

DGFT issues Trade Notice containing three measures to check cyber frauds.

The use of e-mail facility has increased tremendously over a short period. This is because of their ease of use and instantaneous results. But some people by their ingenuity have devised means to dupe the users.

To resolve the above menace, DGFT has issued a Trade Notice No. 36/2020-21 dt 4th Jan, 2021 containing three security protocols called SPF, DKIM and DMARC. If all the three protocols are followed, they will ensure best possible deliverability. Copy of Trade Notice reproduced below:

(Copy)

DGFT Trade Notice No. 36/2020-21, Dated January 04 2021

Subject: Cyber fraud complaints from Indian Exporters - Trade Advisory -reg

Ministry of External Affairs has informed that email spoofing/phishing cyber frauds are causing increased bilateral trade disputes. Though this is registered as a cybercrime in the respective jurisdictions of the country, the authorities cannot do much to reverse the transaction. The victims end up being Indian exporters who having supplied the goods. They neither have the goods in their possession nor have received the payment.

2. The matter was examined and such problems can be largely resolved by implementing security protocols such as Sender Policy Framework (SPF), Domain Keys Identified Mail (DKIM) and Domain-based Message Authentication, Reporting & Conformance (DMARC). SPF, DKIM, and DMARC are protocols for standard email signatures which meet various safety issues and all three must be implemented in order to ensure the best possible deliverability. All three prove that the sender is legitimate, that their identity has not been compromised and that they're not sending email on behalf of someone else. They are all based on the Domain Name System (DNS) of the domain.

3. SPF protocol based on the DNS of the domain name, certifies that the issuing IP has the right to send emails. This protocol is used to prevent fraudulent use of the domain name and prevents phishing attacks. It specifies which IP addresses and/or servers are allowed to send email "from" that particular domain. It lets the recipient know who has sent the communication.

4. DKIM is a cryptographic protocol based on the use of public keys that are published in the DNS. It ensures that the content of emails remains trusted and have not been tampered with or compromised and the headers of the message have not changed and that the sender of the email actually owns the domain that has the DKIM record attached to it. The protocol allows the sender to sign the email with the domain name. The recipient of your email will then be sure that the email has been sent by the sender and has not been altered during transmission. This protocol is particularly effective against "man in the middle" attacks.

5. DMARC provides indications in case there is an attack, ties the first two protocols (SKM and DKIM) together with a consistent set of policies. It is possible to be notified if someone tries to steal the identity of the sender. It verifies that a sender's email messages are protected by both SPF and DKIM. It also tells the receiving mail server what to do if neither of those authentication methods passes, and provides a way for the receiving server to report back to the sender about messages that pass and/or fail the DMARC evaluation.

6. It is also suggested that better password practices be followed on both the sender's and the receivers' email IDs and to avoid this completely, exporters may like to confirm bank details by another channel such as a secure voice line.

7. EPCs/Traders are advised to take all precautionary measures to protect their payments from cyber frauds.

8. RAs are advised to inform trade as part of the outreach exercise.

DGFT issues Trade Notice for electronic issuance of 'Preferential Certificate of Origin (CoO) for India's exports to U.K. under GSP.

India has entered into trade agreements (called PTAs, FTAs etc) with many countries. Because of these agreements our export goods become entitle to pay less than normal customs duties in the importing countries. But for this financial benefit, the condition is that the goods have to be of Indian origin. To ensure this, the exported goods must be supported by a certificate called Certificate of Origin (CoO).

At present the CoO is being issued in electronic for (e-CoO). Now DGFT has issued a Trade Notice No 37/2020-21 dt 11.01.2020 whereby U.K. has been added as a country of export on the CoO platform under Generalized Scheme of Preferences (copy reproduced below).

The details of GSP are given in para 2.104 of the current Handbook of Procedures.

(Copy)

DGFT Trade Notice No. 37/2020-2021, Dated 11.01.2021

Subject: Electronic Issuance of Preferential Certificate of Origin (CoO) for India's Exports to UK under Generalised Scheme of Preferences (GSP)

In continuation to the earlier Trade Notice(s) 30/2020-21 dated 13.10.2020, it is informed that the United Kingdom (UK) is being added as a country of Export on the e-COO Platform under Generalised Scheme of Preferences (GSP).

2.The details provided by the UK on the Generalised Scheme of Preferences may be seen at URL <https://www.gov.uk/government/publications/trading-with-developing-nations>. Goods that meet the UK GSP rules of origin requirements are eligible to claim a GSP rate of import duty on the basis of a valid proof of origin. A valid proof of origin must be either of the following:

- i. GSP Form-A - which does not need to be stamped and signed by an authority designated by the GSP country.
- ii. An origin declaration - which must include information to enable the identification of an originating good

3. Reference 2 (i) above, the GSP Form-A is available electronically on the e-CoO Platform. Further, no physical pre-printed stationery of Form-A shall be issued. The exporters to UK planning to avail GSP benefits may submit the given form on the e-Platform. While the stamp and sign of the issuing authority is not mandatory as per the instructions provided by UK authorities, the GSP certificate when submitted electronically on the e-CoO platform will be made available through the existing online approval process with the image sign and signature.

4. For guidance on registration and application submission on the e-CoO Platform, the Help manual & FAQs may be accessed on the landing page at <https://coo.dgft.gov.in>. For any further assistance you may utilize any of the following channels -

- i. Raise a service request/suggestion ticket through the DGFT Helpdesk service link on the e-platform home page
- ii. Call the toll-free Helpline number 1800-111-550
- iii. Send an email to coo-dgft@gov.in

DGFT issues Trade Notice by which application for Policy Relaxation to be made in electronic form only.

As a part of IT Revamp, DGFT has decided to introduce a new module (online PRC system) for seeking policy/ procedure relaxation in terms of para 2.58 of the current FTP.

The details of the new online e-PRC system referred to above are contained in DGFT Trade Notice No. 38/2020-21 dt 15th January, 2021 (copy given below):

(Copy)

DGFT Trade Notice No. 38/2020-21, New Delhi, Dated 15th January, 2021

Subject: Introduction of online e-PRC System for Application seeking Policy/Procedure relaxation in terms of Para 2.58 of FTP 2015-20.

