 25 How to club exports from different ports?

Ans.

DEPB	Clubbing of ports not allowed
Chapter3	Clubbing allowed only in case of EDI Ports
DEPB DES & EPCG	Clubbing Port wise is not required as Shipping Bills are clubbed File No. wise and License wise

Q 26 Banks claim to have uploaded the data but this is not to be seen in the DGFT website.

Ans. Data w.r.t. eBRC is visible on real time basis at the DGFT website. Banks get an automated message on successful upload of eBRC onto DGFT website. After this data can be immediately viewed by the exporter at the DGFT website.

Q 27. We are unable to add the details of commission, freight and insurance.

Ans. Check if you have registered with DGFT site. Commission, Freight and Insurance data can be updated only by the registered ECOM user of DGFT through ECOM site

Q 28. I am unable to fetch data from the repository.

Ans. Details from repository for various schemes are selected on the basis of certain predefined criteria like scheme applicability, port, date of exports, shipping bill date etc. as the case may be. Any mismatch will result in non selection of the data from repository.

Q. 29 The system takes the lesser of the FOB value indicated in the shipping bill or the e-BRC, though shipping bill details of freight and insurance are approximations.

Ans. Net realization value is calculated after deducting freight, insurance and commission from the value indicated in the eBRC. New realization value plus commission is then compared with the shipping bill value and multiplication factor for items shipping bill is calculated.(These are explained in the eBRC FAQ on DGFT site)

Q. 30 What exchange rate to adopt for calculating the freight and insurance if the data is available in rupees?

Ans. INR

Q. 31 Can I use the same shipping bill for discharge of export obligation against two or more advance licenses?

Ans. Yes

Q. 32 What to do when the export obligation is in another currency?

Ans.It is allowed. Exchange rate will be as on LEO date of the shipping bill.

Q.33 Will there be any random verification mechanism to ensure exporters mention the actual and correct freight insurance, etc?

Ans. As is the practice for other documents, in random cases, exporters may be requested to produce supporting documents

Q. 34 I have already claimed DEPB on an EDI shipping bill earlier now I want to claim other benefit on the same shipping bill but I am unable to load already utilized EDI shipping bill?

Ans. From the Administration menu Select the option “**Link already utilized EDI DEPB Shipping Bill to Repository**” and Select the Shipping Bill to be linked. For further details refer to **Help** (Q11 under heading **How to?**)

Q. 35 I have added a Shipping Bill manually to the repository and claimed/not claimed a benefit. Now the shipping bill has been received in EDI mode from Customs but I am unable to add the same?

Ans. From the Administration menu Select the option “**Replace manually entered Shipping Bill with EDI Shipping Bill**” and Select the Shipping Bill to be linked. For further details refer to **Help** (Q12 under heading **How to?**).

FAQ - Customs Bonded Warehouses

Q 1. Does a DFS operator need to apply for a warehouse licence?

Ans. Yes. Any person who is running a Duty free Shop should apply for a licence under Section 58A. The licensed premises is to be used for storage of the bonded goods, before they are removed to a Duty Free Shop.

Q 2. I am a new allottee of a DFS at an international airport. How should I apply to Customs authorities?

Ans. Please file an application in the Form prescribed under circular 26/2016- customs dated 9th June 2016.

3. I am an existing owner of a Duty free shop. How should I apply?

Ans. There is no application form prescribed for existing owners of Duty free shops. They may apply for licensing under section 58A of any premises in the precincts of the airport and / or any other premises in the city along with supporting documents regarding their existing DFS at the airport / port.

Q 4. By when will I have to follow procedures laid down under Special Warehouse (Custody and Handling of Goods) Regulations 2016?

Ans. A transitional period of three months has been provided under the aforesaid Regulations. By 13th August 2016 all DFS operators shall have to comply with the provisions of the Regulations.

Q 5. Are there any restrictions on the items that can be stored in a warehouse licensed under section 58A?

Ans. There is no restriction on the items that can be stored in a special warehouse under Section 58A as long as the goods are removed to a DFS under physical escort by the Bond officer.

Q 6. I am a DFS with a warehouse licensed under Section 58A. Can I procure goods from any other public or private bonded warehouse?

