

Exports & Imports and its intricacies

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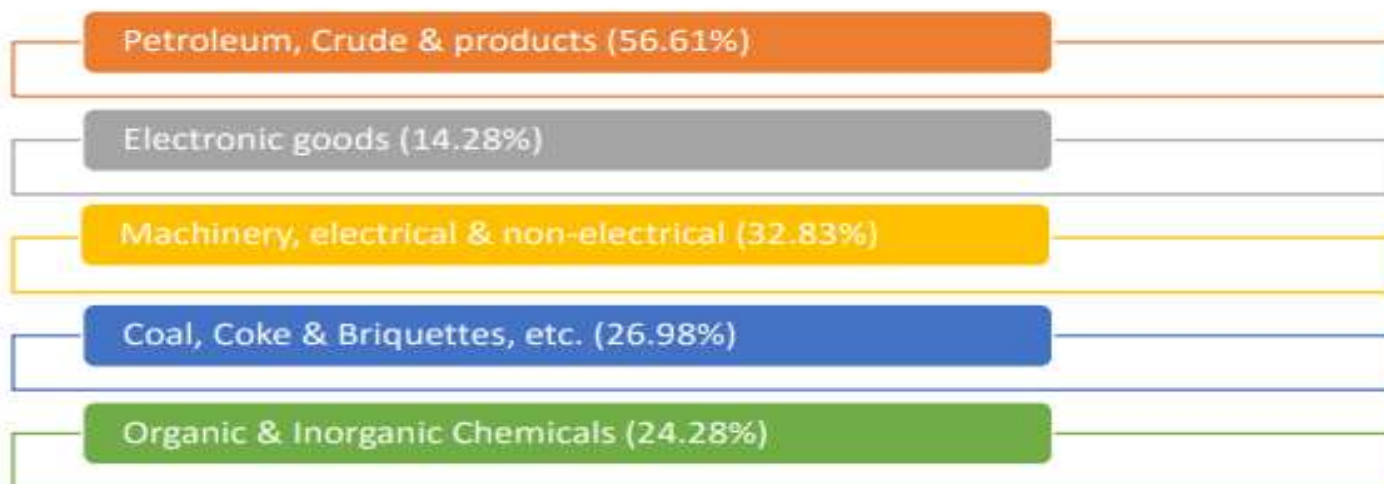
Email:- hansrajchugh@ashm.in

Foreign Trade Data – Imports (Goods)

IMPORTS

Imports during June 2018 were valued at US \$ 44.30 Billion (Rs 300351.83 crore) which was 21.31 per cent higher in Dollar terms and 27.61 per cent higher in Rupee terms over the level of imports valued at US \$ 36.52 Billion (Rs. 235361.85 crore) in June 2017. Cumulative value of imports for the period April-June 2018-19 was US \$ 127.41 Billion (Rs. 854096.98 crore) as against US \$ 112.26 Billion (Rs. 723631.11 crore) registering a positive growth of 13.49 per cent in Dollar terms and 18.03 per cent in Rupee terms over the same period last year.

Major commodity groups of import showing high growth in June 2018 over the corresponding month of last year are:

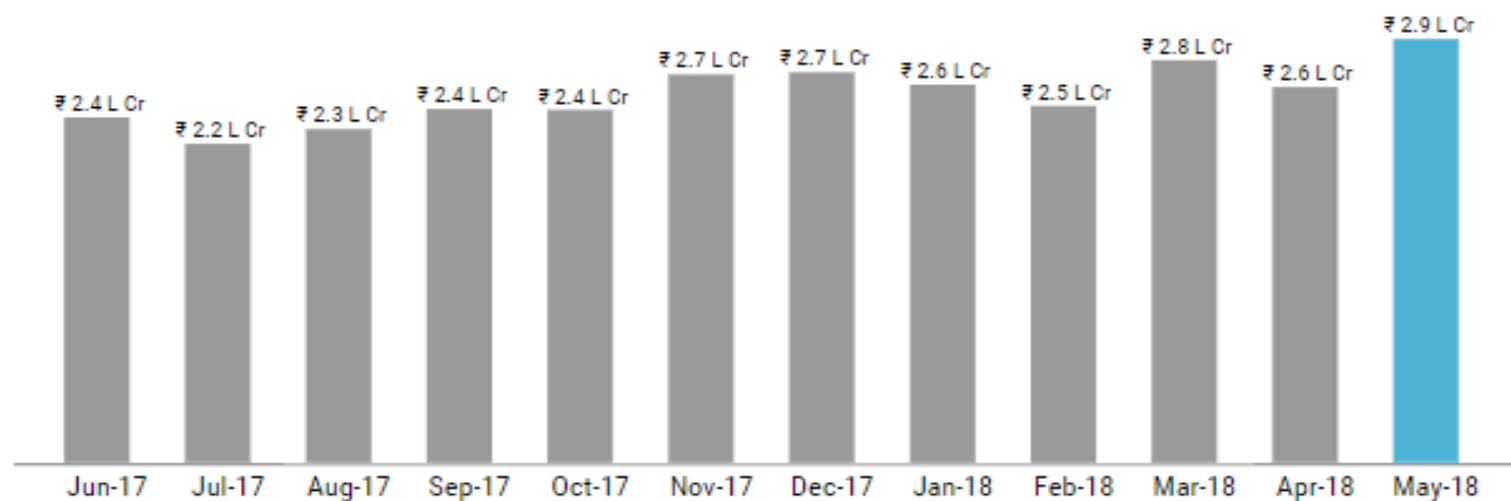


Foreign Trade Data – Imports (Goods)

IMPORT VALUE : ₹ 2.9 L Cr

Fiscal Year-on-Year change : 19% ↑

IMPORT VALUE



Foreign Trade Data – Imports (Goods)



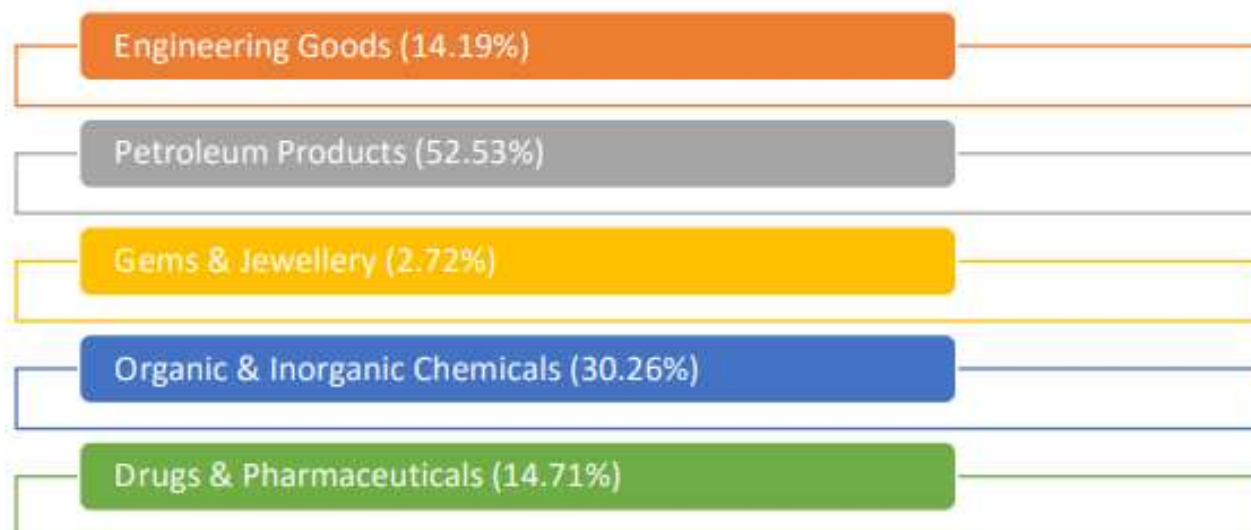
Foreign Trade Data – Exports (Goods)

I. MERCHANDISE TRADE

EXPORTS (including re-exports)


Exports during June 2018 were valued at US \$ 27.70 Billion as compared to US \$ 23.56 Billion during June 2017 exhibiting a positive growth of 17.57 per cent. In Rupee terms, exports were valued at Rs. 187800.20 crore in June 2018 as compared to Rs. 151844.56 crore during June 2017, registering a positive growth of 23.68 per cent.

