

## Relief to Exporters by GST Council on 6<sup>th</sup> October, 2017<sup>1</sup>

GST Council had set up a high power Committee for exports under Revenue Secretary Mr. Hasmukh Adhia in September, 2017 to recommend strategies to assist exporters post implementation of GST in the Country. Following major difficulties were faced by exporters:

- Working capital blockage in view of delayed refunds to exporters
- Reduced usability of duty credit scrips in view of restriction to use such scrips for payment of GST

In view of recommendation from the Committee, GST Council in its 22<sup>nd</sup> meeting held on 6<sup>th</sup> October, 2017 resolved to provide following major reliefs to exporters with immediate effect:

 Following are the timelines to grant held up refunds:

Refund of	Date from which refunds would begin to be paid
IGST paid on export of goods: July, 2017	10 <sup>th</sup> October, 2017
IGST paid on export of goods: August, 2017	18 <sup>th</sup> October, 2017
IGST paid on supplies to SEZs	18 <sup>th</sup> October, 2017
ITC in case of exports under Bond/LUT	18 <sup>th</sup> October, 2017

<sup>1</sup> Press Release issued on 6<sup>th</sup> October, 2017

- ⦿ For easing out refund process, Central and State GST officers would be suitably empowered. Consequently, exporters can receive refund from one authority only.
- ⦿ Immediate relief is granted by extending Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) / 100% EOU schemes to exporters to import goods or procure goods domestically. **In other words, no GST including cess needs to be paid on imports under these Schemes. Domestic procurements by these license holders would be treated as deemed exports<sup>2</sup> and refund thereof shall be granted to supplier to these license holders.**
- ⦿ Merchant Exporters will now have to pay only 0.1% tax while procuring goods from domestic suppliers for export. Details about this relief shall be released soon.
- ⦿ **Introduction of “e-Wallet” facility for exporters to be launched from 1<sup>st</sup> April, 2018.** A notional amount will be credited to such e-wallet as if it is an advance refund, which can be used to pay GST. The detailed modalities shall be worked out by GST Council soon.
- ⦿ **Exemption to exporters from furnishing Bond when opted to export without payment of IGST<sup>3</sup>:**
  - Exporters were facing tremendous difficulty in executing Bond and Bank Guarantees. Further, blockage of funds was another issue.
  - In order to provide relief to export without payment of GST, now, exporters may furnish LUT in place of Bond except few specified persons.
- ⦿ Specified banks and PSUs are permitted to import Gold without payment of IGST which can then be supplied to exporters as per a scheme similar to advance authorisation

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<sup>2</sup> Section 147 of CGST Act

<sup>3</sup> Notification No. 37/2017-Central tax dated 4<sup>th</sup> October, 2017

- ☺ Sale of duty credit scrip was attracting GST @ 5% and therefore, the incentive to sell such scrips was lost. Therefore, now GST rate on sale of duty credit scrip is reduced from 5% to 0%.
- ☺ To boost coastal shipping, GST rate is reduced to 5% on bunker fuel for coastal and foreign going vessel.

***GSC Comments: There are numerous issues faced by assessees post implementation of GST in the Country. Major hurdles faced by exporters is addressed to be resolved by Government.***

☺ **Abbreviations used:**

<b>GST</b>	: Goods and Services tax
<b>CGST Act</b>	: Central Goods and Services tax Act, 2017
<b>IGST</b>	: Integrated Goods and Services Tax
<b>GST Council</b>	: Goods and Services Tax Council
<b>SEZ</b>	: Special Economic Zone
<b>LUT</b>	: Letter of Undertaking
<b>PSU</b>	: Public Sector Units

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