Presently, this Directorate is receiving applications for seeking policy/procedure relaxation in terms of Para 2.58 of FTP 2015-20 in manual form (i.e. in the form of hard copy of prescribed format ANF 2D along with proof of payment of application fee and other related documents). As a consequence, rest of the process also happens in manual mode and takes time.

2. As a part of IT Revamp of the organisation, this Directorate has decided to introduce a new module (online e-PRC System) for seeking policy/procedure relaxation in terms of Para 2.58 of FTP. Therefore, from 25.01.2021 onwards, all applications seeking policy/procedure relaxation are mandatorily required to be submitted online through the exporter's dashboard on the DGFT Website. Manual submission of application seeking policy/procedure relaxation would no longer be allowed from 25.01.2021 onwards.

3. Accordingly, all exporters/importers seeking relaxation of FTP/HBP provisions are required to submit their application electronically only. Physical copies of the application(s) seeking policy/procedure relaxation received after 25.01.2021 will not be acted upon by this Directorate.

4. Please navigate to <https://dgft.gov.in> -> Services Policy Relaxation Committee to access the new e-module. Please note that the entire process is designed to be paperless and contactless and any PRC submission, communication, clarification, correction as well as the approval on submitted applications would be electronic.

5. For any help and guidance on this new process, the Help manual & FAQs may be accessed on <https://dgft.gov.in> -> Learn -> Application Help & FAQs. For any further assistance you may utilize any of the following channels:-

- i. Raise a service request/suggestion ticket through the DGFT Helpdesk service link under Services -> 'Complaints & Suggestions'
- ii. Call the toll-free Helpline number 1800-111-550
- iii. Send an email to dgftedi@gov.in

Impex # 4

Union budget for 2021-2022 presented

No New scheme or incentive for export promotion in the budget.

The union budget for the year 2021-2022 was presented by the Union Finance to the Lok Sabha on 01.02.2021.

In her budget speech, the Finance Minister has stated that the proposals in budget rest on six pillars as stated below:

- Health and Wellbeing
- Physical and Financial Capital and Infrastructure
- Inclusive Development for Aspirational India
- Reinvigorating Human Capital
- Innovation and R&D
- Minimum Government, Maximum Governance

The budget proposals do not contain any specific scheme/ incentive/measure for promotion of export. We may reconcile to it in the fact that the export promotion is primarily the role of Ministry of Commerce & DGFT and we may see a lot of action on the subject in the new Foreign Trade Policy to be announced by March 2021 end.

Impex # 5 Measures to check fraudulent means in GST refunds and credits without hardships to genuine exporters

CBIC issues circular containing the Standard Operating Procedure (SOP) to be followed by "Risky Exporters".

Several cases of monetization of credit fraudulently obtained or ineligible credit through refund of Integrated Goods & Service Tax (IGST) on exports of goods have been detected in past few months. On verification, several such exporters were found to be non-existent in a number of cases. In all these cases it has been found that the Input Tax credit (ITC) was taken by the exporters on the basis of fake invoices and IGST on exports was paid using such ITC.

As a result of checks & measures adopted by GST wing policy of CBIC, a sizable number of exporters have been classified as "risky exporters" based on some matrix adopted by the Directorate of System. This has caused liquidity problem at their end beside delays in clearance of their export consignments. With a view to address the concern of genuine exporters, Government has provided some relaxation from time to time and also fixed timelines to complete the process of verification.

Now CBIC has issued a GST Circular No. 131/1/2020-GST dt 23.01.2020 containing details of the Standard Operating Procedures (SOP) to be followed by exporters so that they do not face undue difficulties (copy below).

(Copy)

CBIC Circular No. 131/1/2020-GST New Delhi, Dated 23.01.2020

Subject: Standard Operating Procedure (SOP) to be followed by exporters- regarding

As you are aware, several cases of monetisation of credit fraudulently obtained or ineligible credit through refund of Integrated Goods & Service Tax (IGST) on exports of goods have been detected in past few months. On verification, several such exporters were found to be non-existent in a number of cases. In all these cases it has been found that the Input Tax Credit (ITC) was taken by the exporters on the basis of fake invoices and IGST on exports was paid using such ITC.

2. To mitigate the risk, the Board has taken measures to apply stringent risk parameters-based checks driven by rigorous data analytics and Artificial Intelligence tools based on which certain exporters are taken up for further verification. Overall, in a broader time frame the percentage of such exporters selected for verification is a small fraction of the total number of exporters claiming refunds. The refund scrolls in such cases are kept in abeyance till the verification report in respect of such cases is received from the field formations. Further, the export consignments/shipments of concerned exporters are subjected to 100% examination at the customs port.

3. While the verifications are caused to mitigate risk, it is necessary that genuine exporters do not face any hardship. In this context it is advised that exporters whose scrolls have been kept in abeyance for verification would be informed at the earliest possible either by the jurisdictional CGST or by Customs. To expedite the verification, the exporters on being informed in this regard or on their own volition should fill in information in the format attached as Annexure 'A' to this Circular and submit the same to their jurisdictional CGST authorities for verification by them. If required, the jurisdictional authority may seek further additional information for verification. However, the jurisdictional authorities must adhere to timelines prescribed for verification.

3.1 Verification shall be completed by jurisdiction CGST office within 14 working days of furnishing of information in proforma by the exporter. If the verification is not completed within this period, the jurisdiction officer will bring it to the notice of a nodal cell to be constituted in the jurisdictional Pr. Chief Commissioner/Chief Commissioner Office.

3.2 After a period of 14 working days from the date of submission of details in the prescribed format, the exporter may also escalate the matter to the Jurisdictional Pr. Chief Circular No. 131/1/2020-GST Page 2 of 5 Commissioner/Chief Commissioner of Central Tax by sending an email to the Chief Commissioner concerned (email IDs of jurisdictional Chief Commissioners are in Annexure B).

3.3 The Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax should take appropriate action to get the verification completed within next 7 working days.

4. In case, any refund remains pending for more than one month, the exporter may register his grievance at www.cbic.gov.in/ issue by giving all relevant details like GSTIN, IEC, Shipping Bill No., Port of Export & CGST formation where the details in prescribed format had been submitted etc.. All such grievances shall be examined by a Committee headed by Member GST, CBIC for resolution of the issue.

