

Goods & Services Tax

Central Goods & Services Tax Act, 2017

“Import & Export of Goods”

District Centre Janakpuri Study Circle
Of NIRC of ICAI

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GST- One Nation, One Tax

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Importing



Import of Goods

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Import of Goods

Sec.2(5)

“import of goods” with its grammatical variations and cognate expressions

means bringing goods into India from a place outside India

“India”

Sec.2(56)/CGST

the territory of India as referred to in article-1 of the Constitution

its territorial waters, seabed and sub-soil underlying such waters, continental shelf, exclusive economic zone

“India”
means,

or any other maritime zone as referred to in the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976

and the air space above its territory and territorial waters

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“Import”/High Seas Supply is Inter-State Supply ?

Inter-State Supply of “Goods”

- Sec.7(2)

Supply of goods imported into the territory of India, till they cross the customs frontiers of India

Customs frontiers of India

Sec.2 (4)/IGST

“customs frontiers of India”
means the limits of a
customs area as defined in
section 2 of the Customs
Act, 1962

“Customs Area”

Sec.2(11)/Customs Act-1962

- "customs area" means
- the area of a customs station
- or a warehouse
- and includes any area in which imported goods or export goods are ordinarily kept before clearance by Customs Authorities

Levy of Tax on “Imports”

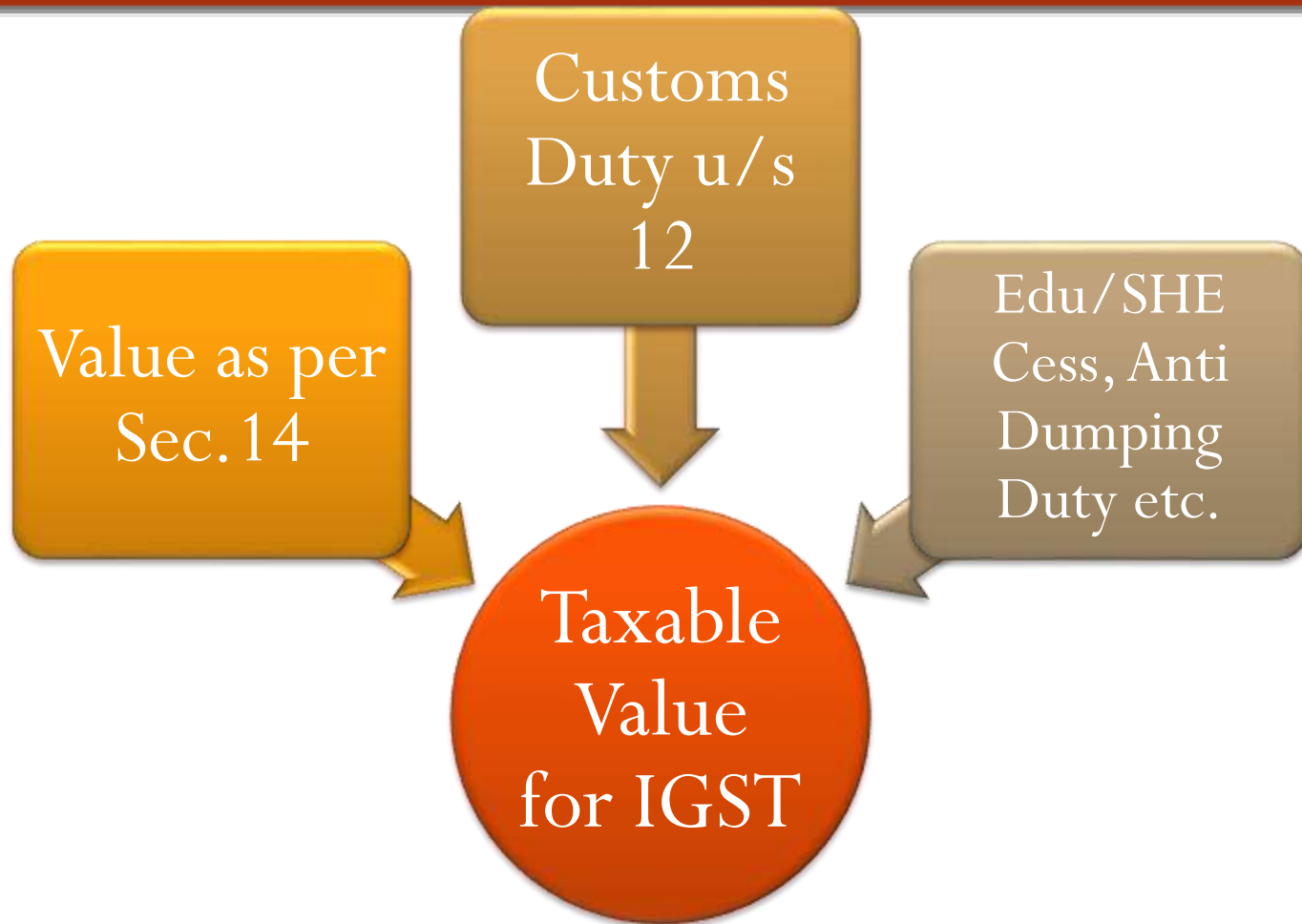
Proviso to Sec.5(1) of IGST

Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975

On the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962

Valuation for Levy of IGST

Sec. 3(8)/(10) of Customs Tariff Act



ITC on IGST paid on Imports



The diagram consists of two large, stylized arrows pointing towards each other. The left arrow is orange and contains the text "Input Tax" and "Sec.2(62)". The right arrow is yellow and contains the text "Includes, IGST charged on import of goods".