Ans. Yes. You will have to follow the procedure laid down in the Warehoused Goods (Removal) Regulations 2016. It will be a transfer under Section 67.

Q 7. My warehouse under Section 58A is not large enough to store all the goods imported by me. Can I store the goods in any public bonded warehouse?

Ans. Yes. Goods imported by you can be stored in a Public Bonded warehouse licensed under section 57. As and when required, the goods shall be removed from the public bonded warehouse to the warehouse under section 58A. Such removal will be done following the procedure laid down in the Warehoused Goods (Removal) Regulations 2016. It will be a transfer under Section 67.

It is also clarified here that the goods stored in the public warehouse cannot be removed directly to the DFS.

Q 8. Where can I get a Customs Duty insurance policy as required under the Warehouse Licensing Regulations?

Regulation 4(a) of the Public/ Private/Special warehouse Licensing Regulations 2016 states that the warehouse Licensee shall provide an all risk insurance policy, that includes natural calamities, riots, fire, theft, skillful pilferage and commercial crime, in favour of the President of India, for a sum equivalent to the amount of duty involved on the dutiable goods proposed to be stored in the warehouse at any point of time. The public sector insurance companies led by The New India Assurance Co. Ltd are offering a Customs duty insurance policy for warehouse Licensees.

Q 9. Do I have to take separate insurance policies for transit (goods being removed from a customs station for deposit in a warehouse) and storage of goods in a customs bonded warehouse?

Ans The Customs Duty Policy being offered by the Insurance Companies covers both transit and storage of goods. No separate policies need be taken. The licensee of the warehouse, where goods are proposed to be stored, is authorised to issue a document to cover the transit of goods from the customs station till the warehouse as well as their storage.

Note: the FAQs will be updated from time to time. Any queries regarding procedures on Customs Bonded warehouses may be e-mailed to customs.warehousing@gov.in

GST: Frequently Asked Question (FAQs)

Q1. How will imports be taxed under GST

Ans. All import will be deemed as inter state supplies for the purpose of levy of GST. IGST is leviable on imports in addition to other duties of customs. Full set off will be available as ITC of the IGST paid on import of goods and services.

Q2. How will exports be treated under gst?

Ans. All exports will be deemed as inter state supplies. Exports of goods and services will be treated as zero-rated supplies. The exporter has the option either to export under bond/Letter of Undertaking without payment of tax and claim refund of ITC or pay IGST by utilizing ITC or in cash at the time of export and claim refund of IGST paid.

Q3. How can IGST be paid?

Ans. The IGST can be paid by utilizing ITC to the extent available and balance by cash. The use of ITC for payment of IGST will be done in the following order:

- ITC of IGST shall be used for payment of IGST first.
- Once ITC of IGST is exhausted, the ITC of CGST shall be used,
- If ITC of Both IGST and CGST are exhausted, ITC of SGCT shall be used,
- Remaining IGST liability shall be discharged in cash. GST System will ensure maintenance of this hierarchy for payment of IGST using the credit
- However, IGST on imports has to be paid in cash only.

Q4. What are the provisions for refund of taxes for exporters in GST?

Ans. Provisions relating to refund are contained in section 54 of the CGST Act, 2017. It provide for refund of tax paid on zero rated supplies of goods or services or on inputs or input services used in making such zero rated supplies, or refund of tax on the supply of goods regards as deemed exports, or refund of unutilized input tax credit. Identical provision exist under the IGST Act, 2017 and relevant SGST/UTGST Acts

Q 5: Can unutilized input tax credit be allowed as refund to exporters?

Ans: Yes. Section 54(3) of the CGST Act, 2017 provides for refund of any unutilised input tax credit of inputs and input services at the end of any tax period except where

- (i) the goods exported out of India are subjected to export duty; or
- (ii) the exporter claims drawback of CGST or refund of IGST paid on such export.

Q 6: What is the procedure for claiming refund by exporters?

Ans: Refund can be claimed by filing an application electronically in prescribed form along with required documents through the Common Portal, either directly or through a Facilitation Centre notified by the Commissioner. The refundable amount shall be electronically credited to any of the bank accounts of the applicant mentioned in his registration particulars and as specified in the application for refund. For details Chapter X of the CGST Rules, 2017 relating to refund may be referred to.

