

Impex # 1

Transactions cost reduction measures in cargo clearance

CBEC issues Custom Circular discontinuing the printing of GAR 7 forms/TR-6 challans, TP copy, Shipping Bill (Exchange Control copy & Export Promotion copy), Bill of Entry (Exchange Control copy).

With the objective to promote ease of doing business by reducing use of paper, CBEC has issued a Custom Circular No. 55/2016-Customs dt. 23-11-2016 abolishing the printing of documents as detailed in the subject above. Justification for not printing them has also been given in the Circular
A copy of the Custom Circular dt 23-11-2016 referred to above reproduced below:

Subject: Reducing/eliminating printouts in Customs Clearance - regarding

Government of India has taken-up a number of initiatives for promoting 'Ease of doing business'. One of the ways to make cargo clearance easier is to reduce the use of paper and to introduce electronic messaging and paperless processing. The Board seeks to ensure that the success achieved over the years in advancing automated clearance processes, EDI messaging and digital signatures translate into a paper-free environment, besides reducing transaction costs.

2. With the above objective to promote ease of doing business by reducing use of paper, the Board has decided as under:

a. GAR7 forms/TR-6 Challans:

On completion of assessment of a Bill of Entry, the ICES generate a challan message, which is transmitted to the designated bank branches through ICEGATE. At the beginning of the day, a message is generated for those Bills of Entry, where duty payment is not done till the previous day. At specific intervals, this message is also generated for Bills of Entry assessed during the day. The importer, under ePayment logs in to the e-Payment Gateway, selects the list of unpaid challans, then selects the bank in which to make the ePayment. The system redirects the importer to his bank for completing the ePayment transaction. The receipt, which is based on payment confirmation by the bank, is generated by application at ICEGATE and transmitted onward to ICES application.

At present, there are 3 copies of the GAR7 forms/TR-6 challans, being generated and printed out along with the assessed copies of a Bill of Entry. 95% of the importers pay only through e-Payment, where the challan information and payment confirmation are received electronically. Further, ICEGATE, on its e-Payment Gateway, provides a list of all unpaid Challans, for viewing & printing and can support Payment transactions. In the light of foregoing, Board has decided that printout of GAR7 forms/ TR-6 challans is not required. Therefore GAR7 forms/TR-6 challans would not be printed by default.

b. TP Copy

At present, in ICES, there is a module for processing transshipment cargo from a sea port to ICD/CFS or to another seaport. Such transshipment can be by rail, road or sea. The transshipment permit information is sent electronically to the carrier, the transporter undertaking the transshipment, the custodian of the gateway port, and the ICES system at the destination ICD or Port. Transshipment permit can also be printed by the carrier in his office or in the custom house. Therefore, there does not remain need for printing the TP copy. However, where the ICDs/CFSs and the gateway port are not interconnected, manual copy or printing of TP copy may continue.

c. Shipping Bill (Exchange Control copy and Export Promotion copy)

After the Appraiser grants LEO (Let Export Order) in the system, printout of the Shipping Bill is generated by the system in triplicate i.e. (i) Customs copy (ii) Exporter's copy and (iii) Exchange Control Copy. The fourth copy namely the Export Promotion Copy is generated after submission of EGM. Further, with regard to Shipping Bill:

a. Detailed copy of the Shipping Bill is not required by the Authorised Dealer. It is enough if a summary copy is printed.

b. CBEC provides copies of digitally signed Shipping Bills to DGFT.

c. The data of Shipping Bill is integrated with EDPMS (Export Data Processing and Monitoring System) of RBI. In the light of the above, printing of the Exchange Control copy and Export Promotion copy of the Shipping Bill does not serve any useful purpose.

d. Bill of Entry (Exchange Control Copy)

IDPMS (Import Data Processing and Monitoring System) has been operationalised on 10.10.16. Under this system, physical transfer (Bill of Entry) of data from Customs/SEZs will be collated with Import payments data from banks. Accordingly, transactions where the amount has been remitted abroad but import for matching amount has not been evidenced, can be easily identified and monitored. The outstanding entries are available in single database of IDPMS and can be extracted for required monitoring by RBI, banks and enforcement agencies. Accordingly, RBI decided that BEF half-yearly statement from banks to RBI for monitoring of submission of BoE for more than USD 100000/- will be discontinued from half year starting January 2017.

In view of the above systemic integration, RBI has decided to do away with the requirement for the Banks to obtain a physical copy of Bill of Entry from the importer as an evidence of import because data can be transferred in secured manner from the system of Customs department to IDPMS. It has been, therefore, decided to discontinue the printing of Exchange control copy of BoE unless there is a requirement of printing like in the case of manual BoEs.

3. Though Board has decided to do away with the routine printing of above documents, however, there could be cases where printing is necessitated for variety of reasons like manual BoEs, insistence of importer, exporter etc. Board, therefore, desires that in such cases printouts may be provided on demand.

It is further informed that CBEC has further issued a Custom Circular No. 56/2016-Customs dt 24-11-2016 abolishing 'Mate receipt'. A copy of this Circular is also reproduced.

Subject:- Abolition of Mate receipt-regarding

Ministry of Shipping had constituted a Committee under the Chairmanship of Director General of Shipping to recommend simplification and automation of customs procedures touching on various aspects like Coastal Shipping, transshipment & Port clearances, etc.

2. The Committee has given its recommendations on various issues related to clearance of cargo coming through Sea like IGM amendment, rotation number, Mate's receipt etc.

