L&S Update

an e-update to clients from
Lakshmikumaran & **Sridharan**

L&S GST Update No. 37
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Export procedures under GST

Export Procedures under GST regime

– CBEC Circular No. 26/ 2017-Cus.

- Export of goods or services or both is a zero rated supply under GST
- Exporter has the option to claim refund as follows:

Option A	Option B
Export of goods or services under Bond or Letter of Undertaking without paying integrated tax (IGST) and claim refund of unutilized credit.	Export goods and services on payment of integrated tax (IGST) and claim refund of the tax paid.

Procedures:

Procedures under Option A	Procedures under Option B
Goods and services to be exported under Bond or LUT	Goods and services to be exported on payment of tax
Refund of unutilised ITC can be claimed by filing application	Refund of output tax can be claimed
Drawback can be claimed (Procedure prescribed only for transition period of three months)	

OPTION A: Export without payment of tax

- Bond or LUT to be executed prior to export in Form GST-RFD-11 to the jurisdictional GST Commissioner.
- ARE-1 procedure is being dispensed with
- No provision for continuing the existing bond or LUT
- Applicable for both **export of goods and services**
- Details of export invoices to be furnished in GSTR-1 (Rule 96A of CGST Rules)
- Details of export invoices of goods furnished in GSTR-1 to be confirmed as exported out of India by the Customs (Rule 96A of CGST Rules)

OPTION A: Export without payment of tax

- Refund of unutilized ITC can be claimed electronically for each tax period under Form GST-RFD-1
- Documents prescribed:
  - For goods: Export invoice and Shipping Bill / Bill of Export, is mandatory
  - For services: Export invoice and BRC/ FIRC, is mandatory
- <u>Conditions for claiming refund:</u>
  - Exported goods are not subject to export duty
  - No drawback of central tax on goods or services is claimed
  - No refund of IGST paid on outward supply is claimed
  - The exporter can file the application of refund of ITC only after the export manifest or export report is delivered in respect of such goods
  - GSTR for the relevant tax period is filed
- Provisional refund of 90% of the refund claimed shall be granted within 7 days from the date of acknowledgement
- Final refund to be granted within 60 days of acknowledgement

Points to be noted on export without payment of tax

- The exporter shall be binding himself to pay the tax along with interest under bond or letter of undertaking if the following conditions are not satisfied:

a) If the goods are not exported within three months from the date of issuance of invoice, the exporter shall be liable to pay tax along with interest within 15 days after expiry of three months

b) If payment in foreign exchange for the services exported is not received within one year from the issuance of invoice, exporter shall be liable to pay tax along with interest within 15 days after the expiry of one year.

OPTION B: Export on payment of tax

- Registered person can claim refund of IGST paid on export of goods or services
- Refund of tax paid on services exported to be claimed under GST-RFD-1
- Separate procedure prescribed for refund of tax paid on export of goods
- Registered person not required to file a separate refund claim
- Shipping Bill is deemed to be a refund application, to be indicated on filing
- Conditions for claiming refund:
  - Application shall be deemed to be filed only when the export manifest is delivered.
  - The exporter is required to file the Returns under GSTR-3
  - Refund shall be granted by Customs authorities

Sealing of export goods under GST

- Two types of sealing prescribed:
  - Self Sealing
  - Container stuffed and sealed at Container Freight Station / ICD
- Sealing under the supervision of Department officer is dispensed with.
- Conditions for Self sealing:
  - Exporter to inform the jurisdictional Customs officer details of premises where stuffing is carried out
  - Exporter should be registered under GST and file returns
  - Jurisdictional customs officer to be informed at least 15 days prior to movement of goods
  - On inspection and report being furnished, permission to be granted by Principal Commissioner or Commissioner of Customs for self sealing
  - Permission valid for all customs stations
  - Thereafter intimation to furnished in respect of each self sealing
- Transport document of self-sealed container from factory or warehouse shall be same as that under GST laws

Sealing of export goods under GST (contd.)

- Sealing at ICD
  - Where the exporter is not registered under GST, except in case of Status Holders
  - Where permission for self-stuffing is denied
- The revised procedure regarding sealing of containers shall be effective from 1-9-2017
- Till 31-8-2017, the current procedure of sealing under Central Excise Law to continue

NEW DELHI
5 Link Road, Jangpura Extension,
Opp. Jangpura Metro Station,
New Delhi 110014
Phone : +91-11-4129 9800

B-6/10, Safdarjung Enclave
New Delhi - 110 029
Phone : +91-11-4129 9900
E-mail : lsdel@lakshmisri.com

MUMBAI
2nd floor, B&C Wing,
Cnergy IT Park,
Appa Saheb Marathe Marg, (Near Century Bazar)
Prabhadevi, Mumbai - 400025.
Phone : +91-22-2439 2500
E-mail : lsbom@lakshmisri.com

CHENNAI
2, Wallace Garden, 2nd Street
Chennai - 600 006
Phone : +91-44-2833 4700
E-mail : lsmds@lakshmisri.com

BENGALURU
4th floor, World Trade Center
Brigade Gateway Campus
26/1, Dr. Rajkumar Road,
Malleswaram West,
Bangalore-560 055.
Ph: +91-80-4933 1800
E-mail : lsblr@lakshmisri.com

HYDERABAD
'Hastigiri', 5-9-163, Chapel Road
Opp. Methodist Church, Nampally
Hyderabad - 500 001
Phone : +91-40-2323 4924
E-mail : lshyd@lakshmisri.com

AHMEDABAD
B-334, SAKAR-VII,
Nehru Bridge Corner,
Ashram Road,
Ahmedabad - 380 009
Phone : +91-79-4001 4500
E-mail : lsahd@lakshmisri.com

PUNE
607-609, Nucleus, 1 Church Road,
Camp, Pune – 411 001
Phone : +91-20-6680 1900
E-mail : lspune@lakshmisri.com

KOLKATA
2ND Floor, Kanak Building
41, Chowringhee Road,
Kolkatta-700071
Phone : +91-33-4005 5570
E-mail : lskolkata@lakshmisri.com

CHANDIGARH
1st Floor, SCO No. 59,
Sector 26,
Chandigarh - 160026
Phone : +91-172-492 1700
E-mail : lschd@lakshmisri.com

GURGAON
OS2 & OS3, 5th Floor, Corporate Office Tower, AMBIENCE Island, Sector 25-A,
Gurgaon - 122001
Phone : +91-124-477 1300
E-mail :lsgurgaon@lakshmisri.com

ALLAHABAD
3/1A/3, (opposite Auto Sales), Colvin Road, (Lohia Marg),
Allahabad -211001 (U.P.)
Phone no. : (0532) – 2421037, 2420359
Email: lsallahabad@lakshmisri.com

www.lakshmisri.com www.gst.lakshmisri.com
www.lakshmisri.cn www.addb.lakshmisri.com