

**FREQUENTLY ASKED QUESTIONS  
(FAQ)  
ON  
GOODS AND SERVICES TAX  
(GST)**



**EXPORT PROMOTION COUNCIL FOR HANDICRAFTS**

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Dear Members,

GST is one of the biggest taxation reforms in India which has been implemented from 1<sup>st</sup> July, 2017 across the nation. GST often referred to as 'One Nation, One Tax'. All Central and State level taxes and levies on goods and services have been subsumed within this integrated tax.

Though, Introduction of Goods and Service Tax is a significant step in the direction of tax reforms in India. During implementation of GST certain queries and doubts are being faced by our member exporter. EPCH has set up a Help Desk ([gst@epch.com](mailto:gst@epch.com)) to address the issues faced by our members. Members may seek clarification through this Help Desk. To address Members queries, EPCH has prepared the attached FAQ for their reference.

With best compliments for being a part of such large reform movement.

With best regards

-sd-

(Rakesh Kumar)  
Executive Director

**Circular No. 5/5/2017 - GST**

**F. No. 349/82/2017**

**GST Government of India Ministry of Finance Department of Revenue Central Board of Excise  
and Customs GST Policy Wing  
New Delhi, Dated the 11th August, 2017**

To,

The Principal Chief Commissioners/Chief Commissioners/Principal Commissioners/ Commissioners of  
Central Tax (All) The Principal Director Generals/ Director Generals (All)

Madam/Sir,

**Subject: Clarification on issues related to furnishing of Bond/Letter of Undertaking for Exports–  
Reg.**

Please refer to Notification No. 16/2017 – GST dated 7th July, 2017 and Circular No. 2/2/2017 – GST dated 5th July, 2017 and Circular No. 4/4/2017 – GST dated 7th July, 2017. A large number of communications have been received from the field formations and exporters citing variation in the interpretation of above referred notification and circulars.

2. Therefore, in exercise of powers conferred under section 168 (1) of the Central Goods and Services Tax Act, 2017, for the purpose of uniformity in the implementation of the Act, following issues are being clarified hereunder: a. Eligibility to export under LUT: Notification No. 16/2017 – Central Tax dated 7th July, 2017 specifies conditions to be fulfilled for export under Letter of Undertaking (LUT) in place of bond. In the extant Central Excise provisions, LUTs were limited to manufacturer exporters only. The intent of the said notification is to liberalize the facility of LUT and extend it to all kind of suppliers. It is hereby clarified that any registered person who has received a minimum foreign inward remittance of 10% of export turnover in the preceding financial year is eligible for availing the facility of LUT provided that the amount received as foreign inward remittance is not less than Rs. one crore. This means that only such exporters are eligible to LUT facilities who have received a remittance of Rs. one crore or 10% of export turnover, whichever is a higher amount, in the previous financial year. A few illustrations are as follows: i. An exporter had a turnover of Rs. 15 crore in the previous financial year. He would be eligible for LUT facility if remittance received against this export is Rs. 1.5 crore or more (10% of export turnover is more than Rs. 1 crore) ii. An exporter had a turnover of Rs. 5 crore in the previous financial year. He would be eligible for LUT facility if remittance received against this export is Rs. 1.0 crore or more (10% of export turnover is less than Rs. 1 crore) iii. An exporter has an export turnover of Rs. 2 crore. He has received Rs. 80 lacs as foreign inward remittances in FY 2016-17 which is 40% of the export turnover. He will not be eligible for LUT facility as remittance received is less than Rs. 1 crore. iv. An exporter has export turnover of Rs. 40crore. He has received Rs. 2 Crores as foreign inward remittances in FY 2016-17 which is 5% of the export turnover. He will not be eligible for LUT facility as remittance received is less than 10% of export turnover, even though it is in excess of Rs. 1 crore. v. An exporter has received Rs. 1 Crore 10 lacs as foreign inward remittances in FY 2016-17 which is 20% of the export turnover. In this scenario, he will be eligible for LUT facility.

It may however be noted that a status holder as specified in paragraphs 3.20 and 3.21 of the Foreign Trade Policy 2015-2020 is eligible for LUT facility regardless of whether he satisfies the above conditions.

b. Form for LUT: Bonds are furnished on non-judicial stamp paper, while LUTs are generally submitted on the letterhead containing signature and seal of the person or the person authorized in this behalf as provided in said Notification.

c. Time for acceptance of LUT/Bond: As LUT/bond is a priori requirement for export, including supplies to a SEZ developer or a SEZ unit, the LUT/bond should be processed on top most priority and should be accepted within a period of three working days from the date of submission of LUT/bond along with complete documents by the exporter.

Page 3 of 5

d. Purchases from manufacturer and form CT-1: It is learnt that there is lack of clarity about treatment of CT-1 form which was earlier used for purchase of goods by a merchant exporter from a manufacturer without payment of central excise duty. The scheme holds no relevance under GST since transaction between a manufacturer and a merchant exporter is in the nature of supply and the same has not been exempted under GST even on submission of LUT/bond. Therefore, such supplies would be subject to GST. The zero rating of exports, including supplies to SEZ, is allowed only with respect to supply by the actual exporter under LUT/bond or payment of IGST.

e. Transactions with EOUs: Zero rating is not applicable to supplies to EOUs and there is no special dispensation for them. Therefore, supplies to EOUs are taxable under GST just like any other taxable supplies. The EOUs, to the extent of exports, are eligible for zero rating like any other exporter.

f. Forward inward remittance in Indian Rupee: Various representations have been received with respect to receipts of proceeds of supplies in Indian Rupee especially with respect to exports to Nepal, Bhutan and SEZ developer/SEZ unit. Attention is invited to Para A (v) Part-I of RBI Master Circular no. 14/2015-16 dated July 1, 2015 (updated as on November 5, 2015), which states “there is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2015-2020), all export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency. However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan”.

Accordingly, it is clarified that acceptance of LUT instead of a bond for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with applicable RBI guidelines. It may also be noted that supply of services to SEZ developer or SEZ unit will also be permissible on the same lines. The supply of services, however, to Nepal or Bhutan will be deemed to be export of services only if the payment for such services is received by the supplier in convertible foreign exchange.

g. Bank guarantee: Circular No. 4/4/2017 dated 7th July, 2017 provides that bank guarantee should normally not exceed 15% of the bond amount. However, the Commissioner may waive off the requirement to furnish bank guarantee taking into account the facts and circumstances of each case. It is expected that this provision would be implemented liberally. Some of the instances of liberal interpretation are as follows:

i. an exporter registered with recognized Export Promotion Council can be allowed to submit bond without bank guarantee on submission of a self-attested copy of the proof of registration with a recognized Export Promotion Council

ii. In the GST regime, registration is State-wise which means that the expression 'registered person' used in the said notification may mean different registered persons (distinct persons in terms of sub-section (1) of section 25 of the Act) if a person having one Permanent Account Number is registered in more than one State. It may so happen that a registered person may not satisfy the condition regarding foreign inward remittances in respect of one particular registration, because of splitting and accountal of receipts and turnover across different registered person with the same PAN. But the total amount of inward foreign remittances received by all the registered persons, having one Permanent Account Number, maybe Rs. 1 crore or more and it also maybe 10% or more of total export turnover. In such cases, the registered person can be allowed to submit bond without bank guarantee.

h. Jurisdictional officer: It has been clarified in Circular Nos. 2/2/2017 – GST dated 4th July, 2017 and 4/4/2017 – GST dated 7th July, 2017 that Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. It is reiterated that the Central Tax officers shall facilitate all exporters whether or not the exporter was registered with the Central Government in the earlier regime. i. Documents for LUT: Documents submitted as proof of fulfilling the conditions of LUT shall be accepted unless there is any evidence to the contrary. Self-declaration shall be accepted unless there is specific information otherwise. For example, a self-declaration by the exporter to the effect that he has not been prosecuted should suffice for the purposes of notification No.16/2017 - Central tax dated 7th July, 2017. Verification, if any, may be done on post facto basis. Similarly, Status holder exporters have been given the facility of LUT under the said notification and a self-attested copy of the proof of Status should be sufficient. j. Applicability of circulars on Bond/LUTs: It is learnt that some field officers have inferred that the instructions given by the said circulars are effective in respect of exports made only from the date of its issue despite the fact that it has been categorically clarified specifically in the said circular (dated 7th July, 2017) that the instructions shall be applicable for exports on or after 1st July, 2017. It is reiterated that the instructions issued vide said circular and this circular are applicable to any export made on or after the 1st July 2017.

3. It is requested that suitable trade notices may be issued to publicize the contents of this circular.

4. Difficulty, if any, in implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

(Upender Gupta)  
Commissioner (GST)

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUBSECTION (i)]

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs**

**Notification No. 16/2017 – Central Tax**

**New Delhi, the 7<sup>th</sup> July, 2017**

G.S.R... ( )E.- In exercise of the powers conferred by sub-rule (5) of rule 96A of the Central Goods and Services Tax Rules, 2017, the Central Board of Excise and Customs hereby specifies the conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

i. The following registered person shall be eligible for submission of Letter of Undertaking in place of a bond:-

(a) a status holder as specified in paragraph 5 of the Foreign Trade Policy 2015-2020; or

(b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year,

and he has not been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

ii. The Letter of Undertaking shall be furnished in duplicate for a financial year in the annexure to FORM GST RFD – 11 referred to in sub-rule (1) of rule 96A of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

[F. No. 349/74/2017 – GST]

(Dr. Sreeparvathy S. L.)  
Under Secretary to the Government of India

**Circular No. 4/4/2017-GST**

**F. No. 349/82/2017-GST  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs  
(GST Policy Wing)  
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**New Delhi, the 7<sup>th</sup> July, 2017**

**To,  
The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners/  
Commissioners of Central Tax (All)**

**Madam/Sir,**

**Subject: Issues related to Bond/Letter of Undertaking for exports without payment of integrated tax – Reg.**

Various communications have been received from the field formations and exporters that difficulties are being faced in complying with the procedure prescribed for making exports of goods and services without payment of integrated tax with respect to furnishing of bonds/Letter of Undertaking. Therefore, in exercise of powers conferred under section 168 (1) of the Central Goods and Services Tax Act, 2017, for the purpose of uniformity in the implementation of the Act, these issues are being clarified hereunder.

2. As per rule 96A of the Central Goods and Services Tax Rules, 2017 ( The CGST Rules), any registered person exporting goods or services without payment of integrated tax is required to furnish a bond or a Letter of Undertaking (LUT) in FORM GST RFD-11.

3. Attention is invited to notification No. 16/2017-Central Tax dated 01-07-2017 vide which the category of exporters who are eligible to export under LUT has been specified along with the conditions and safeguards. All exporters, not covered by the said notification, would submit bond. The procedure for submission and acceptance of bond has already been prescribed vide circular No. 2/2/2017-GST dated 4<sup>th</sup> July, 2017. The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which bond is being furnished.

4. A clarification has been sought as to whether bond to be furnished for exports is a running bond (with debit / credit facility) or a one-time bond (separate bond for each consignment / export). It is observed that a consignment wise bond would be a significant compliance burden on the exporters. It is directed that the exporters shall furnish a running bond, in case he is required to furnish a bond, in FORM GST RFD -11. The bond would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself. The exporter shall ensure that the outstanding tax liability on exports is within the bond amount. In case the bond amount is insufficient to cover the tax liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability.