5. It is requested that suitable trade notices may be issued to publicize the contents of this circular. Difficulty, if any, in implementation of this Circular may please be brought to the notice of the Board. Hindi version would follow.

Annexure A

The details to be provided by the exporter for verification:

I. GST related data:

1. GSTIN -

2. Please provide the following details if the proprietor/director/partner of this entity is also associated with other entities.

| S. No. | Name of Director/Partner/ Proprietor | Name of the other Entity Associated with | PAN (DIN if Director) | GSTIN | Registration status (Active /Inactive) 1 |
|--------|--------------------------------------|--|-----------------------|-------|--|
| 1 | | | | | |
| 2 | | | | | |
| 3 | | | | | |

3. Turnover of previous Financial Year -

(For New Entity till date Current Financial Year Turnover, if any)

4. Details of GST liability-

| S. No. | Return Type | Declared aggregate liability for Previous Financial Year | Declared aggregate liability for Current Financial Year |
|--------|-------------|--|---|
| 1 | | | |
| 2 | | | |

5. Details of ITC:

| FY | ITC available in GSTR-2A | ITC availed in GSTR-3B | Mismatch | Details of payment or reversal of mismatched ITC |
|---------|--------------------------|------------------------|----------|--|
| 2017-18 | | | | |
| 2018-19 | | | | |
| 2019-20 | | | | |

6. Details of refund claimed in previous Financial Year and current Financial Year-

| S. No. | GSTIN | Type of Refund | ARN No. and Date | Amount | | Authority from which refund claimed |
|--------|-------|----------------|------------------|---------|------------|-------------------------------------|
| | | | | Claimed | Sanctioned | |
| | | | | | | |
| | | | | | | |

7. Summary of E way Bills generated for relevant period.

| S.No. | Supplies | No. of E-way Bill generated | HSNs | Taxable Amount |
|-------|----------|-----------------------------|------|----------------|
| 1 | Inward | | | |
| 2 | Outward | | | |

II. Financial Data

1. Bank Account details including the bank accounts of proprietor/partner/directors-

| S. No. | Account Number | IFSC Code | Account Type | Name of Account Holder | PAN of Account Holder | Date of opening of Bank Account |
|--------|----------------|-----------|--------------|------------------------|-----------------------|---------------------------------|
| | | | | | | |
| | | | | | | |

2. Bank Account statement of past 6 months in respect of the bank accounts provided above.

3. BRCs/FIRC's evidencing receipt of foreign remittances against the exports made in past 1 year.

4. Bank letter for up to date KYC of all bank accounts provided above.

5. Top 5 creditors and Debtors (with GSTIN) from account(s) where refunds are proposed to be received and from which major business transactions (payments for supplies and receipts) are carried out.

