

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

Interest equalisation scheme extended up to 30th Sept. 2021

RBI issues notification extending the 'Interest Equalisation Scheme' on pre and post shipment rupee export credit for three months up to September 30, 2021.

The Govt. of India recognises the fact that the India interest rate on export credit is quite high compared to the rate in other competing countries with the result that the Indian export are not so competitive. To lessen the above disadvantage, the Govt. of India started and an interest subsidy scheme known as 'Interest Subvention Scheme'(now known as 'Interest Equalisation Scheme') some years ago. The scheme ended on 30.06.2021 after extension from time to time.

Realising that the need of the above scheme continues, the Govt. has decided to extend the scheme by three months from 01.07.2021 to 30.09.2021. A Notification No.DOR.CRE(DIR).REC.28/04.02.001/2021-22 dtd July 1, 2021 issued by RBI for the extension is reproduced below:

(Copy)

Custom Circular No. RBI/2021-22/65 DOR.CRE(DIR).REC.28/04.02.001/2021-22, Dated July 1, 2021

Subject: Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit - Extension

Dear Sir / Madam,

Please refer to the instructions issued vide circular DOR.CRE.REC.06/04.02.001/2021-22 dated April 12, 2021.

2. Government of India has approved the extension of Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, with the same scope and coverage, for a further period of three months, i.e., up to September 30, 2021. The extension takes effect from July 01, 2021 and ends on September 30, 2021 covering a period of three months.

3. Consequently, the extant operational instructions issued by the Reserve Bank under the captioned Scheme shall continue to remain in force up to September 30, 2021.

Impex # 2

Updation period of IEC extended up to July 2021 end

DGFT issues notification by which period of modification of IEC has been extended for the year 2021-22 till 31-07-2021 without any fee.

An IEC(Import Export Code) number is very important and necessary in imports and exports. It contains vital details about the importers and exporters. It is obligatory on the part of an exporter and importer that they update the details of IEC every year between the period April to June of the relevant year.

Now DGFT has issued a notification No.11/2015-20 dated 01.7.2021 in which the period of modification of IEC has been extended for the year 2021-22 till 31-07-2021 without any fee.

Copy reproduced below:

(Copy)

Notification No. 11/2015-2020 | Dated: 1st July, 2021

Subject: Extension in period of modification of IEC till 31.07.2021 and waiver of fees for IEC updation during July, 2021- reg.

In exercise of powers conferred by Section 3 read with Section 5 of the FTD(D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-20, as amended from time to time, the Central Government hereby revises the provision in para 2.05 (d) as under:

Para No.	Existing Provision	Revised Provision
2.05 (d)	An IEC holder has to ensure that details in its IEC is updated electronically every year, during April-June period. In cases where there are no changes in IEC details same also needs to be confirmed online.	An IEC holder has to ensure that details in its IEC is updated electronically every year, during April-June period. However, for the current year only, this period is extended by another month i.e. till 31st July, 2021. In cases where there are no changes in IEC details same also needs to be confirmed online.

2. Further, fee to be charged for modification of IEC done during the month of July, 2021 will remain 'Nil'

3. Effect of this Notification: Period of modification of IEC is extended for the year 2021-22 only till 31.07.2021, and no fee shall be charged on modifications carried out in IEC during the period upto 31st July, 2021.

Impex # 3

New criteria for borrowing, turnover limit in SMCs' definition

Ministry of Corporate Affairs issues notification defining small and medium companies as not having turnover over Rs.250 crore with less than Rs.50 crore borrowings.

There is good news for SMCs'(small medium companies) as their borrowings, turnover limit have been raised by the Ministry of Corporate Affairs. As per Ministry notification dated 23.06.2021 the definition of SMC has been given as under

2. Definitions- (1) In these rules, unless the context otherwise requires,-

(e) "Small and Medium Sized Company" (SMC) means, a company-

(i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;

(ii) which is not a bank, financial institution or an insurance company;

(iii) whose turnover (excluding other income) does not exceed two hundred and fifty crore rupees in the immediately preceding accounting year;

(iv) which does not have borrowings (including public deposits) in excess of fifty crore rupees at any time during the immediately preceding accounting year; and 2

(v) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.

Explanation- For the purposes of this clause, a company shall qualify as a Small and Medium Sized Company, if the conditions mentioned therein are satisfied as at the end of the relevant accounting period.