5. FORM RFD -11 under rule 96A of the CGST Rules requires furnishing a bank guarantee with bond. Field formations have requested for clarity on the amount of bank guarantee as a security for the bond. In this regard it is directed that the jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter. If Commissioner is satisfied with the track record of an exporter then furnishing of bond without bank guarantee would suffice. In any case the bank guarantee should normally not exceed 15% of the bond amount.



6. As regards LUT, it is clarified that it shall be valid for twelve months. If the exporter fails to comply with the conditions of the LUT he may be asked to furnish a bond. Exports may be allowed under existing LUTs/Bonds till 31<sup>st</sup> July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31<sup>st</sup> July, 2017.

7. It is further stated that the Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayer to respective authority is implemented. However, if in a State, the Commissioner of State Tax so directs, by general instruction, to exporter, the Bond/LUT in all cases be accepted by Central tax officer till such time the said administrative mechanism is implemented. Central Tax officers are directed to take every step to facilitate the exporters.

8. Attention is further invited to circular No. 26/2017 – Customs dated 1<sup>st</sup> July 2017, vide which it has been clarified that the existing practice of sealing the container with a bottle seal under Central Excise supervision or otherwise would continue till 01<sup>st</sup> September, 2017. Such sealing shall be done under the supervision of the officer having physical jurisdiction over the place of business where the sealing is being done. A copy of the sealing report would be forwarded to the Deputy/Assistant Commissioner having jurisdiction over the principal place of business.

9. These instructions shall apply to exports on or after 1<sup>st</sup> July, 2017. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in the implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

-sd-

(Upender Gupta)  
Commissioner (GST)



## **Preface**

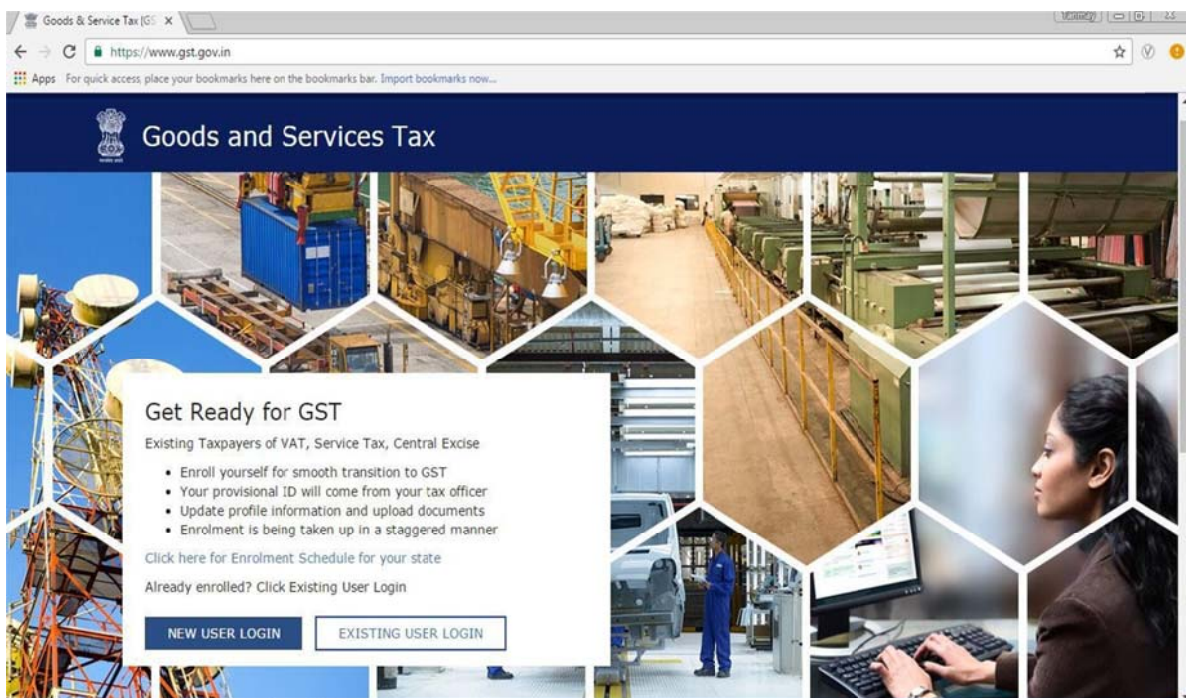
1. **REGISTRATION**
2. **TRANSITION**
3. **REFUND**
4. **JOB WORKER**
5. **EXPORT**
6. **INVOICE**
7. **TAX ON REVERSE CHARGE BASIS / SUPPLY OF GOODS**
8. **COMPOSITION SCHEME**
9. **DUTY DRAW BACK**
10. **HSN CODE / SAC CODE/ MISC.**

## How to do on or before GST is rolled out?

GST Enrolment for existing Central Excise / Service Tax Assesses All existing Central Excise and Service Tax assesses will be migrated to GST starting 7th January 2017. To migrate to GST, assesses would be provided a Provisional ID and Password by CBEC.

Provisional IDs would be issued to only those assesses who have a valid PAN associated with their registration. An assessee may not be provided a Provisional ID in the following cases:

- a. The PAN associated with the registration is not valid
- b. The PAN is registered with State a Tax authority and Provisional ID has been supplied by the said State Tax authority.
- c. There are multiple CE/ST registrations on the same PAN in a State. In this case only 1 Provisional ID would be issued for the 1st registration in the alphabetical order provided any of the above 2 conditions are not met. The assesses need to use this Provisional ID and Password to logon to the GST Common Portal (<https://www.gst.gov.in>) where they would be required to fill and submit the Form 20 along with necessary supporting documents.



## **REGISTRATION**

- 1. Does aggregate turnover include value of inward supplies received on which Reverse Charge Mechanism is payable?**  
Refer Section 2(6) of CGST Act. Aggregate turnover does not include value of inward supplies on which tax is payable on reverse charge basis.
- 2. My all outward supplies are export services. In this case is it compulsory to register under GST?**  
Yes. Since, exports are zero rated, one needs to register for GST to claim refunds
- 3. Existing taxpayer registering a branch office in another state comes under fresh registration or under existing tax payer registration?**  
For every State, a fresh registration is needed
- 4. Is registration necessary if only interstate supply of Nil rated goods is being made?**  
If exclusively making supplies of Nil rated supplies, registration is not compulsory. Kindly refer section 23 of CGST Act.
- 5. What if the dealer migrated with wrong PAN as the status of firm was changed from proprietorship to partnership?**  
New registration would be required as partnership firm would have new PAN.
- 6. A taxable person's business is in many states. All supplies are below 10 Lakhs. He makes an Inter State supply from one state. Is he liable for registration?**  
He is liable to register if the aggregate turnover (all India) is more than 20 lacs or if he is engaged in inter-State supplies.
- 7. Can we use provisional GSTIN or do we get new GSTIN? Can we start using provisional GSTIN till new one is issued?**  
Provisional GSTIN (PID) should be converted into final GSTIN within 90 days. Yes, provisional GSTIN can be used till final GSTIN is issued. PID & final GSTIN would be same.
- 8. Not liable to tax as mentioned u/s 23 of CGST means nil rated supply or abated value of supply?**  
Not liable to tax means supplies which is not liveable to tax under the CGST/SGST/IGST Act. Please refer to definition under Section 2(78) of the CGST Act.
- 9. Whether civil contractor doing projects in various states requires separate registration for all states or a single registration at state of head office will suffice?**  
A supplier of service will have to register at the location from where he is supplying services.
- 10. Whether aggregate turnover includes turnover of supplies on which tax is payable by the recipient under reverse charge?**  
Outward supplies on which tax is paid on reverse charge basis by the recipient will be included in the aggregate turnover of the supplier.

- 11. If there are two SEZ units within same state, whether two registrations are required to be obtained?**  
SEZs under same PAN in a state require one registration. Please see proviso to rule 8(1) of CGST Rules.
- 12. Is an advocate providing interstate supply chargeable under Reverse Charge liable for registration?**  
Exemption from registration has been provided to such suppliers who are making only those supplies on which recipient is liable to discharge GST under RCM.
- 13. When is registration in other state required?**  
Will giving service from Moradabad to other state require registration in other state? If services are being provided from Moradabad then registration is required to be taken only in Maharashtra and IGST to be paid on inter-state supplies.
- 14. Can an unregistered dealer supply goods to other states if his turnover is below Rs. 20 lakh?**  
No. The supplier would be liable to obtain registration in case of Inter-State supplies irrespective of the supplier.
- 15. I have migrated under GST but want to register as ISD. Whether I can apply now & what is the procedure?**  
A separate & new registration is required for ISD. New registrations were opened from 0800 hrs. on 25.06.2017.
- 16. I have enrolled in GST but I forgot to enter SAC codes. What should I do?**  
The status is migrated. The same can be filled while filing FORM REG-26 for converting provisional ID to final registration.
- 17. I have ST number on individual name and have migrated to GST. I wish to transfer this on my proprietorship firm?**  
This conversion may be done while filling FORM REG-26 for converting provisional ID to final registration.
- 18. Please tell if rental income up to 20 lacs attracts GST or attracts any other charge?**  
GST is liveable only if aggregate turnover is more than 20 lacs. (Rs. 10 lacs in 11 special category States). For computing aggregate supplies turnover of all supplies made by you would be added.
- 19. If someone trades only 0% GST items (grains, pulses) then is it necessary to register for GST, if the turnover exceeds ₹20 lacs?**  
A person dealing with 100% exempted supply is not liable to register irrespective of turnover.
- 20. Is it correct that person dealing exclusively in NIL rated or exempt goods/ services liable to register if turnover > 20/10 Lakh?**  
There is no liability of registration if the person is dealing with 100% exempt supplies.
- 21. If I register voluntarily though turnover is less than 20 Lakhs, am I required to pay tax from 1st supply I make post registration?**  
Yes, you would be treated as a normal taxable person.
- 22. Whether a separate GSTIN would be allotted to a registered person for deducting TDS (he has PAN and TAN as well)?**  
Separate registration as tax deductor is required.

**23. Is separate registration required for trading and manufacturing by same entity in one state?**

There will be only one registration per State for all activities.

**24. I am registered in TN and getting the service from unregistered dealer of AP, should I take registration in AP to discharge GST under RCM?**

Any person who makes interstate taxable supply is required to take registration. Therefore in this case AP dealer shall take registration and pay tax.

**25. Is there any concept of area based exemption under GST?**

There will be no area based exemptions in GST.

**26. If a company in Maharashtra holds only one event in Delhi, will they have to register in Delhi? Will paying IGST from Maharashtra suffice?**

Only if you provide any supply from Delhi you need to take registration in Delhi. Else, registration at Mumbai is sufficient (and pay IGST on supplies made from Mumbai to Delhi)

**27. How long can I wait to register in GST ?**

An unregistered person has 30 days to complete its registration formalities from its date of liability to obtain registration.

**28. What If I am not liable to register under GST but I was registered under Service tax ?**

You can apply for cancellation of Provisional ID on or before 31st July 2017.

**29. When turnover of agents will be added to that of the principal for registration?**

No.

