

Goods & Services Tax (GST)

EPCH ropes in expert faculty for guidance and handicraft sector's transition into new regime as the nation's major tax reform becomes a reality, poses procedural bottlenecks for handicraft exporters

The Goods & Services Tax (GST) has been in force w.e.f. 1st July 2017. This is a comprehensive tax levied on manufacture, sale and consumption of goods and services at a national level that integrates the state economies, impacting the tax structure, tax incidence, tax computation, tax payment, compliance, credit utilisation and reporting, leading to a complete overhaul of the current indirect tax system. It is already impacting almost all aspects of business operations in the country. Owing to this, there has been anxiety among manufacturers and exporters in the industry. In order to educate exporters about the implication of the GST on the handicrafts sector and also how to migrate to the new tax regime, EPCH conducted awareness seminars in several craft hubs and clusters across India throughout the months of May and June. EPCH also made representations to concerned Govt. departments for relief to the handicrafts industry. EPCH has been in constant dialogue with these concerned departments to offer clarity to exporters regarding the procedural bottlenecks they are being encountered with.

9th July 2017; Open House in New Delhi

Since GST became applicable, several shipments of exporters were held up for want of various clarifications from the Department of Central Board of Excise and Customs, primarily on the issue of payment of GST while exporting. The intention of the Government has been very much clear from the beginning that exports shall be zero rated taxwise as taxes cannot be exported. In view of the queries amongst the exporters, an urgent open house meeting was organised with senior officials of the Central Board of Excise and Customs.

Mr. Pradeep Goel, Commissioner, Central Board of Excise & Custom (CBEC) & Head of Handicrafts sectoral group, chaired the open house. Present on the occasion to answer exporters' queries were, Mr. Sunil K Sinha, Commissioner Customs, IGI Airport; Mr. Sanjiv Srivastava, Commissioner, Customs, Tuglakabad; Mr. H K Sharma, Additional Commissioner, Customs, Dadri; Smt. Babni Lal, Economic Advisor, Ministry of Textiles, Govt. of India; Dr. Ajay Sahai, Director General & CEO, FIEO; and Mr. R K Gupta, Chartered Accountant, Bhatia & Bhatia. Chairman, EPCH, Mr. O P Prahladka; Executive Director, EPCH, Mr. Rakesh Kumar and members of the Council's Committee of Administration were also present.

About 300 exporters participated to bring forth major issues pertaining to shipment on payment of GST. The Department of Central Board of Excise and Customs had informed the exporters about the notification/ circular issued on 7th July, 2017

providing relief to exporters to export their goods on submission of 'letter of undertaking' instead of issuing bond and depositing integrated goods and service tax. The exporters



Chairman, EPCH, Mr. O P Prahladka; and Executive Director, EPCH, Mr. Rakesh Kumar address the gathering at the Open House



An exporter raising a query



The Open House with Govt. representatives interacting with industry members on procedural bottlenecks being faced by them in the GST regime

were of the view that this notification was not providing full relief to them due to certification required from the GST department. The issues of the participants regarding registration, refund of tax, etc. were answered by Commissioner, Customs and other authorities present at the open house.

Mr. O P Prahladka, Chairman, EPCH, expressed serious concerns on the issue of relief on job work, carrying of samples for exhibitions/offices of buying agents, sending samples for display purposes and also free trade samples of no commercial value to the buyers. He expressed that the issue of job work is getting aggravated as most exporters are located at metropolitan cities while artisans and crafts persons are spread in craft clusters in remote parts of the country. Though these crafts persons are exempted having sale below Rs. 20



lakhs, most of the supplies being inter-state, attract GST and hence require registration process. The exporters gathered at the open house were of a collective view that this would ultimately affect the very growth & well being of the handicrafts sector. As the drawback issue has not been fully resolved in the new mechanism, most merchant exporters apprehend that there are compulsion of shipping their goods on lower drawback basis. This is an ultimate loss to the exporters. Similarly the GST rates for MEIS scrip have neither been declared nor HSN codes have been finalised for the same. The premium of such scrips

have already fallen in the market which is a clear loss to exporters. Handicrafts items had been exempted from excise and also there was VAT exemption in many states in the country. However, in the GST regime the GST rates of 12, 18 and 28% have been made applicable on handicraft items. Handicraft exporters feel that a flat rate of 5% GST may be made applicable on handicrafts items with value cap of Rs. 5,000.

