

GOODS & SERVICES TAX / IDT UPDATE – 30

CUSTOMS

Release of Mid-Term Review of Foreign Trade Policy 2015-2020

The Central Government vide *Notification No. 41/2015-2020 dated 05.12.2017* has revised FTP 2015 – 20 in such a way to align with the provisions of GST.

Highlights of the Foreign Trade Policy 2015-20

Merchandise Exports from India Scheme (MEIS)

- The debits towards basic customs duty in the transferable reward duty credit scrips would also be allowed adjustment as duty drawback. At present, only the additional duty of customs / excise duty / service tax is allowed adjustment as CENVAT credit or drawback, as per Department of Revenue rules.

Service Exports from India Scheme (SEIS)

- SEIS shall apply to ‘Service Providers located in India’ instead of ‘Indian Service Providers’. Thus SEIS provides for rewards to all Service providers of notified services, who are providing services from India, regardless of the constitution or profile of the service provider
 - The reward issued as duty credit scrip, would no longer be with actual user condition and will no longer be restricted to usage for specified types of goods but be freely transferable and usable for all types of goods and service tax 3 debits on procurement of services / goods.
- Now the benefit of Incentives (MEIS & SEIS) are available to units located in SEZs also .

Approved Exporter Scheme - Self certification by Status Holders

- Manufacturers who are also Status Holders will be enabled to self-certify their manufactured goods as originating from India with a view to qualify for preferential treatment under different Preferential Trading Agreements [PTAs].

Boost to "MAKE IN INDIA"

- Specific Export Obligation under EPCG scheme, in case capital goods are procured from indigenous manufacturers, which is currently 90% of the normal export obligation (6 times at the duty saved amount) has been reduced to 75%, in order to promote domestic capital goods manufacturing industry.

Simplification of procedures/processes, digitisation and e-governance

- Under EPCG scheme, obtaining and submitting a certificate from an independent Chartered Engineer, confirming the use of spares, tools, refractory and catalysts imported for final

redemption of EPCG authorizations has been dispensed with.

- At present, the EPCG Authorisation holders are required to maintain records for 3 years after redemption of Authorisations. Now the EPCG Authorization Holders shall be required to maintain records for a period of two years only.

New initiatives for EOUs, EHTPs and STPs

- At present, in a period of 5 years EOU units have to achieve Positive Net Foreign Exchange Earning (NEE) cumulatively. Because of adverse market condition or any ground of genuine hardship, then such period of 5 years for NFE completion can be extended by one year.
- Time period for validity of Letter of Permission (LOP) for EOUs/EHTP/ STPI/BTP Units has been revised for faster implementation and monitoring of projects. Now, LOP will have an initial validity of 2 years to enable the unit to construct the plant and install the machinery. Further extension can be granted by the Development Commissioner up to one year. Extension beyond 3 years of the validity of LOPS, can be granted, in case unit has completed 2/3rd of activities, including the construction activities.
- EOUs having physical export turnover of Rs.10 crore and above, have been allowed the facility of fast track clearances of import and domestic procurement. They will be allowed fast tract clearances of goods, for export production, on the basis of pre-authenticated procurement certificate, issued by customs / central excise authorities. They will not have to seek procurement permission for every import consignment.

Facilitating & Encouraging Export of dual use items (SCOMET)

- Validity of SCOMET export authorisation has been extended from the present 12 months to 24 months.

Duty Exemption

- Imports against Advance Authorization shall also be eligible for exemption from Transitional Product Specific Safeguard Duty.

Detailed review of Foreign Trade Policy 2015-2020 is available at <https://goo.gl/QSTaWt>

[Notification No. 41/2015-2020 dated 05.12.2017]

Highlights of certain interesting changes in GST:

- EOUs exempted from payment IGST on imports vide *Notification no. 78/2017-Cus. dated 13th Oct, 2017* (only upto 31 March, 2018) even though they have been 'deemed to be debonded' vide notification 44/2016-Cus. dated 29 July, 2017;
- Suppliers to merchant-exporters are eligible to pay only 0.1% GST vide *Notification no. 41/2107-IGST (Rate) dated 23rd Oct, 2017* subject to safeguards by creating an inverted tax-

rate situation so as to qualify for refund under section 54(3) of CGST Act. Suppliers to take care that recipient indemnify for their responsibilities to ensure inclusion of details of tax invoice in shipping bill (for export) under the said notification. Care to be taken that HSN is in proper alignment in PO, tax invoice, export invoice and shipping bill to avoid any concerns at the time of claiming refund;

- Supplies to EOUs/AA-holders/EPCG-holders are notified under section 147 as ‘deemed exports’ but there is no section granting entitlement to suppliers to claim refund except [Notification no. 49/2017-Central Tax dated 18th Oct, 2017](#);
- Inter-State movement of rigs, tools and spares mounted on wheels for purposes such as repairs and maintenance being movement ‘other than supply’ are permitted without charging GST vide [Circular 21/21/2017-CGST dated 22nd Nov, 2017](#). This circular extends clarification earlier issued vide circular 1/1/2017-IGST dated 7 July, 2017;
- Manual filing of refund to exporters allowed vide [Circular 17/17/2017-GST dated 15 Nov, 2017](#). Refund available under this route only in respect of zero-rated supplies. Please note that refund of IGST on export of goods; refund will be processed based on shipping bill itself. It appears option under section 16(3) (b) is relatively simpler in case of credit balance is accumulated and available with exporter.