**30. If I am not an existing taxpayer and wish to newly register under GST, when can I do so?**

You would be able to apply for new registration at the GST Portal [gst.gov.in](http://gst.gov.in) from 0800 hrs. on 25th June 2017

**31. Whether a person having offices in different states can have only one registration?**

No, every person having offices in different states where he is carrying on the commercial operations is required to take registration statewise.

**32. Can a tax payer registered in one state can do the business in another state?**

Yes, a person registered in one state can make purchase and sale of goods and services in another state.

**33. I have not received ARN or have received ARN but not GSTIN, how do I supply goods or services or both?**

You can supply goods or services or both on bill of supply without mentioning GSTIN and/or ARN. On receipt of GSTIN, you will need to issue revised invoice mentioning GSTIN. You are required to reflect this supply in your return and also pay tax thereon

## **TRANSITION**

**34. I was unregistered in excise before and now in 18% slab? Can I take credit of stock if I don't have invoices?**

Deemed credit will be available to you for stock as duty paying documents are not available, subject to provisions of section 140 (3) of the CGST Act, 2017 read with Rule 140(4) of CGST Rules, 2017.

**35. I enjoyed SSI Exemption in Excise and did not register; how do I now take credit of stock lying with me?**

Credit may be availed on the basis of document evidencing payment of duty on inputs as per section 40(3) of the CGST Act, 2017 read with Rule 140(4) of CGST Rules, 2017.

**36. For textile trader or manufacturers, with input stock without payment of excise duty but GST being charged on final sale, shall we get credit of such stock?**

Credit of stock which was unconditionally exempt from excise duty or was NIL rated shall not be available. Please see Rule 117(4) of the CGST Rules, 2017.

**37. I made booking for hotel for a trip in October. Invoice raised already. Would I need to pay GST if payment will be done on 15 July?**

If the invoice has been raised and payment made before the 1st of July 2017 then GST will not be applicable.

**38. If my turnover is less than 1.5 crores, do I need to mention HSN code on my invoice?**

Specifying HSN code on invoice is optional for taxpayers having turnover upto 1.5 crores.

**39. We are Excise registered dealers and have stock older than 1 year for which Excise is paid. Will we get Input tax credit?**

You will be entitled to carry forward closing balance of CENVAT credit shown in your last return filed under Central Excise Act.

**40. I was unregistered earlier. Now I want to register under composition scheme. Can I take ITC of my duty paid stock?**

No, a person registering under the composition scheme cannot take ITC on inputs.

**41. I have Excise registration. I now want to migrate using composition scheme. What is to be the treatment of ITC?**

Not eligible for ITC under composition scheme. Your ITC lying in balance will lapse.

## Refund

### 42. What is refund?

Refund has been discussed in section 54 of the CGST/SGST Act.

“Refund” includes

- (a) any balance amount in the electronic cash ledger so claimed in the returns,
- (b) any unutilized input tax credit in respect of (i) zero rated supplies made without payment of tax or, (ii) where the credit has accumulated on account of rate of tax on inputs being higher than the rate of tax on output supplies (other than nil rated or fully exempt supplies),
- (c) tax paid by specialized agency of United Nations or any Multilateral Financial Institution and Organization notified under the United Nations (Privileges and Immunities) Act, 1947, Consulate or Embassy of foreign countries on any inward supply.

### 43. Can unutilized Input tax credit be allowed as refund?

Unutilized input tax credit can be allowed as refund in accordance with the provisions of sub-section (3) of section 54 in the following situations: -

- (i) Zero rated supplies made without payment of tax;
- (ii) Where credit has accumulated on account of rate of tax on inputs being higher than the rate of taxes on output supplies (other than nil rated or fully exempt supplies) However, no refund of unutilized input tax credit shall be allowed in cases where the goods exported out of India are subjected to export duty, and also in the case where the supplier of goods or services or both avails of drawback in respect of central tax or claims refund of the integrated tax paid on such supplies.

**44. Is there any time limit to claim refund under Section 54?** Yes, as per Section 54, refund application is to be filed before the expiry of two years from the relevant date.

### 45. I have a pending export refund in Service Tax. What will happen?

Refunds under earlier laws will be given under the respective laws only.

**46. As an exporter, how do I ensure that my working capital is not blocked as refunds?** Appropriate provisions have been made in the law by providing for grant of 90% refund on provisional basis within 7 days from filing of registration.

### 47. Can unutilized ITC be given refund, in case goods Exported outside India are subjected to export duty?

Refund of unutilized input tax credit is not allowed in cases where the goods exported out of India are subjected to export duty - as per the second proviso to Section 54(3) of CGST/SGST Act.

### 48. Will unutilized ITC at the end of the financial year (after introduction of GST) be refunded?

There is no such provision to allow refund of such unutilized ITC at the end of the financial year in the GST Law. It shall be carried forward to the next financial year.



**49. Is there any exemption for submitting the documents required for claiming refund?**

Yes, if the refund claimed is less than 2 lakh rupees, then documentary evidence would not be required to be submitted. However, the applicant may file a declaration based on the documentary or other evidence available with him, certifying that the incidence of such tax and interest is not passed on to any other person.

**50. Whether purchases made by the exporters will be subject to tax?**

Yes purchases made by the exporter are subject to GST.

**51. Whether refund is available for tax paid on reverse charge basis?**

Yes, exporters are entitled to refund of taxes paid on reverse charge basis.

**52. Whether the exporter can purchase goods tax free against Form H as at present?**

No, exporter can purchase goods tax free as there is no concept of Form H under GST.

**53. What matching of input credit and what are the legal provisions under GST?**

**Matching of Input Tax Credit**

After filing of return Form GSTR-2, following details relating to the Input Tax Credit would be matched by GST common portal:

- i. GSTIN of the supplier
- ii. GSTIN of the recipient
- iii. Invoice/ Debit note number
- iv. Invoice/ Debit note date
- v. Taxable amount
- vi. Tax amount

The claim of Input tax credit would be treated as matched:

- i. In respect of the invoices and debit notes in Form GSTR-2 that were accepted by the recipients on the basis of Form GSTR-2A, without amendment and the corresponding supplier furnishing a valid return.
- ii. Where the amount of ITC claimed by the recipient is equal to or less than the output tax paid on such tax invoice or debit note by the corresponding supplier.

**Discrepancy in the claim of Input Tax Credit**

The discrepancy in the claim of Input Tax Credit may be communicated under the following circumstances:

Where the recipient claims Input Tax Credit in excess of the tax declared by the supplier for the same supply in his valid returns

- i. Where the outward supplies not declared by the supplier in his valid returns
- ii. Duplication of claim of ITC by the recipient pertaining to inward supply

The discrepancy in the claim of ITC would be communicated on or before the last day of the month in which matching has been carried.

### **Rectification of the discrepancy in the claim of Input Tax Credit**

Rectification of the discrepancy would be carried out as under:

- i. Supplier may **add or correct** the details of an outward supply in his valid return so as to match the details of corresponding inward supply declared by the recipient; or
- ii. Recipient may **delete or correct** the details of an inward supply so as to match the detail of corresponding outward supply declared by the supplier.

### **Addition of the output tax liability of the recipient**

- i. On the rectification of the discrepancies by the supplier in the claim of input tax credit, an amount to the extent to such discrepancy would be added to the output tax liability of the recipient.
- ii. The recipient would also be eligible for the refund of interest paid by him on the amount so added in his output tax liability, which now stands reduced

## **JOB WORKER**

### **54. What is the time limit beyond which the inputs/capital goods sent for job work shall be treated as supply?**

The time limit prescribed for return of goods sent to job work under the exemption route is 1 year of being sent out (for inputs) and 3 years of being sent out (for capital goods). Therefore, if the inputs/capital goods are returned to the principal after 1 year/ 3 years (as applicable), then such return of goods to the principal after the said period would be treated as 'supply'. This time limit is not applicable to moulds and dies, jigs, fixtures, and tools.

### **55. Will an exporter be required to pay GST in case of goods procured from unregistered persons\ (including unregistered job workers)?**

In case of supply by an unregistered person (including unregistered job workers), the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism. However the exporter can avail ITC of such GST paid and either utilize the ITC or claim refund of the same.

### **56. Whether the principal is entitled to take input tax credit even when the principal has not received the goods and directly sent to job worker by the vendor?**

Yes. Section 19(2) and Section 19 (5) allows the principal to take input tax credit of goods not received by him, if the goods are sent directly to the job workers premises by the vendor.

### **57. What are the conditions prescribed in respect of inputs/ capital goods sent for jobwork?**

The conditions prescribed in respect of inputs/ capital goods sent for job work are set out in Rule 10 of the Input Tax Credit Rules, 2017 as under:

- (a) The inputs/ capital goods are to be sent to the job worker under the cover of a challan issued by the principal including cases where the inputs/ capital goods are sent directly to job worker;
- (b) The challan issued by the principal should contain the details as specified in Rule 8 of the Invoice Rules, 2017
- (c) The details of challan in respect of goods dispatched to/ received from a job worker during a tax period shall be included in Form GSTR-1 furnished for that period.
- (d) If the inputs/ capital goods are not returned within the 1 year/ 3 years, respectively, the challan issued shall be deemed to be an invoice

### **58. Whether the goods can be transferred to Job worker without payment of tax and Whether the goods can be transferred to Job worker without payment of tax?**

Yes, the goods can be transferred to Job worker with out payment of tax, provided these goods are returned back within one year(three years in case of capital goods) from the date of transfer subject to maintenance of records as specified. However tools, dies, jigs etc used during the job work need not be returned.

### **59. Whether the job work charges paid to the job worker is subject to tax?**

Yes, job work charges paid to the job worker is subject to tax. If job worker is not registered , tax has to be paid on reverse charge basis.

### **60. Whether there is any exemption from GST for payment of labour charges paid to job workers for petty amounts?**

No, there is no exemption from GST for payment of job work charges.

### **61. Whether the job worker also requires registration?**

Job worker is required to be registered under GST if his turnover exceeds Rs.20 lakhs



## EXPORT

**62. What is GST rate on exports Sale of goods?**

Export sale is subject zero rate of taxes.

**63. What is the GST rate on handcraft items?**

Handicraft item is not defined as single item in the tax rates proposed by rate fitment committee. GST rate of various items is as per detail rates proposed by the GST Council which are 5%/12%/18% or 28%.

**64. Whether GST is applicable on the labour charges paid to the job workers?**

GST rate on labour charges is likely to be 18%.

**65. Present Procedures have Service Tax on Nepal, But no Goods Tax on Nepal. But, With GST, what tax will apply?**

The export procedure for Nepal would be same as that to other Countries.

**66. Are there exemptions for SEZ? How will a SEZ transaction happen in GST regime?**

Supplies to SEZs are zero-rated supplies as defined in Section 16 of IGST Act.

**67. How would the sale and purchase of goods to and from SEZ will be treated? Will it be export / input?**

Supply to SEZs is zero rated supplies and supplies by SEZs are treated as imports.

**68. Please clarify status of international export freight under GST as the same was exempt under POPS rules. It is zero rated in most countries?**

POS for transport of goods determinable in terms of sec 12(8) or sect 13(8) of IGST Act, 2017, depending upon location of service provider/service receiver. Exports are treated as zero rated supplies.