In case of refund of IGST, the shipping bill filed with the Customs is treated as an application for refund if the exporter has filed a valid return in Form GSTR3/3B and the person in-charge of the conveyance carrying the goods to be exported has furnished an export manifest/report. Upon receipt of information regarding furnishing of a valid return in FORM GSTR-3 or FORM GSTR-3B by the exporter from the Common Portal, the Customs authorities at the port of export shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill shall be electronically credited to the bank account of the exporter.

Q 7: What is the time limit for grant of refund?

Ans: Refundable amount shall be sanctioned within 60 days from the date of receipt of application complete in all respects. However, as a measure of facilitation to exporters, except for certain notified categories, ninety per cent of the amount excluding the amount of input tax credit provisionally accepted will be refunded provisionally within seven days from the date of acknowledgement.

Q 8: Will the principle of unjust enrichment apply to exports?

Ans: The principle of unjust enrichment is not applicable in case of exports of goods or services as the recipient is located outside the taxable territory.

Q 9: Today under VAT/CST merchant exporters can purchase goods without payment of tax on furnishing of a declaration form. Will this system be there in GST?

A: No, there is no such provision in GST. Tax will be payable on their inward supplies and they can claim refund of the accumulated ITC.

Q 10: Whether goods sent by a taxable person to a job worker be treated as supply and will they be liable to GST?

Answer: No, the goods sent by a registered person to a job worker is not a supply, as there is no transfer of title and no consideration for the goods is involved. In terms of section 143 of the CGST Act, 2017 a registered taxable person (the principal), after following the prescribed procedure, may send any inputs or capital goods, without payment of GST, to a job worker for job work and the principal shall either

- (i) bring back such inputs or capital goods after completion of job work or otherwise within the prescribed period i.e. 1 year in case of inputs and 3 years in case of capital goods, or

- (ii) (ii) supply such inputs or capital goods, within such prescribed period, on payment of tax within India, or with or without payment of tax for export, as the case may be.

If the goods or, capital goods, as the case may be, are not returned to the principal within the time specified above, the same shall be deemed to have been supplied by the principal to the job worker on the date the goods were sent out to the job worker and the principal shall be required to pay tax accordingly on such supplies.

Q 11: Is a job worker required to take registration?

Ans: As job work is a service, it would be considered a supply and the job worker would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold of Rs.20 lakhs or, as the case may be, Rs.10 Lakhs.

Question 12: Whether exemption from all duties of Customs be available on imports under exemption schemes such as EPCG, Advance licence etc under GST regime?

Ans: No. Exemption will be available only from Basic Customs Duty. IGST will be payable on such imports. However, the importer can avail ITC of IGST paid and utilise the same or claim refund in accordance with the provisions of the CGST Act, 2017 and rules made thereunder.

Question 13: Can duty credit scrips received as incentive by exporters such as MEIS, SEIS etc be utilised for payment of all duties at the time of import?

Ans: No, these scrips can be utilised only for payment of Basic Customs duty. IGST cannot be paid by utilising these scrips.

Q 14: Will drawback at higher rate be available to handicraft exporters who do not avail Input Tax Credit (ITC) like presently available to those who do not avail CENVAT credit?

An: No. There will be no difference in rate of Drawback for exporters not availing ITC in GST regime. In GST regime, drawback will be admissible only at lower rate determined on the basis of customs duties paid on imported materials used in the manufacture of export goods. However, as an export facilitation measure, for the transition period of 3 months from July to September, 2017, drawback at higher composite rates will continue to be granted subject to the condition that no input tax credit of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.

Q 15: Is GST payable on consideration received for sale of scrips?

Ans: Yes. Scrips are goods and sale of scrips has to be treated as supply of goods. GST at applicable rate will therefore be payable.

Q 16: 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?

Ans: GST is not payable in such cases. Exporters will need exhibition participation letter and no foreign exchange involved 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.

Q 17: Will an exporter be required to pay GST in case of goods procured from unregistered persons?