Release of Mid-Term Review of Foreign Trade Policy 2015-2020

The Central Government vide [Notification No. 114/2017-Customs dated 14th December,2017](#) has notified Customs (Furnishing of Information) Rules,2017 which shall come into force from 1st day of January ,2018.

As per the Customs (Furnishing of Information) Rules, 2017 the information required to be furnished under sub-section (1) of Section 108A of the Customs Act, 1962 (*Statement of accounts or any other information under any of the specified Acts which is considered relevant for the purposes of customs Act*) shall be furnished electronically by a Banking company in respect of details of foreign exchange transactions made or received by any person through such banking company to Directorate of Revenue Intelligence. All such information shall be verified and signed by the authorized person (person authorized by banking company)

[\[Notification No. 114/2017-Customs dated 14th December,2017\]](#)

GST Portal updates

Anti-profiteering application form released

Anti-Profiteering Application Form **APAF – 1** released (a written application to support the claim of applicant that the benefit of reduction in the rate of tax has not been passed on to the recipient) which is required to be filed before Standing Committee/State level Screening Committee in terms of Rule 128 of CGST Rules, 2017 .

[\[cbec.gov.in\]](http://cbec.gov.in)

**On resetting of Form 3B, Late fee inadvertently get visible for months
for which it has been waived off**

If an assessee opts for reset of GSTR3B, late fee inadvertently gets visible for months for which it has been waived off. Since the form is simply made editable, the entries from old form GSTR-3B are displayed. Upon clicking submit, GST System recalculates the late Fee and it will then be reset to 0. Therefore it is advisory that an assessee may proceed with submission and filing now.

Form GSTR 6 (ISD Return) is now available on the GST Portal.

Functionality to file Form GSTR 6 (ISD Return) is now available on the GST Portal.

[\[gst.gov.in\]](http://gst.gov.in)

Advisory to taxpayers liable to file GSTR-1

The taxpayers whose aggregate turnover during preceding financial year exceeded Rs. 1.5 Cr or the new registrants who estimate their turnover to exceed Rs. 1.5 Cr during current financial year, have to file return on **monthly basis**. Filing of GSTR-1 for the tax period of August, 2017 and onwards is likely to commence soon. In the meantime, such taxpayers can upload the invoices for August, September, October 2017 to avoid last minute rush.

The taxpayers, whose aggregate turnover during the preceding financial year remained upto Rs. 1.5 Cr or the new registrants who estimate their turnover to remain upto Rs. 1.5 Cr during current financial year, but who intends to file return on monthly basis, can also upload the invoices for the month of August, 2017.

All other taxpayers liable to file GSTR-1 shall upload the invoices and file GSTR-1 for the quarter ending September, 2017 after the option to file the same is available on the portal. The taxpayers eligible to file return on quarterly basis but have already filed the return for the month of July, 2017, shall have to upload the invoices of August and September jointly and have not to include the invoices of July month again.

The taxpayers who have not filed GSTR-1 for the month of July, are advised to file the same quickly as they will not be able to file GSTR-1 for remainder of quarter (August-September) till they have filed GSTR-1 of July.

[Source : GSTN sent this mail to taxpayers]

Filing of Form TRAN-1 to avail Input Tax Credit

Transition to GST provided for trust based transition of input tax credit of the existing taxpayers. A taxpayer could file Form TRAN-1 and avail input tax credit on the basis of closing balance of the input tax credit declared in the last return under the pre GST regime. The last date for filing of Form TRAN-1 is 27th December, 2017. In keeping with the philosophy of voluntary compliance, revision of Form TRAN-1 has also been provided. The last date for revision of TRAN-1 is also 27th December, 2017.

It has been noted that some taxpayers have availed extraordinarily high transitional credit of CGST

which is neither commensurate with the trend of input tax credit of the industry nor as maintained by the taxpayer himself in the past. Some of these high transitional credits may have a bonafide explanation or may be a case of bonafide mistake. However, it has been noted that high transitional credit has been claimed in many cases for which perhaps no bonafide explanation exists. Analysis to identify such units is underway. Such behaviour leads to breach of trust between the taxpayer and the tax-administration, which is the bed-rock of self-assessment regime in GST.

Taxpayers who have claimed transitional credit erroneously are advised to avail of the opportunity to revise Form TRAN-1 by 27th December, 2017 and ensure that only correct and bonafide credit is availed in transition, failing which the tax administration would be constrained to initiate audit and enforcement action against the identified units.

(Release ID :174267)

[\[http://pib.nic.in/newsite/erelease.aspx\]](http://pib.nic.in/newsite/erelease.aspx)

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Secretary

Indirect Taxes Committee

The Institute of Chartered Accountants of India

ICAI Bhawan A-29, Sector -62,

NOIDA (U.P.) India

Website: www.idtc.icai.org