III. Additional Data

1. Copy of PAN.

2. Copy of IEC

3. Certificate of Incorporation or partnership deed

4. Rent agreement of all premises along with geo-tagged photos

5. Telephone Bill of past 3 months for all premises

6. Electricity Bill of past 3 months for all premises

7. Number of employees and the statement of PF evidencing employees

8. Copy of the following schedules of the latest Income Tax Return:

(i) Computation of depreciation on plant and machinery under the Income tax Act

(ii) Computation of depreciation on other assets under the Income-tax Act

(iii) Summary of depreciation on all the assets under the Income-tax Act

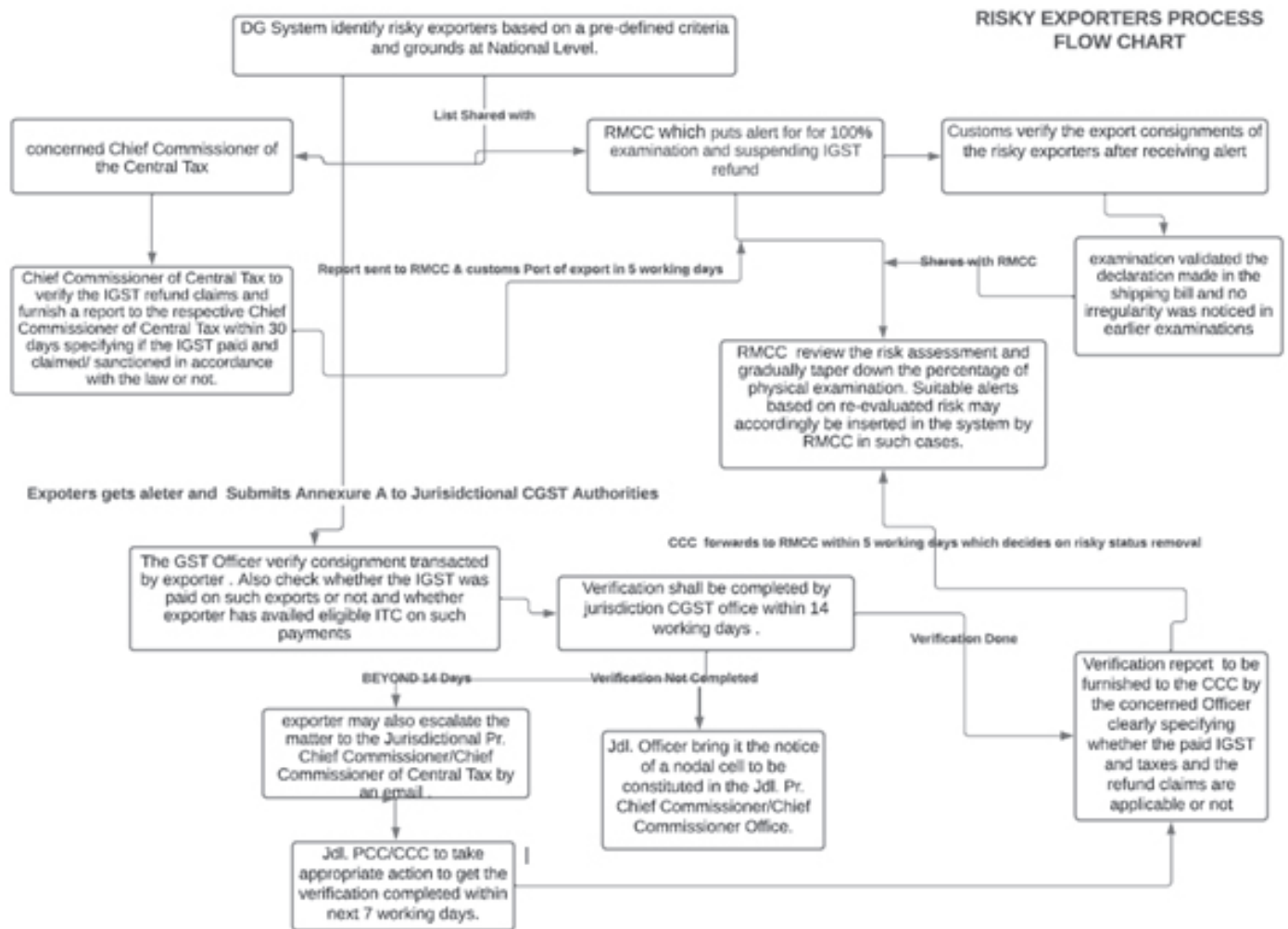
Annexure B

Following are the official email IDs of Pr.Chief Commissioner's/Chief Commissioner's office of CGST zones under CBIC:

| Sl. No. | Name of Zone | Email ID |
|---------|--------------|--------------------|
| 1 | Ahmedabad | ccu-cexamd@nic.in |
| 2 | Bengaluru | ccbz-excise@nic.in |
| 3 | Bhopal | ccu-cexbpl@nic.in |
| 4 | Bhubaneshwar | ccu-cexbbr@nic.in |
| 5 | Chandigarh | ccu-cexchd@nic.in |
| 6 | Chennai | ccu-cexchn@nic.in |
| 7 | Cochin | cccocchin@nic.in |
| 8 | Delhi | ccu-cexdel@nic.in |
| 9 | Hyderabad | ccu-cexhyd@nic.in |

| | | |
|----|----------------|----------------------|
| 10 | Jaipur | ccu-cexjpr@nic.in |
| 11 | Kolkata | ccu-cexkoa@nic.in |
| 12 | Lucknow | ccu-cexlko@nic.in |
| 13 | Meerut | ccu-cexmeerut@nic.in |
| 14 | Mumbai | ccu-cexmum1@nic.in |
| 15 | Nagpur | ccu-cexngpr@nic.in |
| 16 | Panchkula | cco.gstpk1@gov.in |
| 17 | Pune | ccu-cexpune@nic.in |
| 18 | Ranchi | ccu-cexranchi@nic.in |
| 19 | Shillong | ccu-cexshlng@nic.in |
| 20 | Vadodara | ccu-cexvdr@nic.in |
| 21 | Vishakhapatnam | ccu-cexvzg@nic.in |

Risky Exporters Process Flow Chart



DGFT issues notification containing amendments in IEC related provisions under chapter-1 and 2 of FTP.

IEC (Import Export Code) number is a very important document in dealing with DGFT. Provision relating to it is given in chapter-1 and 2 of the current FTP.

DGFT has issued a Notification No. 58/2015-20 dt 20th Feb, 2021 containing two amendments & one addition to the existing provision as detailed in the notification.

Of the three changes mentioned above, importer & exporters may particularly note of the addition of S. No.3 of the notification according to which an IEC holder has to ensure that details in the IEC are updated electronically every year during April-June.

Copy of Notification No. 58 referred to above is reproduced below:

(Copy)

DGFT Notification No. 58/2015-2020, New Delhi Dated 12th February, 2021

Subject: Amendment of Importer-Exporter Code (IEC) related provisions under Chapter-1 and Chapter-2 of Foreign Trade Policy, 2015-2020

S.O. 656(E): In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby amends the IEC related provisions under Chapter-1 and Chapter-2 of Foreign Trade Policy, 2015-2020.

Following paragraphs of Foreign Trade Policy, 2015-2020 are amended as below:

| Existing Text | Amended Text |
|--|---|
| 1.11 Issue of e-IEC (Electronic- Importer Exporter Code) | 1.11 e-IEC (Electronic-Importer Exporter Code) |
| (a) Importer Exporter Code (IEC) is a mandatory for export/import from/to India as detailed in paragraph 2.05 of this Policy. DGFT issues Importer Exporter Code in electronic form (e-IEC). For issuance of e-IEC an application can be made on DGFT (http://dgft.gov.in). Applicant can upload the documents and pay the requisite fee through Net banking. Applicant shall, however, submit the application duly signed digitally. | Importer Exporter Code (IEC) is mandatory for export/import from/to India as detailed in paragraph 2.05 of this Policy. DGFT issues Importer Exporter Code in electronic form (e-IEC). Application for issuance of e-IEC can be made directly on the DGFT web portal (https://www.dgft.gov.in). |
| 2.05 Importer-Exporter Code (IEC) | 2.05 Importer-Exporter Code (IEC)/(e-IEC) |
| (c) Application process for IEC is completely online and IEC can be generated by the applicant as per the procedure detailed in the Handbook of Procedure. | (c) Application process for IEC and updation in IEC is completely online and IEC can be generated by the applicant as per the procedure detailed in the Handbook of Procedure |

The following sub-paragraphs are inserted under para 2.05 of Chapter-2 of Foreign Trade Policy, 2015-2020 as under:

| FTP Paragraph no. | Text added (New) |
|-------------------|--|
| 2.05(d) | An IEC holder has to ensure that details in its IEC is updated electronically every year, during April-June period. In cases where there are no changes in IEC details same also needs to be confirmed online. |
| 2.05(e) | An IEC shall be de-activated, if it is not updated within the prescribed time. IEC so de-activated may be activated, on its successful updation. This would however be without prejudice to any other action taken for violation of any other provisions of the FTP. |
| 2.05(f) | An IEC may also be flagged for scrutiny. IEC holder(s) are required to ensure that any risks flagged by the system is timely addressed; failing which the IEC shall be deactivated. |

4. The sub paras 1.11(b), 1.11(c) and 1.11(d) of Foreign Trade Policy, 2015-2020 are deleted.

Effect of this Notification: IEC related provisions in Chapter-1 and Chapter-2 of Foreign Trade Policy, 2015-2020 are amended/ deleted and new provisions inserted.