(2) Words and expressions used and not defined in these rules but defined in the Act shall have the meanings respectively assigned to them in the Act.

A copy of the notification dated 23.06.2021 referred to above is reproduced below:

(Copy)

Ministry of Corporate Affairs, Government of India, Dated 23rd June, 2021

G.S.R..... (E).- In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Accounting Standards) Rules, 2006, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 739 (E), dated the 07th December, 2006 [and amended from time to time vide numbers G.S.R. No. 212(E), dated the 27th March, 2008, G.S.R. 225(E), dated the 31st March, 2009, G.S.R. 378(E), dated the 11th May, 2011, G.S.R. 913(E), dated the 29th December, 2011, G.S.R. 914(E), dated the 29th December, 2011, G.S.R. 364(E), dated the 30th March, 2016 and G.S.R. 569(E) dated the 18th June, 2018], except as respects things done or omitted to be done before

such supersession, the Central Government, after consultation with the National Financial Reporting Authority constituted under section 132 of the said Act, hereby makes the following rules, namely:-

1. Short title and commencement-

- (1) These rules may be called the **Companies (Accounting Standards) Rules, 2021**.
- (2) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions-

- (1) In these rules, unless the context otherwise requires,-
 - (a) "Accounting Standards" means the standards of accounting or any addendum thereto as specified in rule 3;
 - (b) "Act" means the Companies Act, 2013 (18 of 2013);
 - (c) "Annexure" in relation to these rules means the Annexure containing the Accounting Standards (AS) appended to these rules;
 - (d) "Enterprise" means a 'company' as defined in clause (20) of section 2 of the Act;
 - (e) "Small and Medium Sized Company" (SMC) means, a company-
 - (i) whose equity or debt securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India;
 - (ii) which is not a bank, financial institution or an insurance company;
 - (iii) whose turnover (excluding other income) does not exceed two hundred and fifty crore rupees in the immediately preceding accounting year;
 - (iv) which does not have borrowings (including public deposits) in excess of fifty crore rupees at any time during the immediately preceding accounting year; and 2
 - (v) which is not a holding or subsidiary company of a company which is not a small and medium-sized company.

Explanation- For the purposes of this clause, a company shall qualify as a Small and Medium Sized Company, if the conditions mentioned therein are satisfied as at the end of the relevant accounting period.

- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the meanings respectively assigned to them in the Act.

3. Accounting Standards-

- (1) The Central Government hereby specifies Accounting Standards 1 to 5, 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India, which are specified in the Annexure to these rules.
- (2) The Accounting Standards shall come into effect in respect of accounting periods commencing on or after the 1st day of April, 2021.

4. Obligation to comply with Accounting Standards-

- (1) Every company, other than companies on which Indian Accounting Standards as notified under Companies (Indian Accounting Standards) Rules, 2015 are applicable, and its auditor(s) shall comply with the Accounting Standards in the manner specified in the Annexure.
- (2) The Accounting Standards shall be applied in the preparation of Financial Statements.

- 5. Qualification for exemption or relaxation in respect of SMC-** An existing company, which was previously not a Small and Medium Sized Company (SMC) and subsequently becomes a SMC, shall not be qualified for exemption or relaxation in respect of Accounting Standard available to a SMC until the company remains a SMC for two consecutive accounting periods.

Question : Will GST be payable on goods not intended to be sold, taken out for participation in overseas exhibitions and trade fairs and brought back into India as these goods are meant for exhibition only?

Answer : GST is not payable in such cases. Exporters will need an exhibition participation letter and SDF/GR waiver letter from the concerned bank for the purpose of exchange control requirements. At the time of re-import, identity of goods imported with export goods needs to be established to seek exemption from import duty in accordance with Customs provisions.

Question : We are a Merchant Exporter. Can we take a supply from a manufacturer for exports at 0.1 percent and export it without availing LUT facility, paying the applicable IGST rate of 18 percent?

Answer : No, the facility of payment of IGST on exports will not be available. GST Rules have been amended depriving the facility of exports on payment of IGST if goods were procured by the merchant exporter at 0.1 percent. Therefore, in such cases, exports shall take place on LUT/Bond.

Question : We are manufacturers of exempted goods for export. We availed input stage rebate used in the manufacture of exported goods. How would we get a GST refund if our supply remains an exempt supply?

Answer : Under IGST Act, 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.

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