

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

Application forms of Duty Exemption/Duty Remission Schemes amended

DGFT issues Public Notice amending Aayaat Niryaat Forms (ANFs) Nos. 4A, 4E, 4F, 4G, 4H & 4I relating to Duty Exemption/Duty Remission Schemes (Chapter 4 of current Handbook of Procedures)

The introduction of GST with effect from 1st July 2017 has brought in a sea change all around in taxation and related matters. The implementation of GST has also necessitated changes in the Aayaat Niryaat Forms.

DGFT has issued a Public Notice No. 52/2015-2020 dt. 12th July 2018 making amendments in Aayaat Niryaat Form Nos.

ANFs 4A, 4E, 4F, 4G, 4H & 4I of current Handbook of Procedures(Vol. 1). All the ANFs relate to Duty Exemption/Duty Remission Schemes. Extract from the Public Notice is given below:

(Extract)

Amendments in ANFs 4A, 4E, 4F, 4G, 4H & 4I of Handbook of Procedures 2015-20 – reg.

In exercise of powers conferred under Paragraph 1.03 of the Foreign Trade Policy 2015-2020, as amended from time to time, the Director General of Foreign Trade hereby makes amendments in Ayat Niryat Forms (ANFs) 4A, 4E, 4F, 4G, 4H & 4I of Handbook of Procedures 2015-2020.

2. The amended Ayat Niryat Forms are annexed to this Public Notice.

Effect of this Public Notice: Amendments have been made in Ayat Niryat Forms (ANFs) 4A, 4E, 4F, 4G, 4H & 4I of Handbook of Procedures 2015-2020 in light of implementation of GST and non-issuance of EP copies of Shipping Bills by Customs Authorities.

Impex # 2

Transition period for registering under Registered Exporters System (REX) for EU GSP extended up to 30.06.2018

DGFT issues Public Notice extending up to 30.06.2018 the REX registration for EU Generalised System of Preferences (GSP)

Over years the international trade has become very complex in many respects. On one hand there are "Free Trade Agreements" between nations, on the other hand many kinds of trade barriers are there. Further, the 'Generalised System of Preferences(GSP) is also there between nations.

DGFT issued a Public Notice No. 51dt. 30-12-16 notifying the EU GSP (REX) as of Jan 2017. Now DGFT has issued a Public Notice No. No. 51dt. 09-01-2018 in which the transition period for registering under the Registered Exporters System (REX) for EU GSP

has been extended upto 30-06-2018. Extracts from the Public Notice No. 51dt. 09-01-2018 is given below:

(Extracts)

**Certificate of Origin of Goods for European Union Generalised System of Preferences (EU-GSP)-
Modification of the systems as of 1st January 2017-reg.**

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby makes an amendment in the Public Notice No.51/2015-2020 dated 30.12.2016 to extend the transition period for exporters to register under Registered Exporter System (REX) for availing benefits under EU Generalized System of Preferences (GSP) from 31.12.2017 to 30.06.2018. After 30.06.2018, benefits under EU-GSP scheme can only be availed by those exporters who are registered under REX system and can self-certify the Rules of Origin on a commercial document (instead of a Certificate of Origin issued by the authorized agencies).

2. Effect of this Public Notice: Transition period for registering under the Registered .Exporters System (REX) for EU Generalized System of Preferences (GSP) has been extended up to 30.06.2018.

Question : What is the “Reverse Charge Mechanism” in GST?

Answer : Generally, the supplier of goods or services is liable to pay GST. However, in specified cases like imports and other notified supplies, the liability may be cast on the recipient under the reverse charge mechanism. Reverse Charge means the liability to pay tax is on the recipient of supply of goods or services instead of the supplier of such goods or services in respect of notified categories of supply. There are two type of reverse charge scenarios provided in law. First is dependent on the nature of supply and/or nature of supplier. This scenario is covered by section 9 (3) of the CGST/SGST (UTGST) Act and section 5 (3) of the IGST Act. Second scenario is covered by section 9 (4) of the CGST/SGST (UTGST) Act and section 5 (4) of the IGST Act where taxable supplies by any unregistered person to a registered person is covered.