During June 2018, major commodity groups of export showing positive growth over the corresponding month of last year are

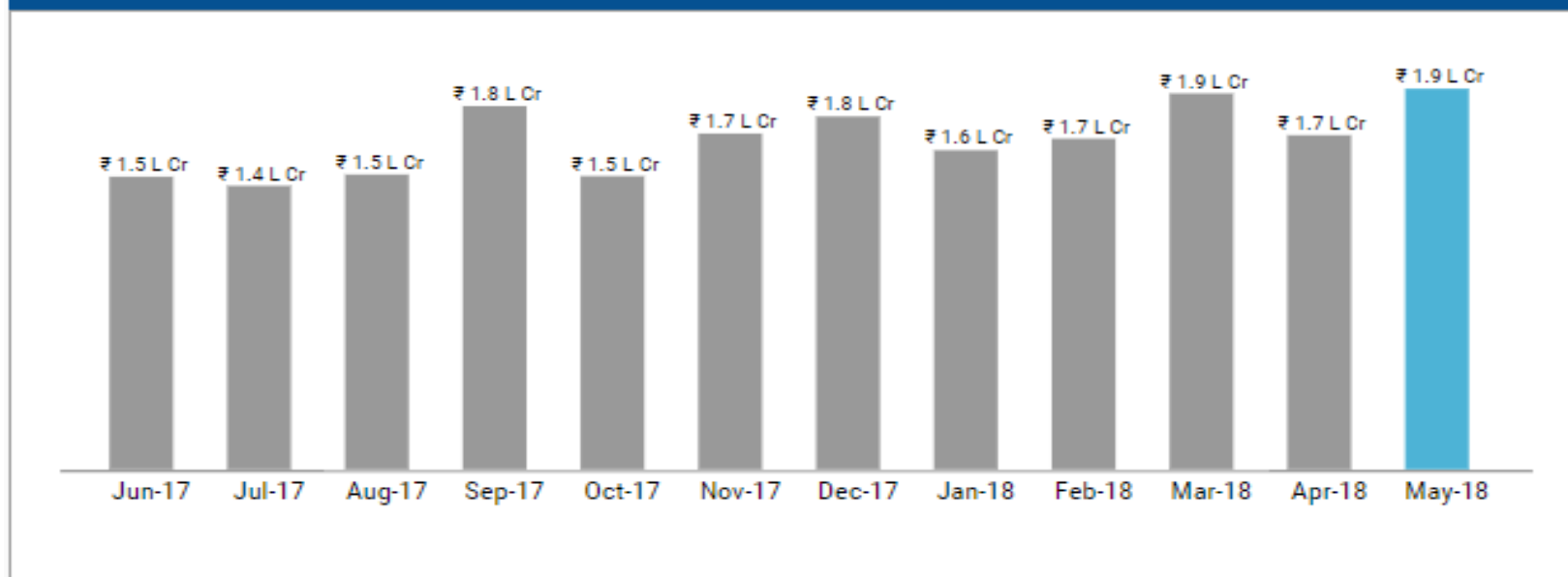


Foreign Trade Data – Exports (Goods)

EXPORT VALUE : ₹ 1.9 L Cr

Fiscal Year-on-Year change : 25% 

EXPORT VALUE



Foreign Trade Data – Exports (Goods)



* Top Commodities & Ports: Data has been aggregated by HS Code & Ports.

Foreign Trade Data – Exports (Services)

II. TRADE IN SERVICES (for May, 2018, as per the RBI Press Release dated 13th July 2018)

EXPORTS (Receipts)

Exports during May 2018 were valued at US \$ 16.17 Billion (Rs.109231.47 Crore) registering a negative growth of 7.91 per cent in dollar terms as compared to positive growth of 4.33 per cent during April 2018 (as per RBI's Press Release for the respective months).

IMPORTS (Payments)

Imports during May 2018 were valued at US \$ 10.21 Billion (Rs. 68944.22 Crore) registering a negative growth of 6.48 per cent in dollar terms as compared to positive growth of 6.18 per cent during April 2018 (as per RBI's Press Release for the respective months).

Foreign Trade Data – Exports (Services)

SERVICES TRADE

EXPORTS & IMPORTS (SERVICES) : (US \$ Billion)	
(Provisional)	May 2018
EXPORTS (Receipts)	16.17
IMPORTS (Payments)	10.21
TRADE BALANCE	5.97
EXPORTS & IMPORTS (SERVICES): (Rs. Crore)	
(Provisional)	May 2018
EXPORTS (Receipts)	109231.47
IMPORTS (Payments)	68944.22
TRADE BALANCE	40287.25
Source: RBI Press Release dated 13th July, 2018	

Coverage- Foreign Trade Policy 2015-20

❖IMPORTER EXPORTER CODE (IEC)

❖EXPORT INCENTIVES

- Merchandise Exports From Indian Scheme (MEIS)
- Service Exports From Indian Scheme (SEIS)
- Status Holder (Export House)

❖DUTY EXEMPTION SCHEMES

- Advance Authorization,(including Annual Requirements)
- Duty Free Import Authorization Scheme (DFIA)

❖DUTY REMISSION SCHEMES

- Duty Drawback

❖EXPORT PROMOTION OF CAPITAL GOODS (EPCG) SCHEME

❖LIBERALISED REMITTANCES SCHEME (LRS) UNDER RBI GUIDELINE

❖TIME LIMIT FOR SETTLEMENT OF IMPORT PAYMENTS

❖TIME LIMIT FOR REALIZATION AND REPATRIATION OF PROCEEDS OF EXPORT OF GOODS



Foreign Trade Policy 2015-20

Foreign Trade Policy- Contents

- **Chapter 1 :-** Legal Framework & Trade Facilitation
- **Chapter 2 :-** General Provisions Regarding Imports and Exports
- **Chapter 3 :-** Export From Indian Schemes
- **Chapter 4 :-** Duty Exemption/Remission Schemes
- **Chapter 5 :-** Export promotion capital goods (EPCG) Scheme
- **Chapter 6 :-**Exports Oriented Units (EOUS), Electronics Hardware Technology Parks (EHTPS), Software Technology Parks (STPS) and Bio-Technology parks
- **Chapter 7:-** Deemed Exports
- **Chapter 8 :-** Quality Complaints And Disputes
- **Chapter 9 :-** Definitions

General Provisions

- ❖ Presently, Foreign Trade Policy 2015-20 is effective from 1st April, 2015.
- ❖ Exports and Imports are regulated by Foreign Trade Policy notified by Central government in exercise of powers conferred by section 5 of foreign trade (Development and Regulation) Act 1992.
- ❖ Exports & imports shall be free except when regulated by way of :-
 - ✓ **Prohibition :-** any goods or services, the **export or import of which prohibited**, are not allowed to import or export.
 - ✓ **Restriction :-** any goods or services, the **export or import of which restricted**, may be exported or imported only accordance with an authorization/permission
 - ✓ **Or exclusive trading through State Trading enterprises (STEs) :-** Any goods, import or export of which is governed through exclusive or special privilege granted to STEs, may be imported exported by the concerned STEs.

No import export without IEC

Importer-Exporter Code (IEC) Number

Every exporter/Importer has to apply for and obtain an Importer Exporter Code Number (IEC No). No export or import shall be made by any person without obtaining an IEC .

- Applicants can apply for e-IEC on the DGFT website (<http://dgft.gov.in/>), using digital signature.
- Only one IEC can be obtained against a single PAN.
- An IEC is a 10 digit number which is mandatory for undertaking export/ import. (now PAN no. Will be IEC code)

Process to get e-IEC

On DGFT website <http://dgft.gov.in>

Click on Importer Exporter Code (IEC) and select Online IEC Application, then system will display following screen.



The screenshot shows the official website of the Directorate General of Foreign Trade (DGFT), Government of India. The header includes the Government of India emblem, the text 'Government Of India', 'Ministry Of Commerce and Industry', and 'Directorate General of Foreign Trade'. A large Indian tricolor wave is on the right. The main heading is 'Login for IEC Online'. Below it is a login form with a label 'PAN:', a text input field containing the placeholder 'Enter your PAN', and a blue button labeled 'NEXT →'.

Process to get e-IEC



Government Of India
Ministry Of Commerce and Industry
Directorate General of Foreign Trade

Login for IEC Online

PAN: CCCCCA4882F [← BACK](#)

☒ Apply for Fresh e-IEC

MOBILE:

EMAIL ID:

Captcha
8 l u Y n D 7 [↺](#)

[GENERATE TOKEN](#)



Government Of India
Ministry Of Commerce and Industry
Directorate General of Foreign Trade

Login for IEC Online

PAN: CCCCCA4882F [← BACK](#)

☒ Apply for Fresh e-IEC

MOBILE: 9876543210

EMAIL ID: abc@gmail.com

Captcha
B Q X v o W 0 [↺](#)

[REGENERATE TOKEN](#)

Mobile Token:

Email Token:

[SUBMIT](#)

Two separate tokens for Serial No:44 have been sent to your above Mobile and Email address. Please enter the same in respective fields to access IEC Online.

