

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBEC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1

Nexus certificate in EPCG scheme amended

DGFT issues Public Notice amending para 5.03(a) of the current handbook of procedure (vol. 1) relating to nexus certificate of EPCG scheme etc.

In order to ensure that C.Es (Chartered Engineers) do not issue "Nexus Certificate" even in those domain where they have no competence, DGFT has issued a Public Notice No. 40/2015-20 dt. 13.11.2017. In this Public Notice para 5.03(a) of the current H.B. of Procedure (Vo.1) has been amended. The amended para lays down that the C.E. will issue the certification in the domain of his competence/field. In this Public Notice a new para 'C' has been added after para 'B' of appendix 5A of the Aayat Niryat forms of FTP 2015-20 as under: C : I have necessary competence in the relevant domain/field to issue this certificate. Copy of the above Public Notice reproduced below:

DGFT PUBLIC NOTICE No. 40/2015-2020, New Delhi, Dated: 13th November, 2017

Subject: Amendment in Para 5.03(a) of the Handbook of Procedure (HBP) of Foreign Trade Policy 2015-20 and addition of new Para C in Appendix 5A of Appendices and Aayat Niryat Forms of FTP 2015-20.

S.O.(E):In exercise of powers conferred under Paragraph 1.03 of the Foreign Trade policy 2015-20, the Director General of Foreign Trade amends sub Para 5.03(a) of the Handbook of Procedure of Foreign Trade Policy 2015-20 and adds Para C to Appendix 5A of the Aayat Niryat Forms of FTP 2015-20 with immediate effect (Changes made are in bold letters).

2. The amended sub Para 5.03(a) of Handbook of Procedure of Foreign Trade Policy 2015-20 shall read as under:

Para 5.03 (a) RA concerned shall, on the basis of nexus certificate from an Independent Chartered Engineer (CEC) submitted by the applicant in Appexndix 5A, issue EPCG authorisation, Reasonable wastage, if any, anticipated at the time of installation of capital goods will also be certified by the Chartered Engineer in the nexus certificate and the same would be mentioned in the condition sheet of the EPCG authorisation at the time of issue. For issuance of such certificate, the Chartered Engineer shall act only in the domain of his/her competence.

3. A new Para C is added after Para B of Appendix 5A of the Aayat Niryat Forms of FTP 2015-20 as under:

C. I have necessary competence in the relevant domain/field to issue this certificate.

4. Effect of this Public Notice: A Chartered Engineer shall act only in the domain of his/her competence for issuance of nexus certification under EPCG Scheme.

Impex # 2

Service Tax by way of Job Work for manufacture of handicraft goods is now 5%

Deptt of Revenue issues Integrated Tax (Rate) Notification that service tax rate on job work for manufacture of handicrafts shall be 5%.

EPCH has done a lot of hard work (it still continues) to ensure that the GST Rates & GST compliances are reduced to the minimum possible in the handicraft sector. Their efforts have borne a lot of fruits. Now Department of Revenue has issued a custom notification no. 48/2017. Integrated Tax Rate dt. 14-11-17 on the subject referred to above. This has been done by amending S. No.26 of Notification No.8/2017. Integrated Tax (Rate) dt. 14-11-2017. The details as above are given below:

- (iii) against serial number 26, in column (3) in item (i), after sub-item (h), the following shall be inserted, namely:-
- (i) Manufacture of handicraft goods.

Explanation : The term “handicraft goods” shall have the same meaning as assigned to it in the notification no. 32/2017 – Central Tax, dated the 15th September, 2017 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 1158, (E) dated the 15th September, 2017 as amended from time to time.’

2. This notification shall come into force with effect from 15th of November, 2017.

Impex # 3

Questions & Answers

Question : What is provisional refund for exports and who is eligible for the same?

Answer : GST law also provides for grant of provisional refund of 90% of the total refund claim, in case the claim relates for refund arising on account of zero rated supplies. The provisional refund would be paid within 7 days after giving the acknowledgement. The acknowledgement of refund application is normally issued within a period of 14 days but in case of refund of integrated tax paid on zero rated supplies, the acknowledgement would be issued within a period of three days. The provisional refund would not be granted to such supplier who, during any period of five years immediately preceding the refund period, was prosecuted.

Question : We need your clarification that levy of GST @ 0.10 percent applicable even when the supply for exports is “intrastate” as Notification no. 41/2017 reads “Central Government exempts the inter-state supply of taxable goods”?

Answer : Intrastate supply from a registered supplier to a registered recipient (Merchant exporter) for exports has been allowed at 0.05 per cent through Notification no. 40/2017- CGST (Rate) for CGST. Please check with your State for corresponding SGST Notification. CGST and SGST put together come to 0.1 per cent. If it is interstate supply, the IGST rate is 0.1 per cent as per Notification no. 41/2017 -Integrated Tax (Rate).

Question : Can we export under normal procedure without availing the benefit of 0.1 per cent while procuring goods for exports?

Answer : The facility of procuring goods at 0.1 per cent is an optional facility which is available subject to adhering to the conditions mentioned in Notification no. 41/2017 dated 23rd October, 2017. In case, an exporter wants to procure the goods for exports on payment of applicable CST and subsequent exports either on LT or on payment of IGST, the exporter can do it and claim back ITC or IGST, as the case may be.

Question : We are a manufacturer exporter but would like to procure some goods to be supplied along with our own exports goods. Can such goods be procured at 0.1 per cent?

Answer : The Notification relating to merchant exporter only referred to a registered supplier and registered recipient. Therefore, a registered recipient, who may be a manufacturer, can procure goods from a registered supplier at 0.1 per cent to be supplied along with goods manufactured by you.

Question : Whether a foreign tourist carrying Indian goods would be eligible for GST refund when leaving the country?

Answer : An enabling mechanism has been introduced in Section 15 of the IGST Act, 2017 whereby international tourists procuring goods in India, while leaving the country can seek refund of integrated tax paid by them. The term, “tourist” has been defined and refers to any person who is not normally a resident of India and who enters India for a stay of not more than 6 months for legitimate non-Immigrant purposes.

Question : What would be the GST rate if the product procured by merchant exporter at 0.1 per cent is further exported on payment of IGST?

Answer : The facility of 0.1 percent GST rate is only on supplies from a registered supplier to a registered recipient for exports. Therefore, if such goods are exported on payment of IGST on exports, the applicable GST rate would be applicable and not the exemption GST rate of 0.1 per cent. The merchant exporter should avail LUT facility while exporting such goods so that there is no tax liability at the time of export.