EPCH has also brought out a comprehensive FAQs on GST and a discussion was also held on the same during open house.

17th July 2017; Interactive Session in Jaipur



On behalf of the sector, Mr. R K Verma, Director, EPCH, says, the exporting community welcomes the introduction of GST and hopes to see a soft landing during the transition period

An interactive session was organised at Jaipur on 17th July 2017. About 125 member exporters attended and addressed their GST related issues to Mr. Subhash Chand Aggarwal, Commissioner (Customs); Mrs. Ruchita Viz, Additional Commissioner, CGST; Mr. Mahesh Kumar, Joint Commissioner, CGST; Mr. Virender Singh, Joint Director General Foreign Trade; Mr. Dinesh Chandra Rakhecha, Dy. Commissioner, RGST; and CA Yasha Dhaddha. Initiated by Mr. R K Verma, Director, EPCH, this saw the presence of eminent EPCH member exporters from Jaipur like, Mrs. Leela Bordia, Mr. Satish Katta, and COA members like Mr. Lekhraj Maheshwari and Mr. Dileep Baid.

Mr. Subhash Chandra Agarwal, Commissioner, Customs, said that his Department has pursued the interests of the exporters to ensure that environment post GST is not difficult and that the efforts of the Customs department have resulted in positive outcomes. Mr. Virendra Singh, Jt. DGFT, opined, utilisation of Duty Credit Scrips under the MEIS and SEIS Schemes will be suitably aligned with changes in the indirect taxes under the GST Regime and the validity period of the Duty Credit Scrips has been changed from 18 months to 24 months to enhance their utility and attractiveness in the GST regime. Value limit on the Free of Cost (FoC) exports for export promotion for Status Holders has been enhanced and the threshold for reaching Two Star Export House has been reduced to USD 20 Million, thereby incentivising exporters. He also informed that DGFT has signed an MOU with the Goods and Services Network (GSTN) for sharing foreign exchange realisation and Import Export code data. This will strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interface.



Mr. Dileep Baid, COA Member, EPCH, said that introduction of GST would mitigate the ill



effects of cascading taxes and pave the way for a common national market and exporters will derive the benefit of GST where Export taxation under GST would be zero percent & exporters would get input credit.

Mrs. Ruchita Viz, Additional Commissioner, made a comprehensive presentation on Exports and Imports under the new GST regime and highlighted amendments and consequent changes in procedures for exporters, EOU's, SEZ's, Job works, Deemed Exports, etc. Members' queries were resolved by the concerned authorities.



28th July 2017; Meeting at EPCH House, New Delhi with Mr. Pradeep Goel, Commissioner, CBEC & Handicrafts Sectoral Head for GST



Mr. Pradeep Goel, Commissioner, CBEC & Handicrafts Sectoral Head for GST, visited EPCH House and discussed issues pertaining to the handicrafts sector. Based on the discussion a fresh representation was prepared and submitted to the GST Council. Present on the occasion were member exporters, representative from the Buying Agents Association of India; and Mr. Rakesh Kumar, Executive Director, EPCH.

29th July 2017; Awareness Seminar at New Delhi on “Export Documentation - Post GST Scenario”

This was well attended with 130 member exporters and chaired by Mr. Ravi K Passi, COA Member, EPCH. Prof. Ram Singh from International Institute of Foreign Trade (IIFT) conducted the session and explained in detail about export documentation in the GST regime. He also answered the queries participants raised in course of the session.



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