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

Enhanced rated of two per cent of MEIS on handicraft items withdrawn

DGFT issues Public Notice withdrawing with effect from 01.01.2020 the enhanced rate of MEIS of two per cent on export of handicrafts (also).

All the efforts of EPCH (Export Promotion Council for Handicrafts) from time to time get the MEIS entitlement increased buy two per cent on its export products stand nullified with the issue of DGFT Public Notice No. 47/2015-20 dt 07.12.2019 by which the increased rate of two per cent on export of handicraft items (among others) has been withdrawn. Only 49 items of apparels (chapter 61 and 62) and made-ups (Chapter 63) have escaped the massive withdrawl.

Since the MEIS has to be replaced by RoDTEP Scheme in the New Foreign Trade Policy due on 01.04.2020, it is hoped that the handicrafts rates under RoDTEP Scheme would be adequate for the very important handicraft sector.

Copy of DGFT Public Notice No. 47/2015-20 dt 07.12.2019 referred to above is reproduced below:

(Copy)

Public Notice No. 47 /2015-2020 Dated the 07 December, 2019

Subject: **Changes in MEIS rates**

In exercise of powers conferred under paragraph 1.03 of the Foreign Trade Policy (2015-2020), the Director General of Foreign Trade hereby makes the following amendments/changes in the Appendix 3B, Table 2 applicable for MEIS rates:

i Additional 2% rate under ME1S was notified for certain entries/ products vide (a) Public Notice 44 dated 05.12.2017, (b) Public Notice 02 dated 01.05.2018, (c) Public Notice 13 dated 12.06.2018 and (d) Public Notice 28 dated 08.08.2018. These additional rates were continued vide Public Notice 07 dated 11.05.2018.

ii. Except for the MEIS entries/ products listed in the Annexure to this Public Notice, these additional 2% rates, referred above, shall be available for exports with Let Export date till 31.12.2019 only.

Effect of the Public Notice: Except entries/ products listed in the Annexure, the additional 2% benefits under MEIS will be available for entries/products mentioned in Public Notice 44 dated 05.12.2017. Public Notice 02 dated 01.05.2018, Public Notice 13 dated 12.06.2018 and Public Notice 28 dated 08.08.2018 for exports made till 31.12.2019 only.

Annexure to Public Notice No. 47/2015-20 dated 07 December

ITC HS 2017	MEIS SI No. in Appendix 3B, Table 2
61043100	3909
61043200	3910
61171020	4027
61171040	4029
61171040	4030
62141020	4198
62141020	4199
62141030	4200

62142010	4202
62142020	4203
62149032	4212
62160020	4224
63019010	4241
63022110	4245
63025110	4257
63026010	4261
63029110	4263
63041100	4273
63041940	4277
63049190	4281
63049211	4282
63049221	4283
63049231	4285
63049241	4287
63049281	4292
63049291	4294
63049991	4298
63049992	4299
63051010	4301
63051020	4302
63051030	4303
63051040	4304
63051050	4305
63051060	4306
63051070	4307
63051080	4308
63051090	4309
63061910	4316
63061920	4317
63062910	4320
63071030	4327
63079011	4331
63079012	4333
63079013	4335
63079019	4337
63079020	4338
63079090	4339
63101030	4341
63109030	4343

Questions & Answers

Question: Does input tax include tax (CGST/ IGST/SGST) paid on capital goods?

Answer : Yes, credit of tax paid on capital goods is also permitted to be availed in one instalment.

Question: Who will get the ITC if goods have been delivered to a person other than the taxable person ('bill to'- 'ship to'scenarios)?

Answer : For this purpose of receiving the goods, it would be deemed that the taxable person has received the goods when the goods have been delivered to a third party on the direction of such taxable person. So ITC will be available to the person on whose order the goods are delivered to the third person.

Question: What is the time limit for taking ITC?

Answer : A registered person cannot take ITC in respect of any invoice or debit note for supply of goods or services after the due date for furnishing the return under section 39 for the month of September following the end of the financial year to which such invoice/invoice relating to debit note pertains or furnishing of the relevant annual return, whichever is earlier. So, the upper time limit for taking ITC is 20th October of the next FY or the date of filing of annual return, whichever is earlier.