Process to modify e-IEC



Government Of India
Ministry Of Commerce and Industry
Directorate General of Foreign Trade



Login for IEC Online

PAN:	BNPPM4882F	← BACK
<input type="radio"/> New Application IEC details <input checked="" type="radio"/> Modify e-IEC		
MOBILE:	Mobile	Captcha NW A t R x R
EMAIL ID:	Email	
GENERATE TOKEN		

Migrate Your Existing IEC To E-IEC



Government Of India
Ministry Of Commerce and Industry
Directorate General of Foreign Trade



Login for IEC Online

PAN:	<input type="text" value="AACCM1163H"/>	← BACK
<input checked="" type="radio"/> Migrate your existing IEC to e-IEC		
MOBILE:	<input type="text" value="Mobile"/>	Captcha <input type="text" value="8 4 P B y J g"/> ↺
EMAIL ID:	<input type="text" value="Email"/>	
<input type="button" value="GENERATE TOKEN"/>		<input type="text"/>

Details to be filled

Importer Exporter Code(e-IEC)

IEC Master

Branch

Director

Appl. Fee

Verify Fee

Attachments

FAQ

HELP

Checklist

Preview

Print Appl.

Submit (Dig. Sig)

Appl. Status

LogOut

Ecom No:	CC/CC/A48/82F00/0421/0512
Name of Entity	
Address	
	PIN=
<input type="button" value="Update Master Data"/>	

Prefilled Details (Proceed to update data)

PAN	CCCCA4882F
email (Primary)	abc@gmail.com
Mobile (Primary)	919876543210

Note: 1.)From Menu bar options in Internet Explorer (IE 11.0 or above), select Tools >> Compatibility View Settings and in this dialog under Add this Website text box enter 164.100.78.104 then press Add Button and Close Button.
 2. You may view complete form by clicking at preview link any time
 3. To refresh screens, select relevent link from left pane

Online e-IEC Help

QNo.	Topic
1	What are the various options in online I
2	How to modify e-IEC/IEC? <ul style="list-style-type: none"> How to modify IEC Master Detail? How to modify IEC Branch Detail? How to modify IEC Director Detail
3	How to pay IEC modification fee online'

Migrate Your Existing IEC To E-IEC



Government Of India
Ministry Of Commerce and Industry
Directorate General of Foreign Trade

Login for IEC Online

PAN:	BNPPM4882F	← BACK
<input type="radio"/> Print/View Rejection Letter <input checked="" type="radio"/> Apply again where earlier appl. was rejected		
MOBILE:	9876543210	Captcha
EMAIL ID:	abc@gmail.com	OS Z k z b a
REGENERATE TOKEN		
Mobile Token		
Email Token		
SUBMIT		
Two separate tokens for Serial No:42 have been sent to your above Mobile and Email address. Please enter the same in respective fields to access IEC Online.		

Documents required for e-IEC (fresh)

(Application fees Rs.500/-)

In case of fresh e-IEC:-

- 1) Digital Photograph (3x3cms) of the Signatory Applicant
- 2) Copy of PAN card
- 3) Bank Certificate or cancelled bearing the applicant entities name

Documents required for Modification in e-IEC

(Application fees Rs.200/-)

Proprietorship

- Digital Photograph (3x3cms) of the Proprietor.
- Copy of PAN card of the Proprietor.
- Copy of Passport (first & last page)/Voter's I-Card/ Driving Licence/UID (Aadhar card) (any one of these).
- Sale deed in case business premise is self-owned; or Rental/Lease Agreement, in case office is rented/ leased;
- or latest electricity /telephone bill. •
- Bank Certificate as per ANF 2A(I)/ Cancelled Cheque bearing preprinted name of applicant and A/C No.

Partnership firm

- Digital Photograph (3x3cms) of the Managing Partner.
- Copy of PAN card of the applicant entity.
- Copy of Passport (first & last page)/Voter's I-Card /UID (Aadhar Card) /Driving Licence/PAN (any one of these) of the Managing Partner signing the application.
- Copy of Partnership Deed.
- Sale deed in case business premise is self-owned; or Rental/Lease Agreement, in case office is rented/ leased; or latest electricity /telephone bill.
- Bank Certificate as per ANF 2A (I)/Cancelled Cheque bearing preprinted name of the applicant entity and A/C No

Documents required for Modification in e-IEC

(Application fees Rs.200/-)

LLP/Govt. Undertaking/Public ltd/ Pvt. Ltd. Or section 25 Company

- Digital Photograph (3x3cms) of the Designated Partner/Director of the Company signing the application.
- Copy of PAN card of the applicant entity.
- Copy of Passport (first & last page)/Voter's I-Card /UID (Aadhar Card) /Driving Licence/ PAN (any one of these) of the Managing Partner/Director signing the application.
- Certificate of incorporation as issued by the RoC
- Sale deed in case business premise is self-owned; or Rental/Lease Agreement, in case office is rented/ leased; or latest electricity /telephone bill.
- Bank Certificate as per ANF 2 A(I)/Cancelled Cheque bearing preprinted name of the company and A/C No .

Registered Society or trust

- Digital Photograph (3x3cms) of the signatory applicant/Secretary or Chief Executive.
- Copy of PAN card of the applicant entity.
- Copy of Passport (first & last page)/Voter's I-Card /UID (Aadhar Card) /Driving Licence/ PAN (any one of these) of the Secretary or Chief Executive/ Managing Trustee signing the application.
- Sale deed in case business premise is self-owned; or Rental/Lease Agreement, in case office is rented/ leased; or latest electricity /telephone bill.
- Registration Certificate of the Society / Copy of the Trust Deed
- Bank Certificate as per ANF 2A(I)/Cancelled Cheque bearing preprinted name of the Registered Society or Trust and A/C No

Registration cum membership certificate (RCMC)

For availing **authorization to import/ export** or any **other benefit** or **concession** under FTP 2015-20, and also to avail the services/ guidance, exporters are required to obtain RCMC granted by the concerned Export Promotion Councils/ FIEO/Commodity Boards/ Authorities.

Mandatory documents for export/import of goods from/into India

- **For exports of goods from India:-**

1. Bill Of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt
2. Commercial invoice and packing list*.
3. Shipping bill /bill of exports/postal bill of export.

- **For Imports of goods into India:-**

1. Bill Of Lading/Airway Bill/Lorry Receipt/Railway Receipt/Postal Receipt in form CN22 or Cn23 as case may be.
2. Commercial invoice and packing list*.
3. Bill of Entry.

**Separate Commercial invoice and packing list would also be accepted*

Chapter-3: Schemes-MEIS or SEIS

Sl. no	Old Schemes under FTP 2009-14	New Schemes Under FTP 2015-20
1.	Vishesh Krishi and Gram Udyog Yojana (VKGUY) Agri. Infrastructure Incentive Scrip(AIIS)	Merchandise Export From India Scheme (MEIS)
2.	Focus Market Scheme (FMS)	
3.	Focus product Scheme (FPS)	
4.	Market Linked Focus Products Scrip (MLFPS)	
5.	Served From India Scheme(SFIS)	Service Exports from India Scheme (SEIS)

Merchandise Exports from India Scheme (MEIS)

Objective

To offset **infrastructural inefficiencies** and **associated costs** involved in export of **goods/products**, which are **produced/manufactured in India**, especially those having high *export intensity, employment potential* and thereby enhancing India's export competitiveness.

Entitlement under MEIS

Exports of **notified goods/products** with ITC[HS] code, to **notified markets** as listed, shall be rewarded under MEIS (@ 2 % or 3%,4%, 5% or 7% as applicable). (**Appendix 3B- listed goods market and rates**).

Basis of Calculation of Rewards

The basis of calculation of reward would be on realized FOB value of exports in free foreign exchange, or on FOB value of exports as given in the Shipping Bills in free foreign exchange, whichever is less, unless otherwise specified.

Merchandise Exports from India Scheme (MEIS)

Incentive or rewards given under this scheme may vary from product to product and from Country to Country. The Country/Market for which incentive are allowed are divided into three category.

Category A	Category B	Category C
Traditional Markets (34) •European Union •USA •Canada	Emerging & Focus Markets(140) •Africa •Latin America & Mexico •CIS Countries •Turkey ,western Asian countries •ASEAN countries •Japan, South Korea,China, Taiwan	Other Markets (65)

Merchandise Exports from India Scheme (MEIS)

Export of goods through courier or foreign post offices using e-Commerce

Exports of goods through courier or foreign post office using e commerce, as notified in Appendix 3C,

- of FOB value **up to Rs. 25000 per consignment** shall be entitled for rewards under MEIS.
- of FOB value **more than Rs 25000 per consignment** then MEIS reward would be limited to FOB value of Rs.25000 only.

(Such goods can be exported in manual mode through Foreign Post Offices at New Delhi, Mumbai and Chennai.)