Ans: In case of supply by an unregistered person, the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism for purchases above five thousand rupees in a day. However the exporter can avail ITC of such GST paid and either utilise the ITC or claim refund of the same.

Q 17: Will credit of duties be available on inputs and inputs contained in semi-finished goods/finished goods lying in stock of an exporter who was not registered under existing laws, as on appointed day of GST?

Ans: Yes, provided the exporter was not liable to be registered under the existing law.

Q 18 : 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 re-import in view of ex-emptions granted under Customs.

Q 19 : 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.

Q 20 : We are a Merchant Exporter. Can we 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 : There is no bar for 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 January 23, 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, i.e. from October 23, 2017. Many exporters have already exported on payment of IGST.

Q 21 : For import shipments, if CFS raises an invoice on customs broker instead of importer and the customs broker or the importer makes payment to the CFS, will the importer be allowed to claim ITC? Is there a concept of pure agent/disbursement under GST regime?

Answer : The importer will not be allowed to claim ITC in this situation. If the CFS raises an invoice on the customs broker, then the customs broker, in turn, must raise an invoice on the importer for the same service.

Yes, there is pure agent concept in GST. Customs broker must ask the CFS, shipping line, etc. to make the invoice in the name of the importer. Customs broker can pay on behalf of the importer and the importer will be able to use the ITC. Since the invoice of the CFS, shipping line, etc., is in the name of the importer, the customs broker cannot claim ITC on this transaction.

It is advisable that you obtain a letter from your customer (once every year) authorising you for customs clearance, transport, pay shipping lines, etc., on his behalf.

Q 22 : Is the freight charged on import from foreign customer by shipping companies liable to GST?

Answer : Yes, import freight in case of foreign customer is liable to GST because it does not satisfy the condition of "export" as defined u/s 2(6) of the IGST Act, 2017.

Q 23 Is the freight charged by shipping companies on import from a customer not registered under GST liable to tax?

Answer Yes, it is liable to tax as it satisfies the requirements of section 7(5)(a) of the IGST Act, 2017.

Q 24. Is the freight charged from SEZ unit taxable?

Answer Transportation services provided to an SEZ customer falls under the category of zero-rated supply under 16(1) (b) of the IGST Act, 2017.

Q 25 Is e-way required for the movement of goods from one place in a state to another place in the same state via another state?

Answer : Yes, e-way bill is required to be generated. Generation of e-way depends on the route of the movement of goods not their origin or destination.

Q 26. As a job worker making inter-state supply, are we required to register under GST?

Answer : As per the amended provisions, a job worker is required to obtain registration only if his aggregate turnover (to be computed on all India basis) in a financial year exceeds the threshold limit of Rs. 20 lakh (Rs. 10 lakh in case of special category states except Jammu & Kashmir), regardless of whether the principal and the job worker are located in the same state or in different states.

Q 26 We want to import goods and keep them in a customs bonded warehouse. Are we required to pay GST at the time of entry of the goods in the warehouse or when we take them out from the warehouse?

Answer : In case of supply of the warehoused goods, the point of levy would be the point at which the duty is collected under section 12 of the Customs Act, 1962, which is at the time of clearance of such goods under section 68 of the Customs Act. IGST shall be levied and collected at the time of final clearance of the warehoused goods for home consumption i.e. at the time of filing the ex-bond bill of entry and the value addition accruing at each stage of supply shall form part of the value on which the integrated tax would be payable at the time of clearance of the warehoused goods for home consumption.

Q 27 How is GST imposed on imports? Is it on CIF value or customs duty is added before applying GST?

Answer : On imports, Customs duty, cess if applicable, IGST and GST compensation cess is payable after adding all customs duty and customs cess to value of imports.

Q 28 Can a person take input tax credit (ITC) under GST without payment of consideration for the supply along with tax to the supplier?

Answer : Yes, the recipient can take ITC. But he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. In case payment is not made within 180 days, then credit needs to be reversed

Q 29 Our company has input credit on Excise and VAT as at the end of June 17. Can we adjust closing balance input credit in the sale of the next month of July when GST became applicable? If so, how?