DGFT issues Public Notice notifying 'NOIDA' (U.P.) as 'Town of Export Excellence' for apparel products.

The scheme of 'Town of Export Excellence' is a scheme of DGFT and details about it are given in para 1.35 of the current FTP. Its objective is the development and growth of export production centers of specific products.

Under this scheme recognized association in the towns will be provided financial assistance under MAI scheme. Common Service Providers in these areas shall be entitled for Authorization under EPCG scheme.

The list of 'Town of Export Excellence' is given in Appendix 1B of current H.B. of Procedure. With the issue of DGFT Public Notice No.40/2015-20 dt 25.02.2021, the list has 39 'Town of Export Excellence'. By this Public Notice Noida (U.P) has been added to the list for 'Apparel Products' at S.No. 39.

Out of 39 towns, 6 towns namely Jodhpur, Jaipur, Sri Nagar, Anantnag, Barmer and Saharanpur are recognized as 'town of Excellence' for handicrafts.

Copy of DGFT Public notice No. 40 dt 25.02.2021 referred to above is reproduced below:

(Copy)

DGFT Public Notice No.40/2015-20, New Delhi Dated 25th February, 2021

Subject: Amendment in Appendix 1B, Hand Book of Procedure 2015-20.

In exercise of powers conferred under paragraph 1.03 of Foreign Trade Policy 2015-20, the Director General of Foreign Trade hereby makes the following amendment in Appendix 1B of the Handbook of procedures.

2. The following entry is added in Appendix 1B.

| S.No. | Town of Export Excellence | State | Product Category |
|-------|---------------------------|---------------|------------------|
| 39 | Noida | Uttar Pradesh | Apparel Products |

Effect of Public Notice: The town of Noida in Uttar Pradesh has been notified as a Town of Export Excellence for Apparel products.

DGFT issues Public Notice amending provision for verification of exporters declaration on the Rules of Origin under GSP Scheme.

The Certificate of Origin is a must for GSP benefit. At the same time, verification of the same is also desirable.

DGFT has issued a Public Notice No. 39/2015-20 dt 15th Feb, 2021 containing provision for verification of the exporters declaration (self-declaration basis) on the Rules of Origin under GSP Scheme by amending para 2.104 of the current Handbook of Procedure (Vol.1) (copy reproduced below):

(Copy)

DGFT Public Notice No.39 /2015-2020-DGFT, New Delhi Dated 15th February, 2021

Subject: Provision for verification of the exporters declaration (self-certification basis) on the Rules of Origin under GSP Scheme-amendment in Para 2.104 (c) of Handbook of Procedures, 2015-2020.

In exercise of powers conferred under paragraph 1.03 and 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby revises para 2.104 (c) of Handbook of Procedures, 2015-2020 to insert the provision for verification of the exporters declaration (self certification basis) on the Rules of Origin under GSP Scheme as under:

2. The following entry is added in Appendix 1B.

| 2.104 Existing para | 2.104 Revised para |
|--|--|
| <p>(c) The European Union (EU) has introduced a selfcertification scheme for certifying the rules of origin under GSP from 1.1.2017 onwards. Under the Registered Exporter System (REX) introduced from 1.1.2017, exporters with a REX number are able to self-certify the Statement on Origin of their goods being exported to EU under the GSP Scheme. The registration on REX is without any fee or charges.</p> <p>The details of the scheme are at Annex 1 to Appendix 2C.</p> <p>The competent Local Authorities would undertake post verification of self certified Certificate of Origin based on the request of the importers /customs agencies of the importing country and the fee to be changed is detailed in Appendix 2K.</p> <p>Agencies may charge TA and DA, as per government rates, separately from the unit.</p> | <p>(c) (i) The European Union (EU) has introduced a selfcertification scheme for certifying the rules of origin under GSP from 1.1.2017 onwards. Under the Registered Exporter System (REX), exporters with a REX number are able to selfcertify the Statement on Origin of their goods being exported to EU under the GSP Scheme. The registration on REX is without any fee or charges. The details of the scheme are at Annex 1 to Appendix 2C.</p> <p>(ii) The competent Local Authorities would undertake post verification of self certified Certificate of Origin based on the request of the importers/ customs agencies of the importing country and the fee to be changed is detailed in Appendix 2K. Agencies may charge TA and DA, as per government rates, separately from the unit.</p> <p>(iii) Further, as per the conditions required to avail GSP benefit under self certification system, the beneficiary country needs to have a verification system of such self certified certificates of origin. The standard operating procedure for verification of the self certified CoOs, to be followed by all Authorized agencies/Local Administrators is detailed in Annex II to Appendix 2C.</p> |

3. Effect of this Public Notice: Procedure for verification of exporters declaration (self certification basis) on the Rules of Origin under GSP Scheme under Chapter-2 of Handbook of Procedures, 2015-2020 inserted in para 2.104 of Handbook of Procedures, 2015-2020.

Impex # 9

Identification of correct bank account number of merged banks for getting duty drawback and IGST benefits

Noida Custom Commissionerate issues a Public Notice on updating of Bank Account details of exporters with new IFSC code due to merger of certain Banks etc. for IGST refund and Customs Drawbacks.

Sometimes back the Govt of India in the Ministry of Finance observed that many Public sector banks were quite small in size to finance big projects and had to form a consortium of banks to meet the high requirement of finance. This was quite time consuming & as such delayed the projects. It was also observed that many Public sector banks were located quite close to each other rendering same type of services at the same rate. This in a was wasteful establishment expenditure & non-optimum use of H.R. The Govt, therefore, decided to merge some banks to remedy the above two problems. Consequently some banks have been merged & the further work is going on.

A ripple effect of the merger of banks has been felt by the exporters in getting their duty drawback and IGST. Due to merger of certain banks, a high incidence of rejection of IGST Scrolls/Customs Drawback Scroll is being noticed due to insufficient information/ wrong Bank account/ invalid IFSC.

To make the exporters aware of above problem, the Noida Custom Commissionerate has issued a Public Notice No. 09/2021 dt 11.03.2021 in which the exporters/beneficiaries are advised to identify their bank accounts, in those banks which are under process of merger and update their new IFSC codes along with correct bank account number and to submit AD code letter from the concerned bank through online Bank management/ AD code registration facility provided on ICEGATE website using the 'modify option'. Copy reproduced below:

(Copy)

Public Notice No. 09/2021 dt 11.03.2021

Subject: Updating of Bank Account details of Exporters with new IFSC code due to merger of certain Banks etc. for IGST refund and Customs Drawback reg.