**69. When goods are being imported from SEZ who will pay IGST?**

Such supply is treated as import and present procedure of payment of duty continues with the variation that IGST is levied in place of CVD.

**70. Who will pay IGST when goods are procured from SEZ? Today importer is paying both BCD and CVD?**

Such supply is treated as import and present procedure of payment continues with the variation that IGST is levied in place of CVD.

**71. How are exports treated under the GST Law?**

Under the GST Law, export of goods or services has been treated as:

- inter-State supply and covered under the IGST Act.
- 'zero rated supply' i.e. the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage.

**72. Have the procedures relating to exports by manufacturer exporters been simplified in GST regime?**

Yes. The procedures relating to export have been simplified so as to do away with the paper work and intervention of the department at various stages of export. The salient features of the scheme of export under GST regime are as follows:

- The goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.
- In case of goods and services exported under bond or LUT, the exporter can claim refund of accumulated ITC on account of export.
- In case of goods the shipping bill is the only document required to be filed with the Customs for making exports. Requirement of filing the ARE 1/ARE 2 has been done away with.
- The supplies made for export are to be made under self-sealing and self-certification without any intervention of the departmental officer.
- The shipping bill filed with the Customs is treated as an application for refund of IGST and shall be deemed to have been filed after submission of export general manifest and furnishing of a valid return in Form GSTR- 3 by the applicant.

**73. As you are aware many orders are booked and shipped on C & F basis. The invoice and SB prepared is based on estimated freight which differs from actual freight invoice received after shipment. Can you please advise?**

The value of the export goods is to be determined at the time and place of exportation, which is basically at the port, FoB value is taken as assessable for the purposes of exports. Since the nature of contract differs from exporter to exporter, the IGST can be paid on the FOB value which may be derived from the GIF, C&F, DDP etc

**74. Since amendment of invoice is not permitted customs attested invoice will differ from the invoice of buyer in foreign currency which is C& F invoice.**

Not an issue in relation to refund under GST.

**75. At times the foreign banking charges are deducted in remittance. Please advise how export turn over will be calculated for purpose of ITC credit?**

As per the extant norms in relation to rebate or refund under excise. In accounting terms, export turnover is defined as the remittances received against a particular export consignment while the charges for collection are recognized separately under expenses.

**76. Domestic supplier Invoice is in Indian rupee whereas Shipping Bill filed is in USD with the FOB amount shown in Indian rupee as per the Custom Exchange rate, both amounts are different. How is the exporter supposed to declare?**

IN GST invoice, value is to be declared as per RBI rate and in export invoice as per custom exchange rate.

**77. What is the classification and GST rate for sale of Export incentives licenses like MEIS, SEIS and IEIS?**

MEIS etc. fall under heading 4907 and attract 12 % GST.

**78. Can duty credit scrips such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS) be used for payment of GST?**

No. MEIS and SEIS scrip can be used only for payment of basic customs duty or additional duties of customs on items not covered under GST for imports under GST regime.

## INVOICE

**79. A shop sells taxable & exempt products to the same person (B2C), is it required to issue tax invoice and bill of supply separately?**

In such a case the person can issue one tax invoice for the taxable invoice and also declare exempted supply in the same invoice.

**80. Do registered dealers have to record Aadhaar/PAN while selling goods to unregistered dealers?**

There is no requirement to take Aadhaar / PAN details of the customer under the GST Act.

**81. All expenses like freight / transport / packing which are charged in Sales Invoice are taxable in GST? How to charge in bill?**

All expenses will have to be included in the value and invoice needs to be issued accordingly. Please refer to Section 15 of CGST Act and Invoice Rules.

**82. Can we move construction material to builders on delivery challan and issue tax invoice post completion of activity?**

If the goods are meant to be supplied in the course of construction an invoice is necessary. If the goods are tools which are to be used for construction then delivery challan should be issued.

**83. How to treat following transaction in GST (i) Delivered supply shortages in Transit. (ii) Customer gets less quantity and pays less ?**

The supplier may issue credit note to the customers and adjust his liability.

**84. What is E-way bill and What are the provisions regarding E wayBill?**

E-way bill is an electronic way bill for movement of goods which can be generated on the GSTN (common portal). A 'movement' of goods of more than INR 50,000 in value cannot be made by a registered person without an e-way bill. E-way bill will also be allowed to be generated or cancelled through SMS.

E-way bill will be generated when there is movement of goods –

- i. In relation to a 'supply'
- ii. For reasons other than a 'supply' ( say a return)
- iii. Due to inward 'supply' from an unregistered person

An e-way bill can be generated by:

Who	When	Part	Form No.
Every Registered person under GST	Before movement of goods	Fill Part A	Form GST INS-1
Registered person is consignor or consignee (mode of transport may be owned or hired) OR is recipient of goods	Before movement of goods	Fill Part B	Form GST INS-1
Registered person is consignor or consignee and goods are handed over to transporter of goods	Before movement of goods	Fill Part A & Part B	Form GST INS-1
Transporter of goods	Before movement of goods	Fill form GST INS-1 if consignor does not.	
Unregistered person under GST and recipient is registered.	Compliance to be done by Recipient as if he is the Supplier.		



A registered person may submit a tax invoice in Form GST INV-1 on the common portal. If a registered person has uploaded the invoice, information in Part A of Form GST INS-1 is auto populated from GST INV-1.

### Validity of an e-way bill

An e-way bill is valid for periods as listed below, which is based on the distance travelled by the goods. Validity is calculated from the date and time of generation of thee-way bill:

Distance	Valid from	Valid for
Less than 100km	Date & time at which e-way bill is generated	1 day
100km to 300km	Date & time at which e-way bill is generated	3 days
300km to 500km	Date & time at which e-way bill is generated	5 days
500km to 1000km	Date & time at which e-way bill is generated	10 days
1000km or more	Date & time at which e-way bill is generated	15 days


The Commissioner may extend the validity period of thee-way bill for certain categories of goods.

### 85. Should we issue Self Invoice for GST liability discharge on RCM or GST can be discharge through expenses booking voucher?

For RCM liabilities tax invoice has to be issued on self.

#### Invoice Format

Invoice has to be issued as per the Rules defined by the GST Council which is available at <http://www.cbec.gov.in/resources//htdocs-cbec/gst/invoice-gst-rules17052017.pdf>. A draft Format is placed at **Annexure 'A'**.

EXPORT INVOICE														
"SUPPLY MEANT FOR EXPORT ON PAYMENT OF IGST" / "SUPPLY MEANT FOR EXPORT UNDER BOND WITHOUT PAYMENT OF IGST" (As case may be)														
		<b>YOUR COMPANY NAME</b> YOUR COMPLETE BUSINESS ADDRESS LINE -1 YOUR COMPLETE BUSINESS ADDRESS LINE - 2 info@yourbm.com www.yourbm.com												
Your Gstin Number:						Transportation Mode: (Apply for Supply of Goods only)								
Tax Is Payable On Reverse Charge: (Yes/No)						Veh.No :								
Your Invoice Serial Number:						Date & Time of Supply:								
Your Invoice Date:						Place OF Supply:								
Details of Receiver (Billed to)							Details of Consignee (Shipped to)							
Name:							Name:							
Address :							Address :							
Destination Country Name:							Destination Country Name:							
ARE - 1 Number:														
ARE - 1 Date:														
S.No	Description of Goods	HSN Code (GST)	Qty	UOM	Rate	Total	Discount	Taxable value	CGST		SGST		IGST	
									Rate	Amount	Rate	Amount	Rate	Amount
						₹ -	₹ -	₹ -		₹ -		₹ -		₹ -
									₹ -		₹ -		₹ -	
Invoice Value (In Words)									Total					₹ -
									Freight Charges					₹ -
									Loading and Packing Charges					₹ -
									Insurance Charges					₹ -
									Other Charges					₹ -
									Invoice Total					₹ -
Amount of Tax Subject to Reverse Charge									₹ -		₹ -		₹ -	
Certified that the Particulars given above are true and correct							Electronic Reference Number :							
YOUR TERM & CONDITION OF SALE							YOUR COMPANY NAME							
							Signature: _____							
							Authorised Signatory							
							Name:							
							Designation:							

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## TAX ON REVERSE CHARGE BASIS / SUPPLY OF GOODS

**86. What are the provisions attracting GST on reverse charge basis?**

**&**

**87. What are the provisions for GST in respect of goods purchased from unregistered persons?**

As per section 9 (4) of the CGST Act, all the purchases made from unregistered persons will be subject to tax on reverse charge basis. Thus the recipient of goods and services has to pay tax and also to make compliance of various provisions of GST laws.

Further there are some services also rendered by goods transport agency, by a person located in non taxable territory, legal service, sponsorship services etc.

**88. Whether goods/services purchased from unregistered person is exempt from GST, if turnover of Job worker is less than Rs.20 lakhs?**

No, goods/services supplied by unregistered person are not exempt from GST. But tax on such supplies is to be paid by the recipient on reverse charge basis.

**89. Should we discharge GST liability for all reverse charge having small amounts of Transaction or any amount limit is there?**

It has been decided that Rs. 5000/- per day exemption will be given in respect of supplies received from unregistered person. For supplies above this amount, a monthly consolidated bill can be raised.

**90. What is treatment of promotional item given free by companies?**

Tax will be charged only on the total consideration charged for such supply

**91. How to comply with 9(4) of CGST Act if POS is in another State of the unregistered supplier?**

Any person making inter-state supply has to compulsorily obtain registration and therefore in such cases, section 9(4) will not come into play.

**92. Salary by partnership firm to Partners as per Income Tax Act liable to GST?**

Salary will not be liable for GST.

**93. Whether GST will be leviable in case of returnable packing material like drums supplied with finished goods?**

GST will be levied on the value charged for the supply only.

**94. How will disposal of scrap be treated in GST?**

If the disposal is in the course or furtherance of business purposes, it will be considered as a supply.

**95. If address of buyer is Punjab and place of supply is same state of supplier (Rajasthan), then IGST will apply or CGST/SGST?**

If the place of supply and the location of the supplier are in the same State then it will be intra-State supply and CGST / SGST will be applicable.

**96. Employer provides bus service, meal coupon, telephone at residence, gives vehicle for official and personal use, uniform and shoes, any GST?**

Where the value of such supplies is in the nature of gifts, no GST will apply till value of such gifts exceeds Rs. 50000/- in a financial year.

**97. The definition of composite supply and the description of same under Section 8 differ. Please explain consequences?**

Section 2(30) defines what will be considered as a composite supply. Whereas, Section 8 provides that in case of a composite supply, the treatment for tax rate etc. will be that of principal supply.

**98. Whether slump sale will attract GST. If yes then under which Section?**

It will have the same treatment as normal supply.

**99. Under GST regime, can we get duty free benefit (all duties exempted) if we import capital goods using EPCG authorization?**

Only basic customs duty will be exempted on imports made under EPCG Authorization. The EPCG holder will have to pay IGST on import of capital goods and take Input Tax Credit.

## COMMISSION PAID/RECEIVED

**100. Whether commission paid to foreign agents on export orders is exempt from tax?**

Commission paid to foreign agents on export orders is exempt from service tax since as section 13(8) of IGST Act 2017 the place of services rendered by an intermediary shall be location of supplier of services. Thus in this case supplier of services is located outside India and services are performed outside India, hence commission paid to foreign agent is not subject to GST.