Answer : The input credit on Excise and VAT, in case of stock held as on 30th June, 2017, can be claimed by filling Form Tran-1 wherein all the details of ITC and stock should be disclosed. After filling of Form Tran-1, the electronic credit ledger shall be credited. The said ITC may be utilized at the time of filling of GSTR

Note: Reference to CGST Act, 2017 includes reference to SGST Act, 2017 and UTGST Act, 2017 also.

FAQ's related to e-way Bill

Question : What are the basic requirements for generating an e-way bill?

Answer : To generate the e-way bill it is essential that the person is registered. If the transporter is not a registered person it is mandatory to get enrolled on the common portal of e-waybill before generation of the e-way bill. The documents such as tax invoice or bill of sale or delivery challan, identification of person who is transporting the goods along with document number or the vehicle number in which the goods are transported are required.

Question : What should we fill in transaction type, sub type and document type in e-Way bill in case of exports?

You may write 'outward' in transaction type, 'export' in sub type and 'tax invoice' in document type (which shall carry an endorsement "supply meant for export on payment of integrated tax" or "supply meant for export under bond or letter of undertaking without payment of integrated tax, as the case may be).

Question : In case of export to Nepal or Bhutan, do we need e-Way bill upto destination, port, or Customs point at the border?

Answer : Rule 138 (10) provides that validity of e-Way bill shall be for the distance mentioned therein for transportation of goods within the country. This indicates that e-Way bill is required till the goods are within the country and not beyond that. Therefore, it will be valid only till the Customs point at the border of Nepal or Bhutan.

Question : Is it mandatory to raise e-Way bill in case of transportation of goods by principal to job worker irrespective of the value of consignment?

Answer : Rule 138 (1) provides that where goods are sent by principal located in one state to job worker located in another state, e-Way bill has to be generated irrespective of the value of the consignment. This means that it is compulsory to generate e-Way bill in case of inter-state movement of goods for job work purpose. However, there is no such condition in case of goods sent for job work within the state. Hence, for sending goods to job worker within the state, e-Way bill is required to be generated only if the value exceeds Rs. 50,000.

Question : Who is liable for generating e-Way bill in case of transportation of goods through e-commerce?

Answer : Normally, in case of e-commerce, the logistics is handled by an independent third party. So in such a case, four parties may be involved in the transaction -seller, buyer, logistic service provider and e-commerce operator. In such cases, Part A of the e-Way bill should be furnished by the e-commerce operator. But Part B of the e-Way bill may be furnished either by the e-commerce operator or by the third party logistic service provider.

Question : Is e-Way bill required for movement of goods through own vehicle from one unit of the company to another unit of the company located within 10 km?

Answer : E-Way bill is required to be generated even in case of movement of goods within 10 km. The relaxation part B (vehicle details) is given only in cases of movement of goods from the place of business of consignor to the business of transporter for movement of such goods in all other cases, e-Way bill needs to be generated even if the distance to be covered is less than 10 km. However, if the motorized vehicle is not used for transportation of vehicle, then e-Way bill is not required.

Question : Is e-Way bill required to be generated for the movement of exempted goods?

Answer : Notification No. 3/2018 provides that e-Way bill is not required to be generated for movement of goods covered under Notification No. 2/2017-Central Tax (rate). This Notification covers all exempted categories of goods. Hence, there is no need to generate e-Way bill when a person is sending exempted goods, except de-oiled cake. In addition to such exempted goods, e-Way bill is not required for goods such as (i) non-GST goods i.e. alcoholic liquor for human consumption, (ii) petroleum crude, high speed diesel oil, motor spirit, natural gas, aviation turbine fuel. (iii) goods being transported not considered as supply 'under Schedule III of CGST Act, and (iv) goods covered under Annexure to Rule 138, i.e. LPG, kerosene, postal baggage, jewellery, precious metals, stones, currency, used and personal household items, etc.

Question : Who is responsible for generating e-Way bill?

Answer : The responsibility for generating e-Way bill lies with the person registered with GST who sends the goods. Hence, primary liability to raise e-Way bill is on the consignor. However, if the consignor fails to generate the e-Way bill, then it may be generated by the transporter also. In case of supply of goods by an unregistered person to a registered person, the liability to generate e-way bill is on the recipient

Question : Does validity of e-Way bill start from update of 'vehicle number' or even on update of 'transporter identity'?