Merchandise Exports from India Scheme (MEIS)

Sl. No.	Chapters	Products under the following chapters are <u>not eligible</u> for incentive under MEIS
1	Chapter-01	Live animals
2	Chapter-02	Meat and edible meat offal
3	Chapter-10	Cereals
4	Chapter-24	Tobacco and manufactured tobacco substitutes
5	Chapter-25	Salt; sulphur; earths and stone; plastering materials, lime and cement
6	Chapter-26	Ores, slag and ash
7	Chapter-27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes
8	Chapter-31	Fertilizers
9	Chapter-34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial waxes, prepared waxes, polishing or scouring preparations, candles and similar articles, modelling pastes, “dental waxes” and dental preparations with a basis of plaster
10	Chapter-43	Furskins and artificial fur; manufactures thereof
11	Chapter-47	Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard
12	Chapter-77	(reserved for possible future use)

Merchandise Exports from India Scheme (MEIS)

Ineligible categories under MEIS

- i. Supplies made from DTA units to SEZ units.
- ii. Export of imported goods covered under paragraph 2.46 of FTP;
- iii. Exports through trans-shipment, meaning thereby exports that are originating in third country but trans-shipped through India;
- iv. Deemed Exports;
- v. SEZ/EOU/EHTP/BPT/FTWZ products exported through DTA units;
- vi. Export products which are subject to minimum export price or export duty
- vii. Export made by units in FTWZ

Service Exports from India Scheme (SEIS)

Objective

Objective of Service Exports from India Scheme (SEIS) is to encourage export of notified Services from India

Eligibility

- **Service Providers of notified services, located in India, shall be rewarded under SEIS.**
- **Only Services rendered in the manner as per Para 9.51(i)-cross border trade and Para 9.51(ii) –consumption abroad shall be eligible. (notified services and rates of rewards are listed in Appendix 3D.)**
- **Such service provider should have minimum net free foreign exchange earnings of US\$15,000 in the year of rendering services to be eligible for Duty Credit Scrip. For Individual Service Providers and sole proprietorship, such minimum net free foreign exchange earnings criteria would be US\$10,000 in the year of rendering services.**

Service Exports from India Scheme (SEIS)

"Service Provider" means a person providing:

	Category	SEIS Availability
Mode-1 (Cross border trade)	Supply of a 'service' from India to any other country;	Eligible
Mode -2 (Consumption abroad)	Supply of a 'service' from India to service consumer(s) of any other country;	Eligible
Mode-3 (Commercial Presence)	Supply of a 'service' from India through commercial presence in any other country.	Not eligible
Mode 4 (Presence of natural persons)	Supply of a 'service' from India through the presence of natural persons in any other country	Not eligible

Service Exports from India Scheme (SEIS)

Eligibility

- ▣ Payment in Indian rupees for service charges earned on specified services, shall be treated as receipt in deemed foreign exchange as per guidelines of RBI. (**Appendix 3E**)
- ▣ **Net Foreign Exchange** = Gross Earnings of Foreign Exchange **minus** Total expenses / payment / remittances of Foreign Exchange, relating to service sector in the Financial year.
- ▣ If the IEC holder is a **manufacturer of goods as well as service provider**, then the foreign exchange earnings and Total expenses / payment / remittances shall be taken into **account for service sector only**.
- ▣ In order to claim reward under the scheme, Service provider shall have to **have an active IEC at the time of rendering such services** for which rewards are claimed.

SEIS - Ineligible categories

Ineligible categories under SEIS :

- (1) Foreign exchange remittances other than those earned for rendering of notified services would not be counted for entitlement. Thus, other sources of foreign exchange earnings such as equity or debt participation, donations, receipts of repayment of loans etc. and any other inflow of foreign exchange, unrelated to rendering of service, would be ineligible.
- (2) Following shall not be taken into account for calculation of entitlement under scheme:
 - (a) Foreign Exchange remittances:
 - I. Related to Financial Services Sector
 - (i) Raising of all types of foreign currency Loans;
 - (ii) Export proceeds realization of clients;
 - (iii) Issuance of Foreign Equity through ADRs / GDRs or other similar instruments;

Service Exports from India Scheme (SEIS)

Ineligible categories under SEIS :

- (iv) Issuance of foreign currency Bonds;
- (v) Sale of securities and other financial instruments;
- (vi) Other receivables not connected with services rendered by financial institutions; and

- (b) Payments for services received from EEFC Account;
- (c) Foreign exchange turnover by Healthcare Institutions like equity participation, donations etc.
- (d) Foreign exchange turnover by Educational Institutions like equity participation, donations etc.
- (e) Export turnover relating to services of units operating under EOU / EHTP / STPI / BTP Schemes or supplies of services made to such units;
- (f) Clubbing of turnover of services rendered by SEZ / EOU /EHTP/ STPI /BTP units with turnover of DTA Service Providers;
- (h) Foreign Exchange earnings for services provided by Airlines, Shipping lines service providers plying from any foreign country X to any foreign country Y routes not touching India at all.
- (i) Service providers in Telecom Sector.

Service Exports from India Scheme (SEIS)

Service Providers of eligible services shall be entitled to Duty Credit Scrip notified rates (as given in Appendix 3D i.e. **3 % or 5% or 7%** as applicable) on net foreign exchange earned.

Free Foreign Exchange earned **through international credit cards** and other instruments, as permitted by RBI shall also be taken into account for computation of value of exports.

Effective date of schemes (MEIS and SEIS)

The schemes shall come into force with effect from the date of notification of this Policy, i.e. the rewards under MEIS/SEIS shall be admissible for exports made/services rendered on or after the date of notification of this Policy. (i.e. 01.04.2015)

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
1.	BUSINESS SERVICES		
A	<u>Professional services</u>		
a	Legal services	861	5%
b	Accounting, auditing and bookkeeping services	862	5%
c	Taxation services	863	5%
d	Architectural services	8671	5%
e	Engineering services	8672	5%
f	Integrated engineering services	8673	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
g	Urban planning and landscape architectural services	8674	5%
h	Medical and dental services	9312	5%
i	Veterinary services	932	5%
j	Services provided by midwives, nurses, physiotherapists and paramedical personnel	93191	5%
B.	<u>Research and development services</u>		
a	R&D services on natural sciences	851	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
b	R&D services on social sciences and humanities	852	5%
c	Interdisciplinary R&D services	853	5%
C	<u>Rental/Leasing services without operators</u>		
a	Relating to ships	83103	5%
B	Relating to aircraft	83104	5%
C	Relating to other transport equipment	83101,83102 83105	5%
D	Relating to other machinery and equipment	83106-83109	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
D	<u>Other business services</u>		
a	Advertising services	871	3%
b	Market research and public opinion polling services	864	3%
c	Management consulting service	865	3%
b	Services related to management consulting	866	3%
e	Technical testing and analysis services	8676	3%
f	Services incidental to agricultural, hunting and forestry	881	3%
g	Services incidental to fishing	882	3%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
h	Services incidental to mining	883, 5115	3%
i	Services incidental to manufacturing	884, 885	3%
j	Services incidental to energy distribution	887	3%
k	Placement and supply services of personnel	872	3%
l	Investigation and security	873	3%
m	Related scientific and technical consulting services	8675	3%
n	Maintenance and repair of equipment (not including maritime vessels, aircraft or other transport equipment)	633, 8861-8866	3%
o	Building- cleaning services	874	3%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
p	Photographic services	875	3%
q	Packaging services	876	3%
r	Printing, publishing	88442	3%
s	Convention services	87909	3%
2	COMMUNICATION SERVICES		
	<u>Audiovisual services</u>		
a	Motion picture and video tape production and distribution service	9611	5%
b	Motion picture projection service	9612	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
c	Radio and television services	9613	5%
d	Radio and television transmission services	7524	5%
e	Sound recording	n. a.	5%
3	CONSTRUCTION AND RELATED ENGINEERING SERVICES		
	<u>Audiovisual services</u>		
A	General Construction work for building	512	5%
B	General Construction work for Civil Engineering	513	5%