Attention of all the Exporters, Customs Brokers and all concerned is invited to the subject cited above.

2. It is to inform that due to merger of certain Banks, a high incidence of rejection of IGST Scrolls/Customs Drawback Scrolls is being noticed due to insufficient information/wrong Bank Account number/ invalid IFSC.
3. It is also pertinent to mention here that error in the bank account details in respect of single exporter could cause failure/rejection of the entire scroll.
4. In view of above, the exporters/beneficiaries are advised to identify their bank accounts, in those Banks which are under process of merger, and update their new IFSC codes along with correct bank account number and to submit AD code letter from the concerned bank through online Bank management/ AD code registration facility provided on ICEGATE website using the 'modify option'. In this regard, all ICDs/CFs of Noida Customs are directed to suitably guide
5. The exporters/beneficiaries to mitigate the increased risk of scroll rejection due to merger of banks.
6. Any difficulties faced or doubts arising in the implementation of this Public Notice may please be brought to the notice of the undersigned.

Impex # 10

Questions & Answers

Question : What are the salient features of RoDTEP Scheme (Remission of Duties & Taxes on Export Product)?

Answer : The RoDTEP(Remission of Duties & Taxes on Export Product) scheme has come into operation from 1st January, 2021. The scheme seeks to refund duties/ taxes/ levies at the Central/ State and local levels, which have not already been exempted or remitted or given as credit. It is based on the globally accepted principle that taxes and duties should not be exported along with the goods. Under this new scheme, exporters will get a refund at notified rates, which would be credited in an exporter's ledger account. The RoDTEP rates, attendant conditions and exclusions would be notified soon. A special feature of the scheme is that its entire operation will be by end-to-end digitization under ICES. This includes the creation of an Electronic Cash Ledger as provided for under Section 51B of the Customs Act, 1962. This Ledger would be credited with the remission amount in the form of transferable duty credit scrips. The e-scrips may be used for payment of Customs duty and will also be freely transferable from the ledger of one IEC to another online. This module would have a facilitation, monitoring and audit mechanism through RMS. It allows for monitoring the entire life cycle of the claim, including export realization export documentation, transfer of e-scrips, etc.

Question : We have exported under GST and have taken the refund. But the buyer went bankrupt and, therefore, we've been unable to realize export proceeds. The waiver has been obtained from the RBI. Are we required to refund the GST amount so claimed?

Answer : In cases where the sale proceeds are not realized by the exporter within the period allowed under the Foreign Exchange Management Act 1999, the Reserve Bank of India writes off the requirement of realization of sale proceeds on merits and the GST refund paid to the applicant shall not be recovered.

| Particulars | Limit | Limit (%) In relation to |
|---|-------|---|
| Self-write-off by an exporter (Other than the Status Holder Exporter) | 5% | Total export proceeds realized during the calendar year preceding the year in which the write-off is being done |
| Self-write-off by Status Holder Exporter | 10% | |
| Write-off by AD Category-1 Bank | 10% | |

Question : What are the provisions of writeoff that can be availed?

Answer : "Write-off " of unrealized export bills

The following is the limit of write-off permitted by the RBI:

The above limits of self-write-off and write-off by the bank shall be reckoned cumulatively and shall be available subject to the following conditions: a) The relevant amount has remained outstanding for more than one year;

b) Satisfactory documentary evidence is furnished indicating that the exporter had made all efforts to realise the export proceeds;

c) The exporter is a regular customer of the bank for a period of at least 6 months is fully compliant with KYC/ AML guidelines, and the bank is satisfied with the bonafide of the transaction.

Question : What are the grounds on which write-off can be applied and obtained from our bank?

Answer : The following categories of cases are covered for such write-off:

- i. The overseas buyer has been declared insolvent and a certificate from the official liquidator, indicating that there is no possibility of recovery of export proceeds, has been produced.
- ii. The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;
- iii. The goods exported have been auctioned or destroyed by the Port/Customs / Health authorities in the importing country;
- iv. The overseas buyer is not traceable over a reasonably long period of time.
- v. The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding that turned out to be unrealizable despite all efforts made by the exporter;
- vi. The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control;
- vii. Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amounts have remained unrealized consequent to dishonor of the bills by the overseas buyer with no prospects of realization.

Question : What are the items (trimmings & embellishments) which are allowed without payment of custom duty but with payment of IGST?

Answer : The list of items is given at S No. 229 of the table of custom notification no 50/30.06.2017 as amended reproduced below:

| S. No. | Heading or subheading of tariff items | Description of Good | Standard Rate | Integrated goods and services tax | Condition No. |
|--------|---------------------------------------|---|---------------|-----------------------------------|---------------|
| (1) | (2) | (3) | (4) | (5) | (6) |
| 229 | 32, 34, 38, 83 or any other Chapter | <p>(a) Electric parts for fitting on electric lamp / table lamp / wall lamp / ceiling Lamp / door lamp / Window lamp / Garden lamp/ wire roll/Christmas ornamentation ;</p> <p>(b) Hinges, metal locks and back of photo frames, and fittings for photo frame / box;</p> <p>(c) Wax items for candle holder / votive/cup;</p> <p>(d) Chemical / lacquer required for improved finish of export product;</p> <p>(e) Motifs for attachment on export product;</p> <p>(f) Severe atmospheric corrosion inhibitor (SACI) used as rust preventive concentrate for coating on ornamental painted and unpainted Cast Iron Artware;</p> <p>(g) Heat resistant paint used on cast iron items for ornamental fire place accessories;</p> <p>(h) Wood Polish materials; and</p> <p>(i) Poly films used for Shrink wrapping and cling - Wrapping of artwares</p> <p>(J) Wooden biscuit (Splints-joining accessory for wooden board);</p> <p>(k) Decorative paper for lamp shade;</p> <p>(l) Sea shell, Mother of Pearl (MOP), Cattle horn and Bone Materials;</p> <p>(m) Prints for photo frames</p> <p>(n) Animal hair materials for brushes;</p> <p>(o) Copper adhesive tape ½" or less;</p> <p>(p) Adhesive Copper foil 1/8" to 1;</p> <p>(q) Patina and patina bronze;</p> <p>(r) clock movement;</p> <p>(s) Hardware brass and metal fittings for furniture;</p> <p>(t) Handles/Blades for cutlery;</p> <p>(u) Glass Sheet (Clear or Opaque or colored glass) for use with mosaic ;</p> <p>(v) Air and electric operated screw driver with hose and couplings;</p> <p>(w) Tool bits, for motorizer and screw driver;</p> <p>(x) Glue applicator;</p> | Nil | - | 21 |