Answer : The e-Way bill is said to be generated when the details related to vehicle number is furnished in Part B of FORM GST EWB-0 1. Therefore, the validity of e-Way bill starts from the date when the vehicle number is updated in such Form, not merely on updating Transporter ID.

Question : For the calculation of distance and validity, do we need to check the date and time of generation of every e-Way bill or invoice, or only the consolidated e-Way bill?

Answer : Consolidated e-Way bill contains details of all e-Way bills which are moving towards one direction. These bills have different validity periods. Therefore, consolidated e-Way bill does not have any independent validity period. However, all e-Way bills in the consolidated e-Way bill should reach the destination as per their validity periods. Kindly note that the date of invoice or delivery challan is not relevant for determining the starting time of e-Way bill.

Miscellaneous FAQ's

Question : Can a merchant having duty paying documents claim Cenvat credit on the stock held on the appointed date, 'i.e. July 1, 2017?

Answer : Yes, a merchant having duty paying documents can claim Cenvat credit as per section 140 (3) of the CGST Act, 2017 subject to fulfillment of following conditions: a) Such inputs are used or intended to be used for making taxable supplies; b) The said taxable person is eligible for input tax credit on such inputs; c) The said taxable person is in possession of invoice and/or other prescribed documents evidencing payment of duty under the earlier law; d) Such invoices and /or other pre-scribed documents were issued not earlier than twelve months immediately preceding the appointed day; e) The supplier of services is not eligible for any

Question : What is the meaning of the term `consignment value'? Should we calculate it with taxes or without taxes?

Answer : The term 'consignment value' as provided under Notification No. 3/2018, refers to the value determined as per Section 15 of the CGST Act as mentioned on the invoice, bill of supply or delivery challan, as the case may be including the applicable tax thereon. Hence, the consignment value is the total value as mentioned in the document including tax.

Question : How do we compute consignment value in an invoice which contains some exempt supplies and some taxable supplies?

Answer : The consignment value in such cases will only include the value of taxable goods and not the value of exempt supply. For example, if the exempt supply is Rs 80,000 and taxable value is Rs 60,000, then the transactional value will be Rs 60,000 and not Rs 1,40,000

Question : I have only one office in Maharashtra. Is it mandatory for me to have another office or a branch office in Tamil Nadu to handle shipments from Chennai?

Answer : It is not mandatory to have a separate or branch office in Tamil Nadu to handle shipments from Chennai. From your Maharashtra office, you are free to handle shipments out of any location in India. If the shipment is from Chennai but your customer is located in the same state where you are located, i.e. Maharashtra, then you have to charge SGST/CGST. If the shipment is from Chennai and your customer is located in Tamil Nadu and you are located in Maharashtra, then you have to charge IGST.

Question : Are cash expenses, sundry expenses, operations vouchers, conveyance vouchers sundries paid to operations staff on per job basis, etc. taxable? Is ITC available on these expenses?

Answer : Every transaction is taxable. Cash expenses, customs sundries, operations sundries, labour charges, loading/ unloading expenses, operations conveyance, etc. are taxable. If the conveyance you give to your staff is a part of salary (appears as a break-up of salary) then they are not taxable but if - they are not part of the salary, then all such expenses are taxable. Every company has to maintain an inward supply register for all transactions with unregistered vendors including for cash expenses, sundries, operations sundries, etc.

Question : What is consignment note?

Answer : Consignment note is a document issued by a goods transportation agency against the receipt of goods for the purpose of transporting the goods by road in a goods carriage. If a consignment note is not issued by the transporter, then the service provider will not fall within the ambit of goods transport agency. If a consignment note is issued, then it means that the lien on the goods has been transferred to the transporter. Now the transporter is responsible for the goods till its safe delivery to the consignee.

A consignment note is serially numbered and contains Name of consignor, Name of consignee, Registration number of the goods carriage in which the goods are transported, Details of the goods, Place of origin, Place of destination, Person liable to pay GST - consignor, consignee, or the GTA.