**101. Whether commission received by Indian buying agent from foreign customer in foreign currency is exempt from GST?**

No, commission received by a buying agent in India from a foreign buyer will be subject to GST since the place of services rendered by an intermediary will be location of supplier of services.

## COMPOSITION SCHEME

**102. What is composition scheme?**

Any person having sales exceeding Rs.20 lakhs but less than Rs.50 lakhs ( now revised to Rs.75 lakhs ) can opt for composition scheme.

**103. What are benefits under composition scheme?**

Tax will be paid on concessional rates by the person under composition scheme as per rates given below:

Traders @1%

Manufacturers @ 2%

Restaurants @5%

However the benefit of input credit is not available to a person under composition scheme and he also cannot issue tax invoice. A person under composition scheme is not required to file monthly returns but only quarterly return and one annual return.

## DUTY DRAW BACK

**104. Will duty Drawback scheme continue under GST regime? If yes, what will be the rates of Drawback?**

Yes. Duty Drawback scheme with certain modifications will continue under the GST regime. The changes in the said scheme are as follows:

- The Drawback shall be available only of Customs duties on imported inputs and Central Excise duty on items specified in the Fourth Schedule to the Central Excise Act 1944 (specified petroleum products, tobacco etc.) used as inputs or fuel for captive power generation.
- 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 certain safeguards i.e. for claiming the higher rate of drawback, the exporter has to make a declaration and certificate is required that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.
- In absence of such certification, drawback will be restricted to the customs portion of drawback.

**105. If an exporter has stock of GST paid inputs as well as inputs from pre-GST period and if inputs from both lots are used in export goods, what shall be Drawback on such exports?**

During the transition period upto 30th September 2017, exporters can avail drawback at higher rate subject to the conditions that no Input Tax Credit (ITC) of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.

**106. Is Drawback at a higher All Industry Rate (AIR) admissible if an exporter has not availed Input Tax Credit of GST or refund of IGST paid on exported goods?**

No. After 30th September 2017, drawback will be admissible only at lower rate determined on the basis of the custom duties paid on the goods imported for supplying goods for export.

**107. On re-export of imported goods, drawback of all duties paid at the time of importation was admissible earlier, as per the rates prescribed in this regard. What will be the position in respect of re-export made after 1st July 2017, of the goods imported prior to 1st July 2017? After 1st July 2017, IGST and Compensation Cess will also be payable on the imported goods. If such imported goods on which IGST and Compensation Cess were paid, are re-exported, whether Drawback of IGST and Compensation Cess will also be granted?**

Drawback under Section 74 of the Customs Act, 1962 is available for duties paid at the time of importation. Therefore, whatever duties / taxes are paid at the time of importation of goods, Drawback of the same will be granted. Drawback of Basic Customs Duty plus Additional Duty of Customs (CVD) plus Special Additional Duty (SAD) paid on the goods imported prior to 1st July 2017 will be paid even if the re-export is made after 1st July 2017. Similarly, in respect of the goods imported after 1st July 2017, Basic Customs Duty plus IGST plus Compensation Cess will be paid and Drawback of all of these would be paid on re-export of such imported goods.



## HSN CODE / SAC CODE // MISC.

**108. What is HSN code and SAC code?**

HSN/SAC codes will be used under GST to differentiate the goods and services.

**109. How to find out HSN codes?**

Item wise detail of HSN/SAC codes are available on the internet on the site of CBEC  
What is the significance of these codes.

**110. What is the significance of these codes?**

Rates of tax under GST are decided on the basis of HSN/sac code of goods/services supplied.

**111. What is the status of various forms C,E, F and H?**

There is no concept of Form C,E,F and H. All forms are dispenses away under GST provisions. All supplies will be taxed at normal rates under GST.

**112. Whether inter branch transfer of goods will be exempt from tax?**

No, inter branch transfers are not exempt from tax. Normal tax will be paid on inter branch transfer of goods on the market value of goods.

**113. How many digit of HS Code shall be mentioned on the GSTIN invoice for export?**

As per Notification No. 5/2017 – Integrated Tax

Serial Number	Annual Turnover in the preceding Financial Year	Number of Digits of HSN Code
(1)	(2)	(3)
1.	Upto rupees one crore fifty lakhs	Nil
2.	more than rupees one crore fifty lakhs and upto rupees five crores	2
3.	more than rupees five crores	4

**114. What is the status of Rebate of State Levies (ROSL) scheme which was introduced to exports of madeup articles or the rate of ROSL have been substantially reduced?**

Ministry of Textiles has issued Notification No.14/26/2016-IT dated 27.06.2017 revising the rates of rebate in Schedules I, II and III for the ROSL Scheme effective from 1.7.2017. The revised rates are 0.39% for RoSL and 0.23% for RoSL under Advance Authorization-All Industry Rates (AA-AIR) combination respectively.

**115. The export shipments are held up at the Customs / ports?**

No. The shipments are not held up as per instruction issued by the Board vide INSTRUCTION NO.10/2017-CUSTOMS dated 6th July, 2017 "Jurisdictional Commissioners of Customs may ensure that there is no hold up of import and export consignments, wherever GSTIN is legally not required. Importers, Exporters and Customs Brokers may be guided to quote authorized PAN in the bills of entry or shipping bills for such clearances".

**116. Clarification on Bond or Letter of Undertaking (LUT) regarding amount etc.?**

The Notification No. 16/2017-Central Tax dated 7<sup>th</sup> July 2017 and Circular No. 4/4/2017-GST dated 7<sup>th</sup> July 2017 has been issued by the Dptt. On the subject.

**117. Clarification on duty drawback rate, claim procedure?**

The Circular No. 21/2017-Customs dt. 30<sup>th</sup> June 2017, Circular No. 22/2017 dt. 30<sup>th</sup> June 2017, Circular No. 22/2017 dt. 30<sup>th</sup> June 2017, Notification No. 58/2017-CUSTOMS (N.T.) dt. 29th June, 2017 and Notification No. 59/2017-CUSTOMS (N.T.) dt. 29th June, 2017 has been issued by the customs.

**118. How to proceed with the accounting of advance payment collected from customers against Performa invoice. Whether it is mandatory to collect GST amount along with advance payment. If so, while executing the order whether we need to bifurcate the in the Bill, please clarify.**

GST has to be charged on advance payments received from domestic recipients and not from foreign recipients.

**119. Can you please advice how will bill be available of staff travelling on business since air tickets and Hotel bills are issued in the name of the person travelling. Since individuals will not have GST number while the Corporate on whose behalf they travel will have GST number How ITC will be claimed in this case?**

The mentioning of GSTIN of the recipient is crucial for availing ITC. So it needs to be mentioned in the bill for airline ticket or hotel.

**120. If our factory building part given on rent to someone for industrial production so on that rent GST applicable or not. If yes than what is rate? That GST will be CGST or SGST or IGST?**

If the aggregate turnover including rental is more than 20 lacs rupees, GST will be leviable. In case of immovable property the place of supply is location of immovable property and whether CGST & SGST or IGST is applicable would depend whether your location is in same State where property is located.

## IMPORTANT CIRCULARS

### **Circular No. 21/2017 -Customs**

F. No. 609/54/2017-DBK  
Government of India  
Ministry of Finance, Department of Revenue  
Central Board of Excise & Customs  
\*\*\*\*\*

New Delhi, dated 30th June, 2017

To,

Principal Chief Commissioners / Principal Directors General,  
Chief Commissioners / Directors General,s  
Principal Commissioners / Commissioners,  
all under CBEC

Madam/Sir,

#### **Subject: Drawback of Integrated Tax and Compensation Cess paid on imported goods upon re-export under Section 74 of the Customs Act, 1962**

As you are aware, Section 74 of the Customs Act, 1962 provides for drawback of duties paid at time of importation when the imported goods are re-exported. Hitherto this drawback inter alia comprised refund of basic customs duty and additional duties under Section 3 of the Customs Tariff Act (CTA), 1975. In this regard, Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995 refer.

2. Under the GST regime, goods upon import shall be subject to integrated tax and compensation cess in terms of Sections 3(7) and 3(9) respectively of the CTA, 1975. Further, in terms of Section 3(12) of the CTA, 1975, the provisions of the Customs Act, 1962 and rules and regulations made thereunder relating inter alia to drawback shall apply to integrated tax and compensation cess also. Accordingly, drawback under Section 74 would include refund of integrated tax and compensation cess along with basic customs duty, etc.

3. In this regard, the definition of “drawback” under Rule 2 (a) of the Re-export Rules, 1995 has been suitably amended to include refund of duty or tax or cess as referred in the CTA, 1975. Notification No. 57/2017-Customs (N.T.) dated 29.6.2017 may be referred in this regard.

4. In order to prevent dual benefit while sanctioning drawback under Section 74 of the Customs Act, 1962, it may be ensured that a certificate duly signed by the Central/State/UT GST officer, having jurisdiction over the exporter is obtained, that no credit of integrated tax /compensation cess paid on imported goods has been availed or no refund of such credit or integrated tax paid on re-exported goods has been claimed. All other extant instructions in respect of drawback claims under Section 74 remain unchanged.

5. Suitable Public Notice for information of the trade and Standing Order for guidance of the staff may kindly be issued. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

Yours faithfully,

(Nitish K. Sinha)  
Joint Secretary to the Government of India

**Circular No. 22/2017-Customs**

**F. No. 609/46/2017-DBK  
Government of India  
Ministry of Finance, Department of  
Revenue Central Board of Excise &  
Customs**

\*\*\*

New Delhi, dated 30th June, 2017

To

Principal Chief Commissioners/Principal Directors General,  
Chief Commissioners/Directors General,  
Principal Commissioners/Commissioners,  
all under CBEC

**Subject: Amendments effective from 1.7.2017 to the All Industry Rates of Duty Drawback and other Drawback related changes.**

Madam/Sir,

Your attention is invited to Notification numbers 58/2017-Cus (N.T.) & 59/2017-Cus (N.T.), both dated 29.6.2017, which are effective from 1.7.2017. These notifications relate to changes in the provisions of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 and All Industry Rates (AIR) of drawback stipulated earlier vide Notification no. 131/2016-Cus (N.T.) dated 31.10.2016 (as amended) respectively.

2. The salient features of changes introduced vide Notification no. 59/2017 dated 29.06.2017 are briefly given as follows:

**(a) Transition period:**

In order to ensure smooth transition to the GST regime, Government has allowed the extant Duty Drawback scheme to continue for a period of three months i.e. from 1.7.2017 to 30.9.2017. The exporter may, for exports made during this period, continue to claim the composite rates i.e. rates and caps given under columns (4) and (5) respectively of the Schedule of AIRs of duty drawback, subject to certain additional conditions. During the transition period, exporters can also claim Brand rate of duty/tax incidence as they have been doing earlier. The conditions imposed for claiming these composite rates aim to ensure that the exporters do not claim composite AIRs of duty drawback and simultaneously avail input tax credit of Central Goods and Services Tax (CGST) or Integrated Goods and Services Tax (IGST) on the export goods or on inputs and input services used in manufacture of export goods or claim refund of IGST paid on export goods. Further, an exporter claiming composite rate shall also be barred to carry forward Cenvat credit on the export goods or on inputs or input services used in manufacture of export goods in terms of the CGST Act, 2017. The exporters have to give a declaration and certificates as prescribed in this Notification at the time of export. Similar checks shall apply while determining the Brand rate of drawback. While a transition period of three months has been allowed, the exporters shall have an option to claim only Customs portion of AIRs of duty drawback i.e. rates and caps given under column (6) and (7) respectively of the Schedule of AIRs of duty drawback and avail input tax credit of CGST or IGST or refund of IGST paid on exports.