(y) Moisture measuring tools;

(z) Air operated guns and tools for inserting fasteners for brads, flexi-points, pins, staples, nails and hinges;

(za) Power operated mitre saw

(zb) Cane / cane handles for bags;

(zc) Adhesive / glue;

(zd) Waxes, paper boards, foils, Biaxially Oriented Polypropylene (BOPP) films, holographic paper;

(ze) Jigat;

(zf) Bye products of sandalwood namely white chip powder, spent wood dust, balloon dust;

(zg) Natural essential oils/ aromatic chemicals;

(zh) Wine tools;

(zi) Printed boxes with logo of buyer;

(zj) Tungsten carbide tipped tips, circular saw, drill bits, milling and profile cutters, fret saw/band saw blades;

(zk) Diamond wheels/ drills;

(zl) Abrasive emery paper / belts/ circular disk;

(zm) Compact Fluorescent Lamps (CFL) and bulbs of 120 volts

(zn) Polyurethane coated fabric, synthetic leather fabric, raffia fabric, rayon raffia fabric, paper raffia fabric;

(zo) Inlay cards, labels, tags, sensors, stickers, printed bags, plastic clear sheets and bags, nylon / polyester / Poly Vinyl Ether (PVE) mesh and fabrics, reflective tapes, fashion tapes, masking tapes, double side tapes, self- adhesive pads, poly bags, alarm tags, alarm chips, security chips;

(zp) Zipper, zipper head, fastener, puller and slider, eyelets, hooks, eyes, rivets, studs, buttons, magnet buttons, buckles, tape, elastic tape, adhesive tape, re-enforcement tape, velcro tape, hook tape, loop tape, elastic cloth, elastic band, quilted wadding materials accessories, polywadding materials, fusible embroidery motifs and prints, embroidery thread, sewing thread, stones (other than precious and semi-precious), sequin, cord and cord stopper, stamping foil, lining, interlining and re-forcement materials, metal chain, dog hook, "D" ring, "O" ring, bridge fitting, metal frame / bag frame, metal letters / interior plate/logo;

(zq) Beads and glass pearls for embroidery and fashion jewellery, beading materials-synthetic/ leather/fabric/cotton, chatons/ crystals as decorative items;

(zr) Printing inks;

(zs) Decorative veneers;

(zt) Metal sounding bells and sounding bars, carbon fibre parts, decorative celluloid sheets;

(zu) Ceramic fittings and wares;

(zv) Velvet fabric / velvet paper;

(zw) Gas lighters, cigar cutters and cigar humidor box as smoking accessories;

(zx) Parts of writing instrument of wood;

(zy) Resins;

(zz) Acrylic sheet for photo frames;

(zza) Mount board/foam board/paper board/Medium Density Fiberboard (MDF) sheets/hard board/backing boards for photo frames;

(zzb) Conservation/archival tapes, self-adhesive sealing tapes, archival material for picture frames;

(zzc) Jewellery findings, attachments and components (made of metals other than gold, silver and platinum and not containing precious/semi-precious stones);

(zzd) Laminating films;

(zze) Elastic gel;

(zzf) Cords of leather / cotton / satin, ribbons and plastic seal;

(zzg) Faucet / lotion pump for dispensers of plastic/stainless steel/metal;

(zzh) Soldering water and acid water;

(zzi) Amino resins and polyurethanes in combination for use as adhesive;

(zzj) Film of high density polymers of ethylene, vinyl paper;

(zzk) Chemicals for treatment of wood and wood worms/ wood insects;

(zxl) Glass melting pots with ring made of clay refractory materials;

(zxm) Selenium and borax;

(zxn) Cutting wheels for glass;

(zxo) Art brushes and brushes for special handicraft applications;

(zxp) Decorative mouldings for furniture and art framing;

(zzq) Magnets, magnet buttons;

(zzr) Anti-reflective glass of 1.5 mm to 10 mm thickness;

(zsz) Canvas stretcher bar.

[02/01.02.2021 - Sno. 229 and the entries relating thereto shall be omitted with effect from 1st day of April, 2021]

[Notification No.52/2018-Customs dt.14.07.2018-S no. 229 (a), ® amended and (zb) to (zsz) inserted - Handicrafts sector Exempted List Expanded - 44 more items included]

Condition:

21.a) The goods are imported,-

i) by a manufacturer of handicrafts;

ii) by a merchant exporter tied up with supporting manufacturer of handicrafts or

(iii) on behalf of the said manufacturer or merchant exporter by the Export Promotion Council for Handicraft for use in the manufacture of handicrafts for export by the said manufacturers or as the case may be, the merchant exporter and the said manufacturers or as the case may be, merchant exporter is registered with the Export Promotion Council for Handicrafts,"

b) The value of the goods imported does not exceed+ 5% of the FOB value of Handicrafts exported during the preceding financial year; and

c) The importer produces a certificate from the Export Promotion Council for Handicrafts certifying the value of exports made during the financial year mentioned in clause (b) above and also the description value and quantity of the items already imported under this notification during the current financial year.

Provided that the validity of the said certificate, issued for the financial year 2019-20, upto the period of 31st March, 2020, shall be extended upto 30th September, 2020 for import of unutilised value and quantity of goods specified in the said certificate.";

[2314/5/2020 - in Condition No. 21(c), the proviso inserted - Validity Period of Existing Export Performance Certificates for the FY2019-20 Extended to 30 Sept 2020].