The underlying reasoning for this restriction is that no change in return is permitted after September of the next FY. If annual return is filed before the month of September, then no change can be made after filing of it.

Question: Can a person take input tax credit without payment of consideration for the supply along with tax to the supplier?

Answer : Yes, the recipient can take ITC. But he is required to pay the consideration along with tax within 180 days from the date of issue of invoice. This condition is not applicable where tax is payable on reverse charge basis.

Question: What would happen to the ITC taken by the registered person if he has not paid the consideration along with tax within 180 days from the date of issue of invoice?

Answer : The amount of ITC would be added to the output tax liability of the person. He would also be required to pay interest. However, he can take ITC again on payment of consideration and tax.

Question: Are all exporters eligible for Gold Card given by banks or are there any eligibility criteria?

Answer : All credit worthy exporters with good track record are eligible for the gold card scheme. A good track record means continuous 'standard' rating or above for three years with no irregularities or adverse features. However, exporters blacklisted by the ECGC or included in the RBI defaulters list or making losses for the past three years are not eligible for the scheme.

Question: Please give update information on the "Interest Equalisation Scheme"?

Answer : The scheme is given in detail in DGFT Trade3 Notice No. 45/2018-19 dt 1.02.2019 which is reproduced below:

Subject: Interest Equalisation Scheme [IES} for pre and post Shipment Rupee Export Credit

Trade and industry is already aware that the interest Equalisation Scheme [IES} for pre and post Shipment Rupee Export Credit is being implemented by this Directorate through the RBI and its network of banks. The Scheme came into effect from 1.4.2015 and is for a period of 5 years. Under the scheme, interest equalisation @ 3% per annum was made available to eligible exporters which included manufacturer exporters for exports in the identified 416 four digit tariff lines and all MSME exporters across all their merchandise exports.

2. Subsequently w.e.f. November 2, 2018, Interest Equalisation rate has been increased from 3% to 5% in respect of exports by the Micro, Small & Medium Enterprises [MSME] sector manufacturers under the Interest Equalisation Scheme on pre and post Shipment Rupee Export Credit.

3. W.e.f January 2, 2019, merchant exporters have also been included under the ongoing Interest Equalisation Scheme allowing the equalisation rate of 3% per annum for export of products covered under 416 tariff lines identified under the Scheme.

4. Eligible category and equalisation rate, presently, is as follows:

Export items	Eligible category	Rate of equalisation
416 four lines tariff lines listed in the Scheme	Large sector manufacturers from 1.4.2015 and Merchant exporters from 2.1.2019 onwards	3% per annum
All tariff lines	MSME sector manufacturers	3% per annum from 1.4.2015 and 5% per annum w.e.f 2.11.18

News from 'Print Media'

Business Standard 18.12.2019

Industry demands measures to boost exports

PRESS TRUST OF INDIA
New Delhi, 17 December

Finance Minister Nirmala Sitharaman on Tuesday held discussions on regulatory environment affecting private investment and measures for promoting exports in a pre-Budget consultation with stakeholder groups from industry, trade, and services sectors.

The groups submitted suggestions on reduction of compliance burden and tax litiga-

isation of tax and company laws. They sought reduction of cost of equity capital, simplification and rationalisation of duties and labour laws, adoption of global standards of alternative dispute resolution, export development funds for helping MSME exporters and ease of investment in manufacturing sector.

"The main areas of discus-

RUN-UP TO THE BUDGET 2020-21

ment impacting private investment, measures for promotion of exports amidst rising protectionist tendencies, industrial production, logistics, media & entertainment services & IT & IT-enabled services among others," an official statement said.

Industry for staggered GST returns

Seeks continuation of use of HSN code up to only four-digit level

DEFERRED DEADLINE

Business Standard 16.12.2019

FRESH DEADLINE

Govt to defer new exports scheme

HELPING HAND

- Exporters had sought more time for transition from MEIS to the new scheme
- Govt may again review its time frame for RoDTEP roll-out before April 2020
- Paralysed state of WTO's appellate body has given India some leeway in revamping export schemes

Financial Express 24.12.2019