**(b) Changes in AIRs:**

Based on prevailing prices of inputs and export goods, budgetary changes, representations received and keeping in mind need for removing anomalies, certain changes have been made in AIRs. These interalia include –

- i. Para (17) of Notes and Conditions of Notification no. 131/2016-Cus (N.T.) dated 31.10.2016 has been amended to include the word “melange” so that melange textile materials covered in chapters 54 and 55 are treated as dyed;
- ii. Customs rates and caps have been increased for certain marine products covered under chapters 3, 15, 16 and 23;
- iii. For better product differentiation, two new tariff lines have been introduced. These relate to leather under chapter 41 and pillows/cushions/quilts/pouffles filled with poly-fil under chapter 94;
- iv. Caps have been enhanced for several textile items covered under chapters 52, 54, 55 and 56;
- v. Rates and caps have been enhanced for made up fishing and sports nets of other man-made textile materials covered under chapters 56 and 95 respectively;
- vi. “Leggings” have been classified under tariff item 611501 instead of 610304 and 610404; and
- vii. Customs rates have been reduced for nickel and articles thereof covered under chapter 75.

3. Further, vide Notification no. 58/2017-Cus dated 29.6.2017, the work related to:

(a) fixation of Brand rate of drawback has been transferred from Central Excise formations to Customs formations having jurisdiction over place of export. A separate circular is being issued to explain various related provisions, procedures, etc.

(b) supplementary claims of drawback are now to be dealt only by Customs formations. For this purpose, references to Central Excise formations wherever appearing have been omitted from the said Drawback Rules, 1995.

3.1 Some of the Customs formations are at present working under the jurisdiction of Commissioners of Central Excise. It may be noted that Central Excise officers have been designated as officers of Customs under the Customs Act, 1962. Accordingly, till the time jurisdictional Commissionerates of Customs, which will replace Central Excise Commissionerates hitherto performing Customs functions are notified and become functional, the jurisdictional Central Excise Commissionerates shall continue to discharge Customs functions as required under the Drawback Rules 1995.

4. It is requested that the changes effected vide aforesaid notifications be gone through carefully. Suitable public notice and standing order should be issued for guidance of the trade and officers.

5. Any inconsistency, error or difficulty faced should be intimated to the Board.

Yours faithfully,

(Nitish K. Sinha)  
Joint Secretary to Government of India

**Circular No. 23/2017 -Customs**

**F. No. 609/46/2017-DBK  
Government of India  
Ministry of Finance, Department of Revenue  
Central Board of Excise & Customs**

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**New Delhi, dated 30th June, 2017**

To,

Principal Chief Commissioners / Principal Directors General,  
Chief Commissioners / Directors General,  
Principal Commissioners / Commissioners,  
all under CBEC

Madam/Sir,

**Subject: Fixation of Brand Rate of drawback under Rule 6 and Rule 7 of the Customs, Central Excise Duties & Service Tax Drawback Rules, 1995 in the GST scenario**

As you are aware, in terms of Rule 6 and Rule 7 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the work pertaining to fixation of Brand rate of Drawback is undertaken by the Central Excise Commissionerate having jurisdiction over the factory where export goods are manufactured. In this context, Board's Circular No. 14/2003-Cus dated 6.3.2003, DO letter No. 609/110/2005-DBK dated 26.8.2005, Instruction No. 603/01/2011-DBK dated 11.10.2013, Circular No. 29/2015-Cus dated 16.11.2015 and Circular No. 54/2016-Cus dated 22.11.2016 governing the procedure for handling of Brand rate work may be referred. Once the Brand rate letter (provisional or final) is issued by such Commissionerate, the respective ports of export are required to calculate and disburse the drawback amount to the exporter. This Circular explains the changes being brought about in Brand rate mechanism in the context of introduction of Goods and Services Tax (GST) w.e.f. 1.7.2017.

2. The input tax incidence of taxes covered in GST regime are to be neutralized through the refund mechanism provided through the GST laws. At the same time, a transition period of three months from date of introduction of GST has been provided i.e. from 1.7.2017 to 30.9.2017 by continuing the extant Duty Drawback scheme and amending the Drawback Rules, 1995 vide Notification No. 58/2017-Cus (N.T.) dated 29.6.2017. For exports made during this transition period, the exporter can claim All Industry Rate (AIR) or Brand rate of drawback for Customs, Central Excise Duties and Service Tax subject to certain additional conditions. These conditions aim to ensure that the exporter simultaneously does not avail input tax credit of Central Goods and Services Tax (CGST) or Integrated Goods and Services Tax (IGST) on the export goods or on inputs and input services used in manufacture of export goods or claim refund of IGST paid on export goods. Further, an exporter claiming drawback during transition period as per extant duty drawback provisions shall also be barred to carry forward Cenvat credit in terms of the CGST Act, 2017 on the export goods or on inputs or input services used in manufacture of export goods. The exporter also has to give the prescribed declaration and certificates (similar to declaration and certificate prescribed in Notification No. 59/2017-Cus (N.T.) dated 29.6.2017 for claiming composite AIR during transition time) at the time of application for fixation of Brand rate of drawback. At the same time, the exporter has the option of claiming the Brand rate of Customs duties and remnant Central Excise duties (in respect of goods given in Fourth Schedule to Central Excise Act, 1944) and avail input tax credit of CGST or IGST or refund of IGST paid on exports.

3. Further, in view of implementation of GST, Board has decided to re-organise the Customs functions hitherto handled by Central Excise formations. In this context, it has been decided that w.e.f. 1.7.2017, the work pertaining to fixation of Brand rate will be dealt by the Customs Commissionerate having jurisdiction over the place of export from where

the export of goods has taken place. In case the exports have taken place from more than one place, exporter shall file Brand rate application with the Principal Commissioner/ Commissioner of Customs having jurisdiction over any one of the places of export. Accordingly, Rule 6 and Rule 7 ibid have been suitably amended vide Notification No. 58/2017-Cus (N.T.) dated 29.6.2017.

4. All Circulars/instructions issued till date w.r.t. fixation of Brand rate shall mutatis mutandis apply for work of fixation of Brand rate to be done by Customs formations in the GST scenario. However, verification of data given in the application if so required shall be got done through the Customs formation having jurisdiction over the factory where the export goods have been manufactured.

5. From 1.7.2017, all fresh applications for Brand rate of drawback irrespective of date of export will be dealt as per these guidelines. The applications already filed with existing Central Excise formations prior to 1.7.2017 and pending shall be transferred along with all relevant documents to the Principal Commissioner/ Commissioner of Customs having jurisdiction over the place of export. In case an already filed application relates to exports from multiple places, the application should be transferred to the Principal Commissioner/ Commissioner of Customs having jurisdiction over any one of the places of export as per choice of the exporter. The exporter concerned may be requested to indicate his choice in this regard before the transfer of his application. For smooth transition of Brand rate related work to Customs formations, it is essential that transfer of documents is undertaken carefully and in close coordination with concerned Customs authorities without disruption, delay etc.

5.1 Some of the Customs formations are at present working under the jurisdiction of Commissioners of Central Excise. It may be noted that Central Excise officers have been designated as officers of Customs under the Customs Act, 1962. Accordingly, till the time jurisdictional Commissionerates of Customs, which will replace Central Excise Commissionerates hitherto performing Customs functions, are notified and become functional, the jurisdictional Central Excise Commissionerates shall continue to discharge Customs functions as required under the Drawback Rules 1995.

6. Suitable Public Notices for information of the Trade and Standing Orders for guidance of the staff may be issued.

7. Problems or difficulty which may be encountered in implementing the Brand Rate fixation work may please be brought to the notice of Board.

Yours faithfully,

(Nitish K. Sinha)  
Joint Secretary to the Government of India



**NOTIFICATION NO.58/2017-CUSTOMS (N.T.)**

**Dated 29th June, 2017**

In exercise of the powers conferred by section 75 of the Customs Act, 1962 (52 of 1962), section 37 of the Central Excise Act, 1944 (1 of 1944) and section 93A read with section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules to further amend the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, namely:-

**1. (1) These rules may be called the Customs, Central Excise Duties and Service Tax Drawback (Amendment) Rules, 2017. (2) They shall come into force on the 1st day of July, 2017.**

2. In the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995,-

(i) in rule 2, after clause (e), the following clause shall be inserted, namely:-

„(f) “tax invoice” means the tax invoice referred to in section 31 of the Central Goods and Services Tax Act, 2017 (12 of 2017).“;

(ii) in rule 3, in sub-rule (1), after the clause (bb), the following clauses shall be inserted, namely:-

“(bc) the Central Goods and Services Tax Act, 2017 (12 of 2017) and the rules made thereunder,

(bd) the Integrated Goods and Services Tax Act, 2017 (13 of 2017) and the rules made thereunder; and”;

(iii) for rule 6, the following rule shall be substituted, namely:-

**“6. Cases where amount or rate of drawback has not been determined.-**

(1)(a) Where no amount or rate of drawback has been determined in respect of any goods, any exporter of such goods may, within three months from the date relevant for the applicability of the amount or rate of drawback in terms of sub-rule (3) of rule 5, apply to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, having jurisdiction over the place of export, for determination of the amount or rate of drawback thereof stating all the relevant facts including the proportion in which the materials or components or input services are used in the production or manufacture of goods and the duties paid on such materials or components or the tax paid on input services:

Provided that-

(i) in case an exporter is exporting the aforesaid goods from more than one place of export, he shall apply to the Principal Commissioner or Commissioner of Customs, having jurisdiction over any one of the said places of export;

(ii) the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, may extend the aforesaid period of three months by a period of three months and the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may further extend the period by a period of six months;

(iii) the Assistant Commissioner of Customs or Deputy Commissioner or Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, on an application and after making such enquiry as he thinks fit, grant extension or refuse to grant extension after recording in writing the reasons for such refusal;

(iv) an application fee equivalent to 1% of the FOB value of exports or one thousand rupees whichever is less, shall be payable for applying for grant of extension to the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be and an application fee of 2% of the FOB value or two thousand rupees whichever is less, shall be payable for applying for grant of extension to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be.

(b) On receipt of an application under clause (a), the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, shall, after making or causing to be made such inquiry as it deems fit, determine the amount or rate of drawback in respect of such goods.

(2)(a) Where an exporter desires that he may be granted drawback provisionally, he may, while making an application under clause (a) of sub-rule (1) apply to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, that a provisional amount be granted to him towards drawback on the export of such goods pending determination of the amount or rate of drawback under clause (b) of that sub-rule.