As per the provisions of section 9(3) of CGST / SGST (UTGST) Act, 2017 / section 5(3) of IGST Act, 2017, the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. Similarly, section 9(4) of CGST / SGST (UTGST) Act, 2017 / section 5(4) of IGST Act, 2017 provides that the tax in respect of the supply of taxable goods or services or both by a supplier, who is not registered, to a registered person shall be paid by such person on reverse charge basis as the recipient and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both. Accordingly, wherever a registered person procures supplies from an unregistered supplier, he need to pay GST on reverse charge basis. However, supplies where the aggregate value of such supplies of goods or service or both received by a registered person from any or all the unregistered suppliers is less than five thousand rupees in a day are exempted. (Notification 8/2017-Central Tax (Rate) dated 28.06.2017). However, vide notification no.38/2017-Central Tax (Rate) dated 13.10.2017, (corresponding IGST notification no.32/2017-Integrated Tax (Rate) dated 13.10.2017) all categories of registered persons are exempted from the provisions of reverse charge under 9(4) of CGST / SGST (UTGST) Act, 2017 / section 5(4) of IGST Act, 2017, till 31.03.2018. This exemption is available only till 31.03.2018.

Registration: A person who is required to pay tax under reverse charge has to compulsorily register under GST and the threshold limit of Rs. 20 lakh (Rs. 10 lakh for special category states except J & K) is not applicable to them.

ITC: A supplier cannot take ITC of GST paid on goods or services used to make supplies on which recipient is liable to pay tax.

Question : Please explain the “E-way Bill”?

Answer* : The main points of the “E-way Bill” are: It is a bill for smoother, swifter and easier Inter-State movement of goods. It will come into force from 1st February 2018. The e-way is required where movement of goods valued at Rs. 50000 or above is involved.

Objectives: Single e-way Bill for hassle-free movement of goods throughout the Country.

No need for separate transit pass in each State for movement of goods.

Shift from departmental-policing model to self-declaration model for movement of goods.

Benefits: Taxpayers/transporters need not visit any tax officers/checkposts for generation of E-way Bill/ movement of goods across States.

No waiting time at checkpoints and faster movement of goods thereby optimum use of vehicles/ resources, since there are no checkpoints in GST regime.

User-friendly E-way Bill system. Easy and quick generation of E-way Bill.

Checks and balances for smooth tax administration and process simplification for easier Verification of E-way Bill by Tax Officers.

Features of the E-way Bill portal: User can create masters of his Customers, Suppliers & Products for easy generation of E-way Bill.

User can monitor E-way Bills generated on his account/behalf.

Multiple modes for E-way Bill generation for ease of use.

User can create sub-users and Roles on portal for generation of W-way Bill.

Alerts will be sent to users via mail and SMS on registered mail id/mobile number.

Vehicle number can be entered either by the supplier/recipient of goods who generates EWB or the transporter.

QR code will be printed on each E-way Bill for ease of seeing details.

Consolidated E-way Bill can be generated for vehicle carrying multiple consignments.

Modes of generation of E-way Bill: Web-Online using browser on laptop or desktop or phone, etc.

Android based Mobile App on mobile phones.

Via SMS through registered Mobile Number.

Via API (Application Program Interface) i.e. integration of IT system of user with E-way Bill system for generation of E-way Bill.

Tool-based bulk generation of E-way Bills. Third party based system of Suvidha Providers.

The E-way Bill system has been rolled out on a trial basis from 16 January 2018. For details please visit www.ewaybill.nic.in

* The implementation of E-way Bill has been postponed for the time being by the GST Council. The details of E-way Bill are available at http://www.epch.in/policies/gst/usermanual_ewb.pdf.

Question : We are manufacturer of exempted goods for export. We have input stage credit used in the manufacture of exported goods. How would our refund be dealt under GST law if our supply remains an exempt supply?

Answer : Under IGST law, a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16 (3) (a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made there under exports made prior to July 1, 2017, for which application for fixation of brand rate is yet to be filed.

Question : How the transitional credit can be availed on the existing stocks held by a registered person under GST who was not registered under the pre-GST law?

Answer : As Rule 117 (4) of the CGST Rules, 2017 (transitional provisions) read with Section 140 (3) of the CGST Act, 2017, a registered person who was not registered under the pre-GST law and who is not in possession of any document evidencing payment of central excise duty in respect of the goods held in stock, shall be allowed credit at the rate of 60 per cent on such goods which attract central tax at the rate of nine per cent or more and forty per cent for the other goods of the central tax applicable on supply of such goods after July 1, 2017 and the said amount shall be credited in the electronic credit ledger after the central tax payable on such supply has been paid. In case where integrated tax is paid, the amount of ITC would be at the rate of 30 per cent and 20 per cent respectively of integrated tax. This facility is available for a maximum period of 6 months from the appointed day (i.e. up to December 31, 2017) or till the goods are sold out, whichever is earlier.