3. One of the recommendations of the said Committee is to abolish Mate's receipt. Issuance of Mate receipt would serve as a documentary evidence of cargo loaded on the vessel and also date of sailing. It is issued by Captain or mate of the vessel and endorsed along with the Shipping Bill by the Customs Officer in the Docks. This document is also insisted by the Shipping Companies for issuance Bill of Lading.

4. The recommendation has been examined by the Board. It is observed that the Mate's receipt used to serve multifarious purposes mainly to ensure that the export container is loaded on the vessel. It also provides the date of sailing. However, since the advent of automation of Customs procedures, message exchange system, the manual issuance of mate receipt in the case of containerized cargo has become redundant. Moreover, disbursement of drawback is done only after the EGM has been filed at the gateway port. In view of the changed business workflow, need for issuance of Mate's receipt is no more there. Board has therefore, decided that customs Houses should no more insist for issuance of Mate's receipt in the case of containerized cargo. However, in respect of non-containerised export cargo like bulk cargo etc., the practice of issuing Mate's receipt would continue.

Impex # 2

Clearance of imported metal scrap

Inadvertent omission of non-mention of pre-shipment inspection certificate in earlier Custom Circular on clearance of imported metal scrap rectified in CBEC Circular No. 53/2016-Customs dt 18-11-2016

In the CBEC Circular No. 48 dt 26-10-2016 (published in the last issue of CRAFTCIL), containing the procedure for clearance of import of metal scrap, CBEC inadvertently forgot to mention that a pre-shipment inspection certificate is also required. The omission has been rectified by CBEC in its Custom Circular No. 53/2016-Customs dt. 18-11-2016 (reproduced below):

Subject: - Clearance of import of metal scrap-Procedure-regarding

Kind attention is invited to Circular No. 48/2016-Customs dated 26.10.2016 on the above cited subject.

2. In the said Circular revised guidelines for clearance of un-shredded compressed or loose metallic scrap have been prescribed. In Para 3(i), however, while prescribing the documentary requirement in respect of the clearance of the shredded metallic scrap (both ferrous and non-ferrous), it has been inadvertently mentioned that the import shall be permitted 'without any pre-shipment certificate'.
3. Policy conditions for import of shredded metallic scrap are prescribed in Para 2.54 (b) of HBP (2015-2020) which clearly mention that the importer shall furnish to the Customs, a pre-shipment inspection certificate from the designated inspection & Certification agencies.
4. In view of the above policy conditions, it is clarified that the import of shredded metallic scrap shall continue to be cleared inter-alia upon furnishing of pre-shipment inspection certificate. Para 3(i) of the Circular No. 48/2016-Customs shall stand modified to that extent.

Impex # 3

Questions & Answers

Question : What is the maximum value above which importers have to furnish form A1 to bank while making payments for imports?

Answer : Earlier the threshold limit was fixed at USD 5,000, but with a view to further liberalise and simplify the procedure now Form A-1 has been dispensed for making payments to wards imports into India. Banks may however, need to obtain all the requisite details from the importers and satisfy itself about the bonafides of the transactions before effecting the remittance for the same.

Question : We have dealer in Nigeria who is willing to give us order on commission chargeable basis. How much commission can we give? Is there any limit for the same?

Answer : As per RBI, there is no restriction on remittance of commission and it states that banks may allow payment of commission, either by remittance or by deduction from invoice value, on application submitted by the exporter. The remittance on agency commission is subject to conditions:

- a) Amount of commission has been declared on EDF/SDF form and accepted by the Customs authorities.
- b) The relative shipment has already been made.

However, payment of commission is prohibited on exports made by Indian partners towards equity participation in an overseas joint venture / wholly owned subsidiary as also exports under Rupee Credit Route except commission up to 10 per cent of invoice value of exports of tea and tobacco under Rupee Credit Route.

Question : We exported few consignments after expiry of Export Obligation Period (EOP). Can we take them into account for meeting our exports obligation against advance authorisation?

Answer : Exports made after expiry of exports obligation shall only be taken into consideration for accounting after approval by the Policy Relaxation Committee (PRC) which allows such cases subject to payment of composition fee @ 0.5% on FOB value of export made beyond the stipulated EOP in the Authorisation. You may approach PRC in the DGFT Head Office.

Question : Due to difficult global conditions we will not be able to complete our Exports under advance authorisation. How can we pay our liability without waiting for DGFT to calculate after 18 months or so?

Answer : You can deposit, in cash, the own/self-calculated duty amount, along with interest in cash by challan (showing relevant particulars in the designated bank at the port where the authorisation is registered. One copy of the paid challan shall be submitted to the Customs Authority at the said port which shall update its records. On receipt of the excess import letter issued by RA after its detailed calculations (indicating inter alia the reported duty deposited / debited and interest paid on self / own calculation basis, if any), the Customs would confirm the actual amount of duty payable for the default in EO and interest thereon and, taking into account the actual deposits/debits already made, would indicate the balance duty, etc., if any. You shall pay these and the Customs Authority shall endorse all the paid challan(s).

Question : We are regular exporters for last ten years. Can we open a warehouse abroad for better marketing of our exports?

Answer : Any exporter, with minimum export turnover of USD 100,000 during the preceding year and with exports outstanding less than 5% of exports made during the preceding year, can open the warehouse abroad after getting permission from the Bank.

Question : Please briefly give the procedure for the same?

Answer : An application for opening of warehouse should be made to the Bank. The exporter will undertake to route all transactions through the designated branch of the bank. The payment for all consignments sent to such warehouse should be realised within 15 months. The permission is initially granted for 1 year which is renewed if the exporter satisfies the requirement laid down by RBI.