(b) The Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, after considering the application, allow provisionally payment of an amount not exceeding the amount claimed by the exporter in respect of such export:

Provided that the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, for the purpose of allowing provisional payment of drawback in respect of such export, require the exporter to enter into a general bond for such amount, and subject to such conditions, as he may direct; or to enter into a bond for an amount not exceeding the full amount claimed by such exporter as drawback in respect of a particular consignment and binding himself,-

(i) to refund the amount so allowed provisionally, if for any reason, it is found that the duty drawback was not admissible; or

(ii) to refund the excess, if any, paid to such exporter provisionally if it is found that a lower amount was payable as duty drawback:

Provided further that when the amount or rate of drawback payable on such goods is finally determined, the amount provisionally paid to such exporter shall be adjusted against the drawback finally payable and if the amount so adjusted is in excess or falls short of the drawback finally payable, such exporter shall repay to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, the excess or be entitled to the deficiency, as the case may be.

(d) The bond referred to in clause (b) may be with such surety or security as the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may direct.

(3) Where the Central Government considers it necessary so to do, it may,-

- (a) revoke the rate of drawback or amount of drawback, determined under clause (b) of sub-rule (1) by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be; or
- (b) direct the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, to withdraw the rate of drawback or amount of drawback determined.

**Explanation.-** For the purpose of this rule, “place of export” means customs station or any other place appointed for loading of export goods under section 7 of the Customs Act, 1962 (52 of 1962) from where the exporter has exported the goods or intends to export the goods in respect of which determination of amount or rate of drawback is sought.”;

(iv) for rule 7, the following rule shall be substituted, namely:-

**“7. Cases where amount or rate of drawback determined is low.-** (1) Where, in respect of any goods, the exporter finds that the amount or rate of drawback determined under rule 3 or, as the case may be, revised under rule 4, for the class of goods is less than eighty per cent. of the duties or taxes paid on the materials or components or input services used in the production or manufacture of the said goods, he may, except where a claim for drawback under rule 3 or rule 4 has been made, within three months from the date relevant for the applicability of the amount or rate of drawback in terms of sub-rule (3) of rule 5, make an application to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, having jurisdiction over the place of export, for determination of the amount or rate of drawback thereof stating all relevant facts including the proportion in which the materials or components or input services are used in the production or manufacture of goods and the duties or taxes paid on such materials or components or input services:  
Provided that -

(i) in case an exporter is exporting the aforesaid goods from more than one place of export, he shall apply to the Principal Commissioner or Commissioner of Customs, having jurisdiction over any one of the said places of export;

(ii) the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, may extend the aforesaid period of three months by a period of three months and that the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may further extend the period by a period of six months;

(iii) the Assistant Commissioner of Customs or Deputy Commissioner or Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, on an application and after making such enquiry as he thinks fit, grant extension or refuse to grant extension after recording in writing the reasons for such refusal;

(iv) an application fee equivalent to 1% of the FOB value of exports or one thousand rupees whichever is less, shall be payable for applying for grant of extension to the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be and an application fee of 2% of the FOB value or two thousand rupees whichever is less, shall be payable for applying for grant of extension by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be.

(2) On receipt of the application referred to in sub-rule (1), the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, after making or causing to be made such inquiry as it deems fit, allow payment of drawback to such exporter at such amount or at such rate as may be determined to be appropriate, if the amount or rate of drawback determined under rule 3 or, as the case may be, revised under rule 4, is in fact less than eighty per cent. of such amount or rate determined under this sub-rule.

(3) Provisional drawback amount, as may be specified by the Central Government, shall be paid by the proper officer of Customs and where the exporter desires that he may be granted further drawback provisionally, he may, while making an application under sub-rule (1), apply to the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, in this behalf in the manner as has been provided in clause (a) of sub-rule (2) of rule 6 for the application made under that rule along with details of provisional drawback already paid and the grant of further provisional drawback shall be considered in the manner and subject to the conditions specified in clauses (b) and (c) of sub-rule (2), and sub-rule (3) of rule 6, subject to the condition that bond required to be executed by the claimant shall only be for the difference between amount or rate of drawback determined under rule 3 or, as the case may be, revised under rule 4 by the Central Government and the provisional drawback authorised by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, under this rule.

(4) Where the Central Government considers it necessary so to do, it may,—  
(a) revoke the rate of drawback or amount of drawback determined under sub-rule (2) by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be; or  
(b) direct the Principal Commissioner of Customs or the Commissioner of Customs, as the case may be, to withdraw the rate of drawback or amount of drawback determined.

**Explanation.-** For the purpose of this rule, “place of export” means customs station or any other place appointed for loading of export goods under section 7 of the Customs Act, 1962 (52 of 1962) from where the exporter has exported the goods or intends to export the goods in respect of which determination of amount or rate of drawback is sought.”;

(v) in rule 9, in clause (d),-

(A) for the words “Principal Commissioner of Central Excise or Commissioner of Central Excise, as the case may be or the Principal Commissioner or Commissioner of Customs and Central Excise”, the words “Principal Commissioner of Customs or Commissioner of Customs”, shall be substituted;

(B) the words “or of Central Excise” shall be omitted;

(vi) in rule 10, the words “or of Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise” shall be omitted;

(vii) in rule 13, in sub-rule (2),-

(A) in clause (iii), for the letters and figure “ARE-1”, the words “tax invoice” shall be substituted;

(B) for clause (v), the following clause shall be substituted, namely:-

“(v) copy of communication regarding rate of drawback where the drawback claim is for a rate determined by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, under rule 6 or rule 7 of these rules.”;

(viii) in rule 15, for sub-rule (1), the following sub-rule shall be substituted, namely:-

“(1) Where any exporter finds that the amount of drawback paid to him is less than what he is entitled to on the basis of the amount or rate of drawback determined by the Central Government or Principal Commissioner of Customs or Commissioner of Customs, as the case may be, he may prefer a supplementary claim in the form at Annexure III:

Provided that the exporter shall prefer such supplementary claim within a period of three months,-

(i) where the rate of drawback is determined or revised under rule 3 or rule 4, as the case may be, from the date of publication of such rate in the Official Gazette;

(ii) where the rate of drawback is determined or revised upward under rule 6 or rule 7, as the case may be, from the date of communicating the said rate to the person concerned;

(iii) in all other cases, from the date of payment or settlement of the original drawback claim by the proper officer:

Provided further that-

(i) the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, may extend the aforesaid period of three months by a period of nine months and that the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may further extend the period by a period of six months;

(ii) the Assistant Commissioner of Customs or Deputy Commissioner or Principal Commissioner of Customs or Commissioner of Customs, as the case may be, may, on an application and after making such enquiry as he thinks fit, grant extension or refuse to grant extension after recording in writing the reasons for such refusal;

(iii) an application fee equivalent to 1% of the FOB value of exports or one thousand rupees whichever is less, shall be payable for applying for grant of extension by the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be and an application fee of 2% of the FOB value or two thousand rupees whichever is less, shall be payable for applying for grant of extension by the Principal Commissioner of Customs or Commissioner of Customs, as the case may be.”;

(ix) in rule 16A, in the proviso to sub-rule (4),-

(A) in clause (i), the words “or Principal Commissioner or Commissioner of Customs and Central Excise, as the case may be” shall be omitted;

(B) in clause (ii), the words “or Principal Commissioner or Commissioner of Customs and Central Excise, as the case may be” shall be omitted;

**Sd/-**

**(Anand Kumar Jha)**

**Under Secretary to the Government of India**

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**(DEPARTMENT OF REVENUE)**  
**Notification No. 59/2017-CUSTOMS (N.T.)**

New Delhi, the 29th June, 2017

G.S.R. (E). – In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944) and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, the Central Government hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 131/2016 - Customs (N.T.), dated the 31st October, 2016, published vide number G.S.R. 1018 (E), dated the 31st October, 2016, namely:-

In the said notification,-

(a) in the Notes and conditions,-

(i) for paragraph (6), the following paragraph shall be substituted, namely:-

“(6) An export product accompanied with tax invoice and forming part of project export (including turnkey export or supplies) for which no figure is shown in columns (5) and (7) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed amount calculated by applying ad-valorem rate of drawback shown in column (4) or column (6) to one and half times the tax invoice value.”;

(ii) in paragraph (11), after clause (b), the following clauses shall be inserted, namely:-

“(c) exported availing input tax credit of the central goods and services tax or of the integrated goods and services tax on the export product or on the inputs or input services used in the manufacture of the export product;

(d) exported claiming refund of the integrated goods and services tax paid on such exports;

(e) exported by an exporter who has carried forward the amount of Cenvat credit on the export product or on the inputs or input services used in the manufacture of the export product, under the Central Goods and Services Tax Act, 2017 (12 of 2017).”;

(iii) after paragraph (12), the following paragraph shall be inserted, namely:-

“(12A) The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall be applicable to export of a commodity or product if the exporter satisfies the following conditions, namely:-

(a) the exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, that no input tax credit of the central goods and services tax or of the integrated goods and services tax has been availed on the export product or on any of the inputs or input services used in the manufacture of the export product;



(b) if the goods are exported under bond or letter of undertaking or on payment of integrated goods and services tax, a certificate from the officer of goods and services tax having jurisdiction over the exporter, to the effect that no input tax credit of the central goods and services tax or input tax credit of the integrated goods and services tax has been availed on the export product or on any inputs or input services used in the manufacture of the export product or no refund of integrated goods and services tax paid on export product shall be claimed, is produced;

(c) a certificate from the officer of goods and services tax having jurisdiction over the exporter, to the effect that exporter has not carried forward the amount of Cenvat credit on the export product or on the inputs or input services used in the manufacture of the export product, under the Central Goods and Services Tax Act, 2017 (12 of 2017), is produced.”;

(iv) in paragraph (17), after the word “bleached”, the words “or melange” shall be inserted;

(b) in paragraph 4, the following proviso shall be inserted, namely:-

“Provided that nothing contained in this notification shall have effect after the 30th day of September, 2017.”