Also allowed are tags, labels, stickers, belts, buttons, hangars or printed bags at S No. 257 of the of the same custom notification no: 50/30.06.2017 are given below:

| | | | | | |
|-----|-----------------------------|---|-----|---|-----|
| 257 | 39, 48 or any other Chapter | Tags, labels, stickers, belts, buttons or hangers or printed bags (whether made of polythene, polypropylene, PVC, high molecular or high density polyethylene), imported by bonafide exporters [02/02.02.2021 - S. No. 257 substituted)] | Nil | - | 108 |
|-----|-----------------------------|---|-----|---|-----|

Conditions:

108 if -

- (i) The said goods have been imported for fixing on and export or for the packaging of such articles:
- (ii) The porter, by execution of a bond in such form and sum as may be specified by Assistant Commissioner customs or Deputy Commissioner of Customs, binds himself on demand in respect of the said goods as are not satisfaction of Assistant Commissioner of customs, Commissioner of Customs to have been used for the purpose, an amount equal to the duty leviable on sum but for the exemption contained herein:
- (iii) The porter satisfies the Assistant Commissioner, Commissioner of Customs, that articles so imported has exported within six months of the date of importation such extended period as may be permitted by the said Commissioner of Customs or Deputy Commissioner of Customs.

Reconsider disallowing IGST for exports: Commerce dept to FinMin

DEBAPATI SETH & INDRAJIT DUTTA
New Delhi, 25 February

The commerce department has conveyed to the finance ministry exporters' concern related to the Budget proposal of disallowing integrated goods and services tax (IGST) for exports and recommended a re-look at the proposal before the Finance Act is finalised.

Exporters have said that over time the IGST refund system had become seamless, whose input tax credit refunds took longer.

Besides, while capital goods input taxes can be adjusted under IGST, it is not permitted under the input tax credit system, which will be a challenge for exporters.

The move to disallow IGST for exporters is aimed to plug large-scale frauds in the GST system.

"We came across cases where several exporters were wrongfully claiming IGST refunds. Therefore, we decided to do away with it," said a government official.

"The commerce department has flagged the concern of exporters to the revenue department. It will be discussed," the official added.

According to the Finance Bill, 2021, the amendment to Section 16(3) in the IGST Act would take away payment of taxes through IGST credit but retain only paying these taxes and claiming refunds through input tax credit (ITC).

Exports of goods or services are treated as zero-rated supplies. An exporter may supply goods or services after paying IGST and can claim a refund of the amount of the tax paid on such goods or services. The exporter may supply goods or serv-



Exporters have also protested the insertion of a rule under the Customs Act for empowering authorities to confiscate goods which were misdeclared for the purpose of refunds and remission.

ices under a bond or letter of undertaking without paying integrated GST and then claim a refund of the unutilised input tax credit.

Exporters have also protested the insertion of a rule under the Customs Act for empowering authorities to confiscate goods

which were mis-declared for the purpose of refunds and remission.

Alay Sahai, director general and chief executive officer of the Federation of Indian Export Organisations, said the IGST refund process became seamless over time because there was no need for any application.

"The shipping Bill was serving as a document for application and if GST returns are in place, the refund process was seamless."

He added that a majority of the exporters availed of IGST refunds. Instead of ITC refund as the system was much more efficient.

For example, if an exporter is to pay ₹1.2 lakh as tax and has IGST credit of ₹1 lakh on his account, he can pay ₹1 lakh through IGST credit and against ₹20,000 as IGST, use that credit or take refund from the

IGST account.

On the other hand, in ITC there are a couple of issues, Sahai said. "First I have to choose the period for which I have to file a claim. It will be a minimum of a month, maybe a quarter, six months, or a year. If it is for a quarter, I have to wait for a quarter to be over to file the application. In any case, I have to combine all the shipping bills and the documents and file a claim, the claim is scrutinised prima facie and then an acknowledgement issued," he said.

Besides, in the case of ITC refund, exporters have to deal with two tax authorities — the Centre and a certain state tax authority.

Exports continued to contract most months of the current financial year, briefly looking up in September, when lockdown was

lifted in many areas. However, they again contracted in October and November. Since then, exports rose moderately by 0.14 per cent in December and 6.16 per cent in January. However, the recent merchandise global trade barometer from the World Trade Organization indicates that the rebound in world trade in October-December 2020 may not sustain in January-June 2021.

The Department of Revenue in November introduced a new GSTIR 28 form for matching inputs.

"With matching in place and the issue of fraud claims will be addressed," said Sahai.

The Finance Bill also proposes to insert a rule under the Customs Act for empowering authorities to confiscate goods mis-declared for refund and remission.

RoDTEP SCHEME Low outlay to hurt revival of exports

FE BUREAU
New Delhi, February 10

THE GOVERNMENT HAS budgeted only ₹13,000 crore for a scheme that is supposed to reimburse embedded levies paid on inputs consumed in exports in FY22, drawing a sharp reaction from exporters who warn of a delay in recovery in outbound shipments in the wake of the Covid-19 outbreak.

The outlay for the Remission of Duties and Taxes on Exported Products (RoDTEP) scheme is way below the annual allocation of ₹50,000 crore that the government had initially envisaged. Also, it's only a third of the ₹39,097 crore the government approved for exporters in FY20 under the Merchandise Exports from India Scheme (MEIS) that the RoDTEP has replaced.

Following a Covid-induced plunge in revenue mop-up, the government had drastically cut MEIS allocation to ₹15,555 crore in the first three quarters of the current fiscal, much to the consternation of exporters.

Similarly, exporters said the latest finance Bill has proposed to amend the IGST Act, which would scrap an existing "seamless" refund facility for exporters (other than the designated ones) against their IGST payment on shipments. Any such change will force

TAXING TIMES



FY22 budgeted RoDTEP outlay is just a third of **₹39,097 cr** approved under MEIS in FY20



MEIS outlay was cut to just **₹15,555 cr** in Apr-Dec period of FY21

Finance Bill proposes to scrap a seamless IGST refund facility for many; refunds to be via time-consuming ITC route

them to claim the IGST refund through the more time-consuming ITC (input tax credit) route. Exporters say while they currently get the refund as quickly as in 15 days, under the ITC route, it would take well beyond six months, in addition to a surge in paperwork for them. Moreover, their working capital, to that extent, will remain blocked for a longer period.

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