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Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
C	Installation and assembly work	514, 516	5%
D	Building completion and finishing work	517	5%
4	EDUCATIONAL SERVICES (Please refer *Note 3)		
A	Primary education services	921	5%
B	Secondary education services	922	5%
C	Higher education services	923	5%
D	Adult education	924	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
5	ENVIRONMENTAL SERVICES		
A	Sewage services	9401	5%
B	Refuse disposal services	9402	5%
C	Sanitation and similar services	9403	5%
6	HEALTH-RELATED AND SOCIAL SERVICES		
A	Hospital services	9311	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
7	TOURISM AND TRAVEL-RELATED SERVICES		
A	Hotels and Restaurants (including catering)		
a	Hotel	641-643	3%
b	Restaurants (including catering)	641-643	3%
B	Travel agencies and tour operators services	7471	5%
C	Tourist guides services	7472	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
8	RECREATIONAL, CULTURAL AND SPORTING SERVICES (other than audiovisual services)		
A	Entertainment services (including theatre, live bands and circus services)	9619	5%
B	News agency services	962	5%
C	Libraries, archives, museums and other cultural services	963	5%
D	Sporting and other recreational services	964	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
9	TRANSPORT SERVICES (Please refer *Note 4)		
A	<u>Maritime Transport Services</u>		
a	Passenger transportation*	7211	5%
b	Freight transportation*	7212	5%
c	Rental of vessels with crew *	7213	5%
d	Maintenance and repair of vessels	8868	5%
e	Pushing and towing services	7214	5%
f	Supporting services for maritime transport	745	5%

***Note 4: Under Maritime Transport Services marked with *[9A (a), (b) and (c)], the reward shall be limited to Operations from India by Indian Flag Carriers only.**

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
B	<u>Air transport services</u>		
a	Rental of aircraft with crew	734	5%
b	Maintenance and repair of aircraft	8868	5%
c	Airport Operations and ground handling		5%
C	<u>Road Transport Services</u>		
a	Passenger transportation	7121, 7122	5%
b	Freight transportation	7123	5%
c	Rental of Commercial vehicles with operator	7124	5%
d	Maintenance and repair of road transport equipment	6112, 8867	5%
e	Supporting services for road transport services	744	5%

Service Exports from India Scheme (SEIS)

LIST OF SERVICES- APPENDIX 3D

S. No.	SECTORS	Central product Classification (CPC) Code	Admissible rate in % (on Net Foreign Exchange earnings)
D	<u>Services Auxiliary To All Modes Of Transport</u>		
a	Cargo-handling services	741	5%
b	Storage and warehouse services	742	5%
c	Freight transport agency services	748	5%

Service Exports from India Scheme (SEIS)

Services	For the period	Admissible Rate in % (on NFE)
Services Notified in appendix 3D/3E	01.04.2015 to 30.10.2017	3% or 5%
Services Notified in appendix 3D/3E-including ground handling services	01.11.2017 to 31.03.2018	5% or 7%
Services Notified in appendix 3D/3E-including ground handling services	31.03.2018 onwards	5% or 7%

Utilization of MEIS /SEIS Scrip

- ❖ **Freely transferable in open market.**
- ❖ **Scrip can use for the payment of :-**
 - ✓ Basic Customs Duty,
 - ✓ Safeguard Duty
 - ✓ Transitional Product Specific Safeguard duty
 - ✓ Antidumping duty
- ❖ **Scrip can also be use for payment of duties of Excise (on those items- not covered under GST)**
- ❖ **Scrip can also be use for payment of BCD and additional customs duty (safeguard, antidumping etc.) on EO default for EPCG/Advance Authorization and for payment of application fees/composition Fees .**
- ❖ **Scrip CANNOT be used for payment of GST.**

Common Provisions for Exports from India Schemes (MEIS and SEIS)

CENVAT/ Drawback

- **Additional Customs duty** specified under section 3(1),3(3) and 3(5) of Customs Tariff act,1975 /excise duty paid in cash or through debit under duty credit scrip shall be adjusted as CENVAT CREDIT OR DUTY DRAWBACK as per DoR rules or notification.
- **Basic Custom duty paid in cash** or through debit under Duty Credit scrip shall be adjusted for Duty Drawback as per DoR rules or notifications.

Import under lease financing

- Utilization of Duty Credit Scrip shall be permitted for payment of duty in case of import of capital goods under lease financing in terms of provision in paragraph 2.34 of FTP.

Status Holders

The nomenclature of Export House, Star Export House, Trading House, Star Trading House, Premier Trading House certificate has been changed to One, Two, Three, Four, Five Star Export House.

The criteria for export performance for recognition of status holder have been changed from Rupees to US dollar earnings.

Based on Export Performance FOB / FOR (as converted) Value (in US \$ million) during current and previous three year

Status Category

Status Category	Export Performance FOB/FOR (as converted) Value (in US \$ million) during <u>current</u> and <u>previous three years</u>
One Star Export House	3
Two Star Export House	25
Three Star Export House	100
Four Star Export House	500
Five Star Export House	2000

Privileges of Status Holder

Status Holder shall be eligible for privileges as under:-

- ❖ Authorization and Customs Clearances for both imports and exports may be granted on self-declaration basis;
- ❖ Input-Output norms may be fixed on priority within 60 days by the Norms Committee;
- ❖ Exemption from furnishing of Bank Guarantee for Schemes under FTP, unless specified otherwise anywhere in FTP or HBP;
- ❖ Exemption from compulsory negotiation of documents through banks. Remittance / receipts, however, would be received through banking channels;
- ❖ Two star and above Export houses shall be permitted to establish Export Warehouses as per Department of Revenue guidelines.
- ❖ Three Star and above Export House shall be entitled to get benefit of Accredited Clients Programme (ACP) as per the guidelines of CBEC (website: <http://cbec.gov.in>).

Privileges of Status Holder

- ❖ The status holders would be entitled to **preferential treatment** and priority in handling of their consignments by the concerned agencies.
- ❖ Manufacturers who are also status holders (Three Star/Four Star/Five Star) will be enabled to **self-certify their manufactured goods** (as per their IEM/IL/LOI) as originating from India with a view to qualify for preferential treatment under different preferential trading agreements (PTA), Free Trade Agreements (FTAs), Comprehensive Economic Cooperation Agreements (CECA) and Comprehensive Economic Partnership Agreements (CEPA). Subsequently, the scheme may be extended to remaining Status Holders.
- ❖ Manufacturer exporters who are also Status Holders shall be eligible to **self-certify their goods as originating from India** as per Para 2.108 (d) of Hand Book of Procedures.
- ❖ Status holders shall be **entitled to export freely exportable items on free of cost basis** for export promotion subject to an annual limit of Rs 1 crore or 2% of average annual export realization during preceding three licensing years whichever is lower.

Duty Exemption/Remission schemes

➤ Duty exemption schemes

- ❖ **Advance Authorization (which includes Advance Authorization for Annual requirement scheme)**

- ❖ **DFIA**

➤ Duty Remission schemes.

- ❖ **Duty drawback (DBK) scheme, administered by Department of Revenue (DoR)**

Duty exemption Schemes

Advance Authorization Scheme

- For making available **duty free Inputs** required to manufacture the export product (making normal wastage) Fuel ,oil , catalyst also allowed.
 - Inputs allowed as per **Standard Input Output Norms** with Actual User condition.
 - Inputs also allowed on the **basis of self ratification scheme**.
 - Facility available for Physical exports (including export to SEZ),deemed exports and Intermediate supplies.
 - Minimum 15% V.A.
 - Time period for import 12 months from the date of issue of Authorization.(one revalidation for 6 months may be granted)
 - Fulfillment of export obligation within 18 months from the date of issue of Authorization.
- Extension in EOP allowed for a 6 months subject to payment of composition fees @0.5%

Duty exemption Schemes

Advance Authorization Scheme

Other Features:

- Exemption from
 - Basic customs duty
 - Social welfare surcharge (SWS)
 - Integrated Goods & Services tax (**IGST upto 30th September,2018**)
 - Anti dumping & safeguard duty and transition product specific safeguard duty.
- Actual user
- Inputs cannot be transferred after EO completion ('Actual User')

Duty exemption Schemes

Advance Authorization Scheme

Other Features:

- Can be availed **for Annual requirement** if
 - Item notified in SION
 - Applicant has exports in last two FY.
 - Entitlement up to 300% of the FOB value of physical export/FOR in preceding FY or 1 crore whichever is higher.
- Facility of ARO or Back to Back L/C
- EO period 18 months from date of issue of Authorization
- EO extension
 - 1st 6 months on 0.5% of the shortfall in EO, as composition fee
 - 2nd 6 months on 0.5% per month composition fee, on unfulfilled EO (provided 50% of EO fulfilled in quantity as well as value.)
- No further extension shall be allowed by RA

Duty Free Import Authorization (DFIA)

- Permits duty free imports of raw materials, consumables, fuel (both as input & for power generation), catalyst for exports/ intermediate supplies or deemed exports

- Basic Features:
 - Based on SION
 - 20% value addition
 - Export shall be completed within 12 months