(c) in the Schedule,-

(i) in Chapter – 3, against tariff item 030402,-

(A) for the entry in column (6), the entry “3.4%” shall be substituted;

(B) for the entry in column (7), the entry “10.5” shall be substituted;

(ii) in Chapter – 3, against tariff item 030601,-

(A) for the entry in column (6), the entry “2.7%” shall be substituted;

(B) for the entry in column (7), the entry “21.6” shall be substituted;

(iii) in Chapter – 3, against tariff item 030602,-

(A) for the entry in column (6), the entry “2.1%” shall be substituted;

(B) for the entry in column (7), the entry “57.2” shall be substituted;

(iv) in Chapter – 3, against tariff item 030603,-

(A) for the entry in column (6), the entry “2.4%” shall be substituted;

(B) for the entry in column (7), the entry “24” shall be substituted;

(v) in Chapter – 3, against tariff item 030604,-

(A) for the entry in column (6), the entry “2.7%” shall be substituted;

(B) for the entry in column (7), the entry “46.6” shall be substituted;

(vi) in Chapter – 3, against tariff item 030605,-

(A) for the entry in column (6), the entry “2.1%” shall be substituted;

(B) for the entry in column (7), the entry “10.9” shall be substituted;

(vii) in Chapter – 15, against tariff item 150401,-

(A) for the entry in column (6), the entry “2.1%” shall be substituted;

(B) for the entry in column (7), the entry “2.1” shall be substituted;

(viii) in Chapter – 16, against tariff item 160401,-

(A) for the entry in column (6), the entry “3.4%” shall be substituted;

(B) for the entry in column (7), the entry “10.5” shall be substituted;

(ix) in Chapter – 23, against tariff item 230101,-

(A) for the entry in column (6), the entry “2.1%” shall be substituted;

(B) for the entry in column (7), the entry “2.1” shall be substituted;

x) in Chapter – 41, after tariff item 411202 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:-

( “411299	Others	1.2%	1.2%”;
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(xi) in Chapter – 52, against tariff item 520901, for the entry in column (7), the entry “7” shall be substituted;

(xii) in Chapter – 54, against tariff item 540701,-

(A) for the entry in column (5), the entry “66” shall be substituted;

(B) for the entry in column (7), the entry “13.2” shall be substituted;

(xiii) in Chapter – 54, against tariff item 540702,-

(A) for the entry in column (5), the entry “72” shall be substituted;

(B) for the entry in column (7), the entry “15.8” shall be substituted;

(xiv) in Chapter – 54, against tariff item 540703,-

(A) for the entry in column (5), the entry “57” shall be substituted;

(B) for the entry in column (7), the entry “11.1” shall be substituted;

(xv) in Chapter – 54, against tariff item 540704,-

(A) for the entry in column (5), the entry “60” shall be substituted;

(B) for the entry in column (7), the entry “12.9” shall be substituted;

(xvi) in Chapter – 55, against tariff item 550905,-

(A) for the entry in column (5), the entry “72” shall be substituted;

(B) for the entry in column (7), the entry “12.9” shall be substituted;

(xvii) in Chapter – 55, against tariff item 550906,-

(A) for the entry in column (5), the entry “79” shall be substituted;

(B) for the entry in column (7), the entry “17” shall be substituted;

(xviii) in Chapter – 56, against tariff item 560802,-

(A) for the entry in column (4), the entry “11%” shall be substituted;

(B) for the entry in column (5), the entry “64” shall be substituted;

(C) for the entry in column (6), the entry “2.8%” shall be substituted;

(D) for the entry in column (7), the entry “16” shall be substituted;

(xix) in Chapter – 61,-

(A) against tariff item 610304, in column (2), the word “leggings” shall be omitted;

(B) against tariff item 610404, in column (2), the word “leggings” shall be omitted;

(C) for tariff items 611501, 611502, 611503, 611504, 611505, 611506, 611507 and 611599 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:-

“611501		Leggings				
61150101	Of Cotton	Piece	7.7%	47	2%	12.2
61150102	Of Blend containing Cotton and Man Made Fibre	Piece	9.5%	55	2.5%	14.5
61150103	Of Man Made Fibres	Piece	9.9%	57	2.5%	14.4
61150104	Of Silk (other than containing Noil silk)	Piece	7.6%	80	4.8%	50.5

(xx) in Chapter – 75, against tariff items 7501, 7502, 7504, 7505, 7506, 7507 and 7508, for the entries in column (6), the entry “0.15%” shall respectively be substituted;

(xxi) in Chapter – 94, after tariff item 940402 and the entries relating thereto, the following tariff item and entries shall be inserted, namely:-

“940403	Other Pillow/ Cushions/ Quilts/ Pouffles filled with poly-fil	Kg	8.6%	100	2.2%	25”;
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(xxii) in Chapter – 95, against tariff item 950611,-

(A) for the entry in column (4), the entry “11%” shall be substituted;

(B) for the entry in column (5), the entry “64” shall be substituted;

(C) for the entry in column (6), the entry “2.8%” shall be substituted;

(D) for the entry in column (7), the entry “16” shall be substituted;



(d) in the Table, in Chapter – 61,-

(A) against tariff item 610304, in column (2), the word “leggings” shall be omitted;

(B) against tariff item 610404, in column (2), the word “leggings” shall be omitted;

(C) for tariff items 611501, 611502, 611503, 611504, 611505, 611506, 611507 and 611599 and the entries relating thereto, the following tariff items and entries shall be substituted, namely:-

“611501		Leggings					
61150101	Of Cotton	Piece	3.3%	28.2	0.9%	7.7	
61150102	Of Blend containing Cotton and Man Made Fibre	Piece	4.2%	34.0	1.2%	9.7	
61150103	Of Man Made Fibres	Piece	4.3%	34.7	1.2%	9.7	
61150104	Of Silk (other than containing Noil silk)	Piece	1.3%	19.2	0.4%	5.9	
61150105	Of Wool	Piece	3.9%	50.2	1.1%	14.2	
61150106	Of Blend containing Wool and Man Made Fibre	Piece	3.9%	50.2	1.1%	14.2	
61150107	Of Cotton containing 1% or more by weight of spandex/lycra/elastane	Piece	3.3%	28.9	0.9%	7.9	
61150199	Of Others	Piece	3.3%	26.7	0.9%	7.3	
611502		Others					
61150201	Of Cotton	Kg	3.5%	90.3	0.9%	23.2	
61150202	Of Blend containing Cotton and Man Made Fibre	Kg	4.2%	99.0	1.2%	28.3	
61150203	Of Man Made Fibres	Kg	4.2%	108.0	1.2%	30.9	
61150204	Of Silk (other than containing Noil silk)	Kg	1.3%	122.1	0.4%	37.6	
61150205	Of Wool	Kg	3.5%	101.4	0.9%	26.1	
61150206	Of Blend containing Wool and Man Made Fibre	Kg	3.6%	104.3	1.0%	29.0	
61150207	Of Cotton containing 1% or more by weight of spandex/lycra/elastane	Kg	3.5%	98.0	0.9%	25.2	
61150299	Of Others	Kg	3.5%	83.8	0.9%	21.6”.	

This notification shall come into force on the 1st day of July, 2017.

[F. No. 609/43/2017-DBK]

**(Anand Kumar Jha)**  
**Under Secretary to the Government of India**

Note: The principal notification No. 131/2016-Customs (N.T.), dated the 31st October, 2016 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), dated the 31st October, 2016 vide number G.S.R. 1018 (E), dated the 31st October, 2016 and was last amended vide notification No. 41/2017-Customs (N.T.), dated the 26th April, 2017 vide number G.S.R. 408(E), dated the 26th April, 2017.

**F. No. 609/64/2017-DBK Government of India Ministry of Finance, Department of Revenue  
Central Board of Excise & Customs**

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**New Delhi, dated 27th July, 2017**

To,

Principal Chief Commissioners / Principal Directors General,  
Chief Commissioners / Directors General,  
Principal Commissioners / Commissioners,  
all under CBEC

Madam/Sir,

**Sub: Clarification regarding exports under claim for drawback in the GST scenario.**

As you are aware, the higher All Industry Rates (AIRs) under Duty Drawback scheme viz. rates and caps available under columns (4) and (5) of the Schedule of All Industry Rates of Duty Drawback have been continued for a transition period of three months i.e. 1.7.2017 to 30.9.2017 (Circular No. 22/2017-Customs dated 30.6.2017).

2. Various issues have been highlighted by field formations and exporters regarding the requirement of a certificate to be obtained from the jurisdictional GST officer prescribed vide Note and Condition 12A of Notification 131/2016-Cus (N.T.) dated 31.10.2016 as amended by Notification 59/2017-Cus (N.T.) dated 29.6.2017. The certificate aimed to ensure that there was no double neutralisation of taxes by way of credit/refund and drawback. However, in view of factors such as absence of clarity about jurisdictional GST officer, time lag between exports and the requisite returns to be filed under GST laws, etc., the said certificate from GST officer may not be available immediately at the time of export.

3. Keeping in mind the above difficulties, the Government has amended Note and Condition 12A of Notification 131/2016-Cus (N.T.) dated 31.10.2016 by Notification 73/2017-Cus (N.T.) dated 26.7.2017 and dispensed with the requirement of the certificate from GST officer to claim higher rate of drawback. To facilitate exports, the higher rate of drawback can be claimed on the basis of self-declaration to be provided by exporter in terms of revised Note and Condition 12A of aforesaid Notification.

4. Since Notes and Conditions of Notification No. 131/2016-Cus (NT) dated 31.10.2016 (as amended) are integral part of the rates of drawback given under the Schedule to said Notification, accordingly in terms of the Section 75(3) of the Customs Act, 1962 and Rule 5(2) of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, it may be noted that the changes made in Note and Condition 12A shall be applicable w.e.f. 1.7.2017 itself. Thus, exports which have been made from 1.7.2017 onwards shall be governed by the revised Note and Condition 12A. For all exports made w.e.f. 1.7.2017 for which higher rate of drawback is claimed, exporter has to submit the self-declaration in the format attached. This format is also being suitably included in the EDI shipping bill. In respect of exports that have already been made, exporters may submit a single declaration regarding the export products covered in past shipping bills for which let export order has been given from 1.7.2017 onwards. This shall be irrespective of any certificate or declaration, if any, given earlier.

5. Another aspect that may be noted is that there could be cases where export goods had been cleared from factory, warehouse, etc. prior to 1.7.2017 but let export order has not been issued before 1.7.2017. Such goods are not supplies under GST and accordingly, said Note and Condition 12A is not applicable. For such goods, the declaration from exporter or certificate from the then Central Excise officer as applicable in terms of Note and Condition 12 of said Notification No. 131/2016-Customs (NT) shall continue.

6. As part of audit checks, the need for regular sample checking of the veracity of declarations accepted for disbursing AIR drawback claims has been highlighted in Board's instruction F. No. 603/01/2011-DBK dated 11.10.2013. The said instruction is reiterated for the purpose of audit checks for above cited self-declarations. Directorate General of Audit (Central Taxes) is also being asked to have the declarations given by exporters about non-availment of ITC/refund etc. in respect of exports under drawback verified at the time of audit of these units/exporters. These checks will thus ensure that there is no double neutralisation of taxes by simultaneous availment of credit/refund and drawback.

7. In order to further facilitate exporters, it may be ensured that all pending drawback claims are disposed of on priority and zero pendency be maintained. Supplementary claims whenever filed should also be processed on priority.

8. Wide publicity on these aspects may be given by way of issuance of trade notice and field officers also should be sensitised.

Encl. as above.

Yours faithfully,

(Dipin Singla) OSD (Drawback)  
Tel: 23341480

Self-declaration for claiming higher rate of AIR of duty drawback under column (4) and (5) of the AIR Schedule under Notification No. 131/2016-Customs (N.T.) dated 31.10.2016 (as amended)

I/We, M/s. ...., IEC No. .... and address ..... hereby declare that in respect of export products covered under Shipping Bill Nos. .... dated ..... on which higher rate of drawback under column (4) and (5) of the Schedule of All Industry Rates of duty drawback of Notification No. 131/2016-Customs (N.T.) dated 31.10.2016 (as amended) is claimed-

a) (i) no input tax credit of the Central Goods and Services Tax or of the Integrated Goods and Services Tax has been and shall be availed on the export product,

OR

(ii) no input tax credit of the Central Goods and Services Tax or of the Integrated Goods and Services Tax has been and shall be availed on any of the inputs or input services used in the manufacture of the export product,

OR

(iii) no refund of Integrated Goods and Services Tax paid on export product shall be claimed;  
[Please strike out (i), (ii) or (iii), whichever is not applicable.]

b) CENVAT credit on the export product or on inputs or input services used in the manufacture of the export product has not been carried forward and shall not carry forward in terms of the Central Goods and Services Tax Act, 2017.

Signature, date and seal of exporter

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