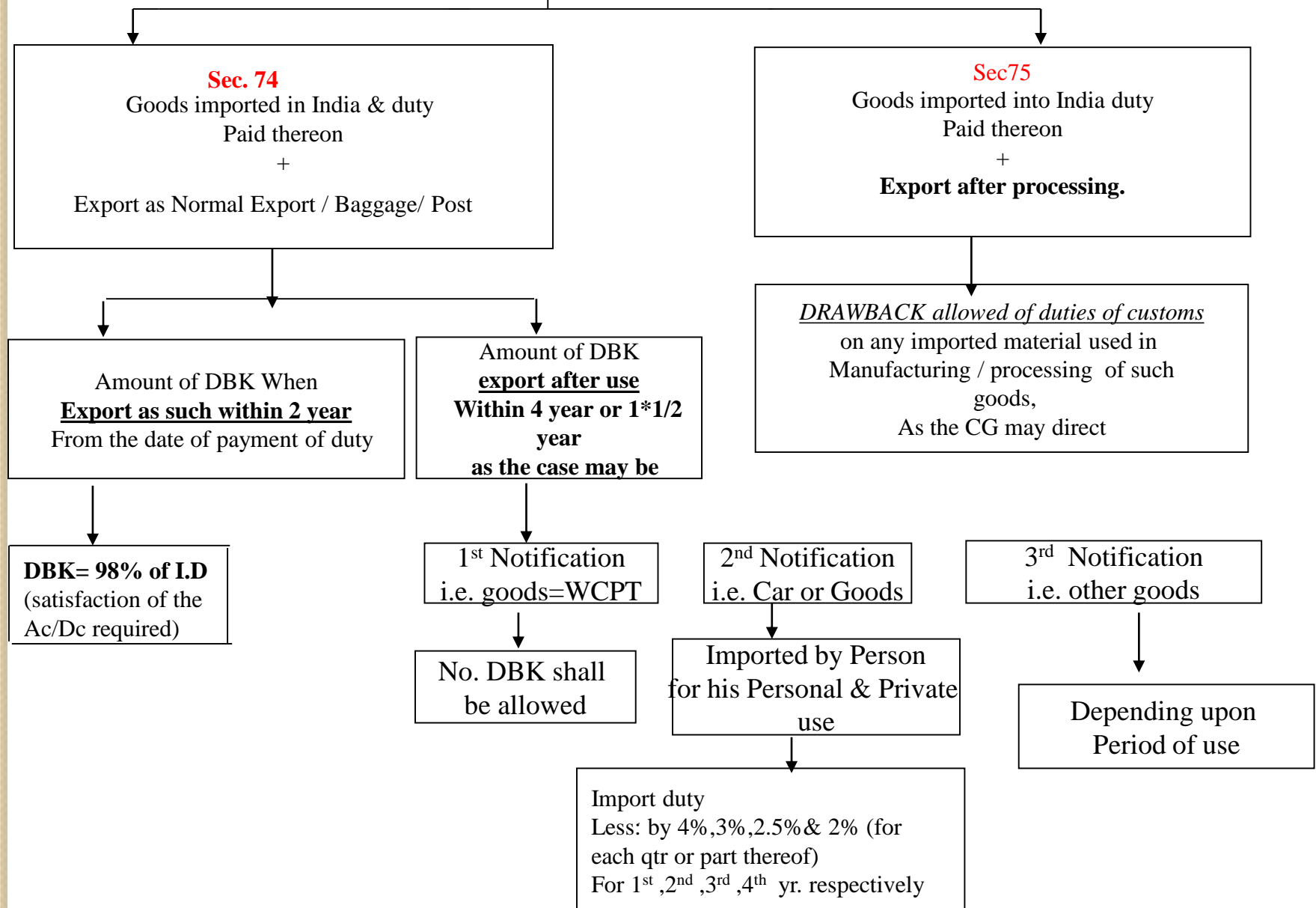


DUTY DRAWBACK

DUTY DRAWBACK



DUTY DRAWBACK



Particulars	Section 74	Section 75
Meaning DBK	Refund of Import duty paid on such goods	Refund of <ul style="list-style-type: none"> • Import duty- paid on Imported Raw material • Excise Duty paid on petroleum products,
Goods eligible for DBK	All goods	Notified goods
Identity of goods exported	Unchanged (Since Export as such)	Changed (since export after processing)
Rate of DBK	As such-98% After use-As per notification I,II,III	Notified rate: <ul style="list-style-type: none"> -all industry rate -brand rate -special brand rate
Period of usage	As specified in notification	No such restriction

Section 76

No Duty Drawback

1. In respect of any goods Market price < Duty drawback due < Rs.50
2. Central Govt. is of opinion that goods are likely to be smuggled back in India.
Or may be allowed subject to restriction & conditions.

Export Promotion Capital goods (EPCG) Scheme

- **Import of capital goods for pre production ,production and post production at zero custom duty.**(except those specified in negative list in appendix 5F.
- Also exempt from IGST upto 30th September,2018
- **Capital goods for the purpose of the EPCG scheme shall includes:**
 - Capital Goods as defined in Chapter 9 including in CKD/SKD condition thereof;
 - Computer software systems;
 - Spares, moulds, dies, jigs, fixtures, tools & refractories for initial lining and spare refractories; and catalysts for initial charge plus one subsequent charge.
- **Import of capital goods for Project Imports notified by Central Board of Excise and Customs is also permitted under EPCG Scheme.**
- **Import under EPCG Scheme shall be subject to an export obligation equivalent to 6 times of duty saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of Authorization.**
- **Authorization shall be valid for import for 18 months from the date of issue of Authorization.** (Revalidation of EPCG Authorization shall not be permitted.)
- **Second hand capital goods shall not be permitted to be imported under EPCG Scheme.**

Export Promotion Capital goods (EPCG) Scheme- Negative list (Appendix 5F)

Sr. no.	Name of item	Importability under EPCG
1.	cables	Permitted only as an integral part of Capital Goods
2.	Railway wagons(excluding specialized wagons)	Not permitted
3.	Tractors	Not permitted
4.	Trucks/Tippers/Dumpers/ And Spares there of including tyres.	Permitted only to mining sector
5.	Motor Cars, Sports Utility Vehicle/ All purpose vehicles.	Not permitted
6.	Airport Ground handling Equipments.	Not permitted
7.	Furniture, carpets, crockery, marble, chandelier, tiles, flooring, doors for rooms, fixing panels.	Permitted only to hotel industry
8.	Construction equipments viz. cranes etc.	Permitted only for providing services
9.	All construction materials like sheds, cement, steel.	Not permitted
10.	Computers and printers	Not permitted
11.	All second hand capital goods	Not permitted
12.	Capital goods (including captive plants and power generator sets of any kind) for export of electrical energy (power)	:supply of electrical

Export Promotion Capital goods (EPCG) Scheme

Export obligation

Specific Export obligation :- 6 times of duty saved amount to be fulfilled in 6 years.

Average Export obligation:

EO under the scheme shall be, over and above, the average level of exports achieved by the applicant in the preceding three licensing years for the same and similar products within the overall EO period .

In case of **indigenous sourcing of Capital Goods**, specific EO shall be 25% less than the normal EO

Note :-Shipments under Advance Authorization, DFIA, Drawback scheme or reward schemes under Chapter 3 of FTP; would also count for fulfillment of EO under EPCG Scheme.

Post-Export EPCG Duty Credit Scrips

- Post Export EPCG Duty Credit Scrip(s) shall be available to exporters who intend to import capital goods on full payment of applicable duties in cash and choose to opt for this scheme.
- Basic Customs duty paid on Capital Goods shall be remitted in the form of freely transferable duty credit scrip(s), similar to those issued under Chapter 3 of FTP.
- Specific EO shall be 85% of the applicable specific EO under the EPCG Scheme. However, average EO shall remain unchanged.
- Duty remission shall be in proportion to the EO fulfilled.
- All provisions for utilization of scrips issued under Chapter 3 of FTP shall also be applicable to Post Export EPCG Duty Credit Scrip (s).
- All provisions of the existing EPCG Scheme shall apply insofar as they are not inconsistent with this scheme.



EXPORTS & IMPORTS PROVISIONS UNDER GST

Statutory Provisions on Import, Export and Refund

Section	Subject/Title
Section 2(5) of IGST Act, 2017	Definition of export of goods.
Section 2(6) of IGST Act, 2017	Definition of export of services.
Section 2(10) of IGST Act, 2017	Definition of import of goods.
Section 2(11) of IGST Act, 2017	Definition of import of services.
Section 54 of CGST Act, 2017	Refund of tax.
Section 55 of CGST Act, 2017	Refund of tax paid on supply to specialized agency of UNO
Section 55 of CGST Act, 2017	Interest on delayed refunds.

Rules on Import/Export and Refund under GST

Rule	Subject/Title
Rule-89	Application for refund of tax, interest, penalty, fees or any other amount.-
Rule-90	Acknowledgement of receipt of application for refund.
Rule-91	Grant of provisional refund.
Rule-92	Order sanctioning refund.
Rule-93	Credit of the amount of rejected refund claim.
Rule-94	Order sanctioning interest on delayed refunds.-
Rule-95	Refund of tax to certain persons.
Rule-96	Refund of integrated tax paid on goods exported out of India.
Rule-96A	Refund of integrated tax paid on export of goods or services under bond or Letter of Undertaking.

Forms for Import/Export and Refund under GST

Form	Subject
FORM-GST-RFD-01	Application for Refund
FORM-GST-RFD-01 A	Application for Refund (Manual)
FORM-GST-RFD-01 B	Refund Order details
FORM-GST-RFD-02	Acknowledgment
FORM-GST-RFD-03	Deficiency Memo
FORM-GST-RFD-04	Provisional Refund Order
FORM-GST-RFD-05	Payment Advice
FORM-GST-RFD-06	Refund Sanction/Rejection Order
FORM-GST-RFD-07	Order for Complete adjustment of sanctioned Refund
FORM-GST-RFD-08	Notice for rejection of application for refund
FORM-GST-RFD-09	Reply to show cause notice
FORM GST RFD-10	Application for Refund by any specialized agency of UN
FORM GST RFD-11	Furnishing of bond or Letter of Undertaking for export of goods or services

By CA Hans Raj Chugh

Meaning of Export under GST

“export of goods”	export of services” means the supply of any service when,—
means taking goods out of India to a place outside India;	(i) the supplier of service is located in India;
	(ii) the recipient of service is located outside India;
	(iii) the place of supply of service is outside India;
	(iv) the payment for such service has been received by the supplier of service in convertible foreign exchange ; and
	(v) the supplier of service and the recipient of service are not merely establishments of a distinct person

Meaning of Import under GST

“Import of goods”	Import of services” means the supply of any service where,—
means bringing goods into India from a place outside India;	(i) the supplier of service is located outside India;
	(ii) the recipient of service is located in India; and
	(iii) the place of supply of service is in India;



Place of supply of goods imported into, or exported from India.

The place of supply of goods

- (a) **imported into India** shall be the location of the importer;
- (b) **exported from India** shall be the location outside India.

Imports in GST

- Import shall be deemed to be supply in the course of inter-State trade or commerce.
- IGST on import of services would be leviable under the IGST Act
- IGST on import of goods would be levied under the Customs Act, 1962 read with the Custom Tariff Act, 1975.
- The importer of services have to pay tax on reverse charge basis.

Levy of IGST on High Seas Sales Transactions (Circular No. 33/2017-Customs dated 1st August, 2017):

- High sea sales of imported goods are akin to **inter-state transactions**.
- IGST on high sea sale (s) transactions of imported goods, **whether one or multiple**, shall be levied and collected only **at the time of importation** i.e. when the import declarations (Bills of entry) are filed before the Customs authorities for the customs clearance purposes.
- **Value addition** accruing in each such high sea sale shall form part of the value on which IGST is collected at the time of clearance.
- **The importer (last buyer in the chain)** would be required to furnish the entire chain of documents, such as original Invoice, high-seas-sales-contract, details of service charges/commission paid etc, to establish a link between the **first contracted price** of the goods and the **last transaction**.

Meaning of Zero Rated Supply under GST



“zero rated supply” means

- (a) export of goods or services or both.
- (b) supply of goods or services or both to SEZ developer/unit.

How to make zero rated supply

OPTION-I

- supply (goods or services or both) under **BOND or LETTER OF UNDERTAKING** without payment of integrated tax and claim refund of unutilized input tax credit.

OPTION-II

- supply (goods or services or both) on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied.

Letter of Undertaking

Eligibility

All registered persons who intend to supply goods or services for export **without payment of integrated tax** is eligible to furnish a Letter of Undertaking.

Ineligible

Who have been prosecuted for any offence under CGST or IGST or any of the existing laws in force in a case where the amount of tax evaded exceed **Rs 250 Lakhs**

Form and Format

Letter of Undertaking shall be furnished on the letter head of the registered person, in the annexure to **FORM GST RFD – 11**

Frequency

Financial Year wise to be renewed

Disclosure of Zero rated supplies and Deemed Exports in GSTR-1

- Table 6 of GSTR-1**

GSTIN of recipient	Invoice details			Shipping bill/ Bill of export		Integrated Tax			[Cess
	No.	Date	Value	No.	Date	Rate	Taxable Value	Amount	
1	2	3	4	5	6	7	8	9	10
6A. Exports									
6B. Supplies made to SEZ unit or SEZ Developer									
6C. Deemed exports									

How to file GSTR-1 if the shipping bill details are not available

- If the shipping bill details are not available, Table 6 will still accept the information. The same can be **updated through submission of information in relation to amendment Table 9** in the tax period in which the details are available but before claiming any refund / rebate related to the said invoice.
- The detail of Shipping Bill shall be furnished in 13 digits capturing port code (six digits) followed by seven number of shipping bill.

Situations Leading to Refund Claims

A claim for refund may arise on account of:

1. Export of goods or services.
2. Supplies to SEZs units and developers.
3. Deemed exports.
4. Refund of taxes on purchase made by UN or embassies etc.
5. Refund arising on account of judgment of the Appellate Authority/ Tribunal /court.
6. Refund of accumulated Input Tax Credit on account of inverted duty structure(Rate on Input > Rate on output).
7. Finalization of provisional assessment.
8. Refund of pre-deposit.
9. Excess payment due to mistake.
10. Refunds to International tourists of GST paid on goods in India and carried abroad .
11. Refund of CGST & SGST on supply as intra State supply which is subsequently held as inter-State supply and vice versa.

Every claim for refund is to be filed within 2 years from the relevant date.

Quantification of refund of input tax credit In the case of zero-rated supply of goods or services or both under bond or letter of undertaking

- Refund of input tax credit shall be granted as per the following formula

–

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) x Net ITC ÷ Adjusted Total Turnover

- Where,-
- (A) **"Refund amount"** means the maximum refund that is admissible;
- (B) **"Net ITC"** means input tax credit availed on inputs and input services during the relevant period;

"Adjusted Total turnover" means the turnover in a State or a Union territory, as defined under clause (112) of section 2, **excluding** the value of exempt supplies **other than** zero-rated supplies, during the relevant period;

Grant Of Provisional Refund In Case Of Zero Rated Supplies

- GST law 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 15 days.
- The provisional refund would not be granted to such supplier who was, during any period of five years immediately preceding the refund period, was prosecuted.

Meaning of Deemed Export under GST

Notification No. 48/2017-Central Tax DATED 18th October, 2017

Deemed Exports

The Central Government, on the recommendations of the Council, hereby notifies the supplies of goods listed in column (2) of the Table below as deemed exports

Sr. No	Description of supply
1	Supply of goods against Advance Authorization
2	Supply of capital goods against EPCG Authorization
3	Supply of goods to EOU Unit
4	Supply of gold by a bank or Public Sector Undertaking against Advance Authorization.

Procedure to be followed in case of Deemed Export supplies

- Rule 89 of the CGST Rules, 2017 as amended vide Notification No. 47/2017- Central Tax dated 18.10.2017 allows either the **recipient** or **supplier** of such supplies to claim refund of tax paid thereon.
- Supplier can claim in cases where the recipient does not avail of input tax credit on such supplies and furnishes an undertaking to the effect that the supplier may claim the refund.

Time Limit for filing refund claim

- For obtaining refund the recipient or supplier of deemed export supplies has to file an application in FORM GST RFD-01 or RFD-01A before the expiry of two years from, the date on which the **return relating to such deemed export supplies is to be furnished electronically.**

Meaning of refund under GST

“refund” includes refund of

- (i) Tax paid on zero-rated supplies of goods or services or both or
- (ii) Tax paid on inputs or input services used in making such zero-rated supplies
- (iii) Tax paid on supply of goods regarded as deemed exports.
- (iv) unutilized input tax credit due to in adverted duty structure (**Rate on Input > Rate on output**).
- (v) Unutilized balance in electronic credit ledger.
- (vi) Ay other amount and fee (CGST paid instead of IGST etc.)

Merchant Export- Notification No. 40/2017 Dated 23rd October, 2017

Rate of GST on supply of taxable goods by a registered supplier to a registered recipient for export :

- **Intra State Supply**

- - CGST 0.05%

- - SGST 0.05%

- **Inter State Supply**

- - **IGST @ 0.10%**

Conditions :

1. Registered Supplier shall supply the goods to registered recipient on a tax invoice;
2. Registered recipient shall export the goods within a period of **ninety days**;
3. Recipient shall indicate the tax invoice no and GSTN of supplier in tax invoice;
4. Recipient shall be registered with EPC;
5. PO raised by the recipient shall be submitted to the tax officer of supplier;
6. Goods shall directly move from supplier to the Port/ICD/Air Port/LCS or Registered warehouse from where goods to moved to Port/ICD/Air Port/LCS;
7. In case of **multiple supplier** goods shall moved to registered warehouse for aggregation then moved to Port/ICD/Air Port/LCS;
8. Recipient shall submit proof of export (S/B, ER, EGM) to supplier as well as tax officer of supplier.

By CA Hans Raj Chugh

Refund of IGST paid on goods exported out of India

- Shipping bill filed by an exporter shall be deemed to be an application for refund
- The application shall be deemed to have been filed only when export manifest or export report is filed **and** the applicant has furnished a valid return in FORM GSTR-3 or FORM GSTR-3B
- **(EGM/ER + GSTR-3 or GSTR-3B) then shipping bill deemed to be refund application.**

Refund of IGST paid on goods, exported out of India (Conti...)

Points to be NOTED

- ❑ Correct shipping bill number must be given in table 6A of GSTR1
- ❑ Invoice numbers for GST (given in GSTR 1) and Customs (as mentioned in shipping bill) should match
- ❑ IGST paid amount given in GSTR1 to tally with IGST amount in shipping bill
- ❑ EGM should be filed online and information furnished in EGM and shipping bill should match
- ❑ Correct bank account should be available with bank Customs
- ❑ Shipping bill are available for viewing online on ICEGATE website

Manual filing and processing of the refund claim

Applicability of Manual Filing

- ✓ For refund of unutilized input tax credit availed on inputs or input services used in making zero-rated supplies.
- ✓ Refund of IGST paid on zero-rated supply of goods to a SEZ developer/unit.
- ✓ Zero-rated supply of services.

Form and Format for manual filling of refund application.

FORM GST RFD- 01A (To be fielded electronic on common portal and printout to be submitted to the officer).

Supply of Services to Nepal/Bhutan realized in Indian Rupees is exempted not Zero Rated

Nature of Supply	Rate of Tax	Condition
Supply of services having place of supply in Nepal or Bhutan , against payment in Indian Rupees.	Nil	Nil



Liberalised Remittance Scheme (LRS) **(updated as on 20.06.2018)**

LRS Scheme

- The LRS scheme is used by resident Indians to send money abroad for their children's studies and also to invest in foreign stocks and property.

Liberalised Remittance Scheme (LRS)

- **FACTS**
 - Introduced vide Circular No.64 dated 04.02.2004
 - Scheme is available to all resident individual including minors.
 - PAN Mandatory for LRS
 - **Scheme is not available for** - Corporate/Partnership/HUF/Trust etc.
- To Pak, Bhutan, Nepal not permitted

Liberalised Remittance Scheme (LRS)

- Under LRS, all resident individuals, including **minors**, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permitted **current or capital account transaction** or a combination of both.

Consolidation- Liberalized Remittance Scheme

➤ *Remittance can be consolidated among family members for all current account transactions

✓ *Consolidation for capital account transaction possible only if asset acquired in joint name.

Permitted capital account transactions:

- Bank A/c
- Purchase of property
- Investment in listed/unlisted shares
- Debt Instruments, MF etc.
- WOS/JV
- Loan to NRI relatives

LRS- Permissible Capital Account Transactions

- A resident individual can **open of foreign currency account** abroad with bank by way of remittances under LRS.
- A resident individual can acquire **property and other assets overseas** under the Liberalised Remittance Scheme.
- Acquisition of Qualification share of an overseas company for holding the post of Director.
- Investment abroad acquisition and holding of shares of both listed and unlisted overseas company or debt instruments.
- Setting up a wholly owned subsidiaries and joint ventures.

Remittance procedure:

- > Identify designated AD Bank
- > Application cum Declaration in prescribed format cum Form A2
- > PAN Card for remittance >25000 USD
- > KYC norms to be complied
- > AD to ensure compliance

INCOME AND SALE

- Income and sale proceeds of assets held abroad through remittances under the scheme need not be repatriated except in case of ODI.
- Rent, dividend, interest, capital gain, Exception to the general rule that all funds be Repatriated.

Liberalized Remittances Scheme- Loan to NRI relative

- Interest free with minimum maturity of 1 year
- Within the overall limit under LRS
- Borrowers personal / business requirements in India
- Not to be utilized for prohibited purposes
- Loan to be credited to NRO account
- Cannot be remitted outside India
- Repayment out of NRO / NRE / FCNR

Reporting Requirements for (LRS USED FOR ODI)

- Form ODI must be submitted to the Authorized Dealer ('AD') bank, within 30 days of making the remittance;
- Annual Performance Report ('APR') has to be submitted to the RBI in respect of each JV/WOS within 60 days from the date of expiry of the statutory period as prescribed by the laws of the host country for finalization of audited accounts of the JV/WOS;
- Any alteration in shareholding pattern of the JV or WOS must be reported to the AD bank within 30 days of such alteration

Private visits & LRS

- For private visits abroad any resident individual can obtain foreign exchange up to an aggregate amount of USD 2,50,000 from an Authorized Dealer irrespective of the number of visits undertaken during the year.
- All tour related expenses including cost of rail/road/water transportation; cost of Euro Rail; passes/tickets, etc. outside India; and overseas hotel/lodging expenses shall be subsumed under the LRS limit.

Gift/donation & LRS

- Any resident individual may remit up-to USD 2,50,000 in one FY as gift to a person residing outside India or as donation to an organization outside India.

Going abroad on employment

- A person going abroad for employment can draw foreign exchange up to USD 2,50,000 per FY from any Authorized Dealer in India.



Maintenance of close relatives abroad

- A resident individual can remit up-to USD 2,50,000 per FY towards maintenance of close relatives.

Business trip

- Visits by individuals in connection with attending of an international conference, seminar, specialized training, apprentice training, etc., are treated as business visits. For business trips to foreign countries, resident individuals can avail of foreign exchange up to USD 2,50,000 in a FY irrespective of the number of visits undertaken during the year.


Medical treatment abroad

- Authorized Dealers may release foreign exchange up to an amount of USD 2,50,000 or its equivalent per FY without insisting on any estimate from a hospital/doctor. For amount exceeding the above limit, Authorized Dealers may release foreign exchange under general permission based on the estimate from the doctor in India or hospital/ doctor abroad.



Facilities available to students for pursuing their studies abroad

- AD Category I banks and AD Category II, may release foreign exchange up to USD 2,50,000 or its equivalent to resident individuals for studies abroad without insisting on any estimate from the foreign University. However, AD Category I bank and AD Category II may allow remittances (without seeking prior approval of the Reserve Bank of India) exceeding USD 2,50,000 based on the estimate received from the institution abroad



General Guidelines for Import & Export



Time Limit for Settlement of Import Payments

- Remittances against imports should be completed not later than six months from the date of shipment.



Time Limit for Deferred Payment Arrangements of import

- Deferred Payment Arrangements are treated as trade credits for which the procedural guidelines as laid down for External Commercial Borrowings and Trade Credits have to be complied with.
- Remittances against imports should be completed up to five years in such arrangements

No seizure of export related Stock

- No seizure shall be made by any agency so as to disrupt manufacturing activity and delivery schedule of exports. In exceptional cases, concerned agency may seize the stock on the basis of prima facie evidence of serious irregularity. However, such seizure should be lifted within 7 days unless the irregularities are substantiated.

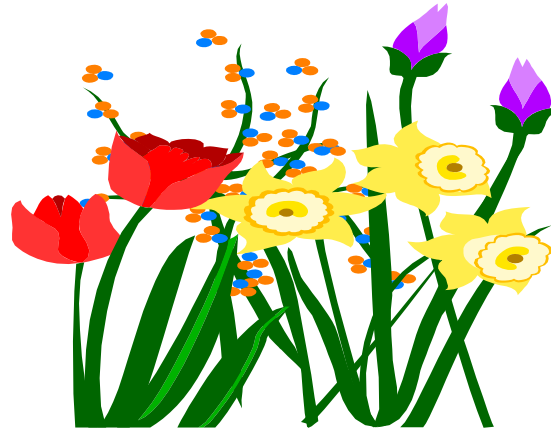
Invoicing of Export

- In terms of Para 2.52 of the Foreign Trade Policy (2015-2020) –

“All export contracts and invoices shall be denominated *either in freely convertible currency or Indian rupees* but export proceeds shall be realized in freely convertible currency. There is no restriction on invoicing of export invoice/contracts in Indian Rupees under Foreign Exchange Management Act 1999. Further, export proceeds against specific exports may also be realized in rupees.

Realization and Repatriation of proceeds of export of goods/Services

- Shall be *nine months from the date of export for all exporters* including Units in SEZs, Status Holder Exporters, EOUs, Units in EHTPs, STPs & BTPs.
- Within fifteen months from the date of shipment of goods **to a warehouse established outside India**



Thank You

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