“Input Tax”
Sec.2(62)

Includes, IGST
charged on
import of goods

ITC on IGST paid on Imports

GSTN to be given in Bill of Entry
for Customs Clearance of Goods



Customs Systems will be connected
to GSTN for verification of ITC



Place of Supply to be kept in mind
at the time of submission of BOE



“Export of Goods”

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Export of Goods

Sec.2(5)

“export of goods” with its grammatical variations and cognate expressions,

means taking goods out of India to a place outside India

Export under CST Act, 1956 Vs IGST Act, 2017

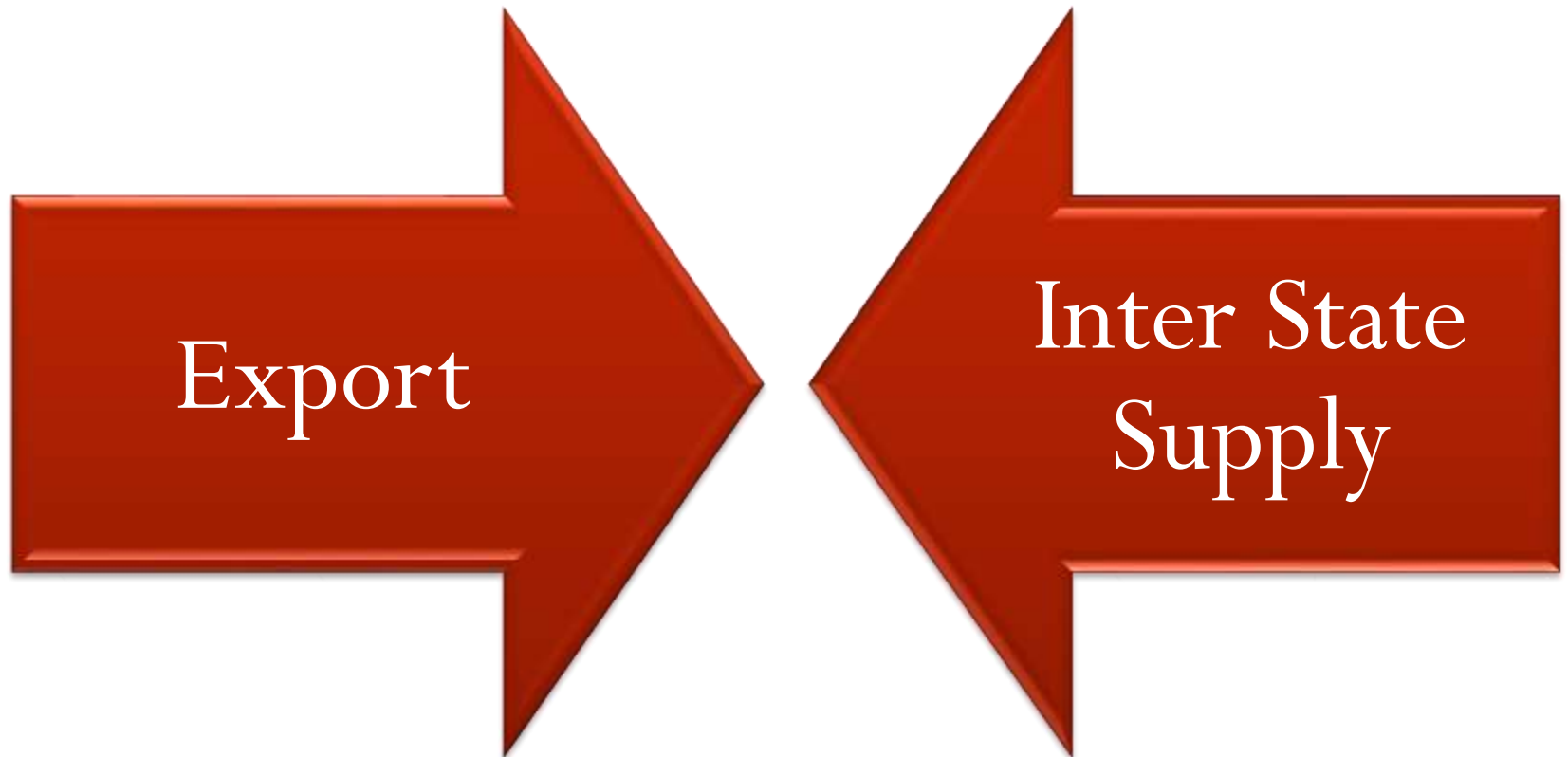
Sec. 5(1) of CST Act, 1956

A sale or purchase of goods shall be deemed to take place in the course of the export of the goods out of the territory of India only if the sale or purchase either occasions such export or ...

Sec. 2(5) of IGST Act, 2017

“export of goods” with its grammatical variations and cognate expressions, means taking goods out of India to a place outside India

“Export” is Inter-State Supply ?



“Export” is Inter-State Supply ?

Inter-State Supply of “Goods and/or
“Services”- Sec.7(5), (6) & (7)

When Supplier
is located in
India and Place
of Supply is
outside India,
shall be Inter-
State Supply

Supply to or by
SEZ
Developer/SEZ
Unit, shall be
Inter-State
Supply

Any Supply in
the taxable
territory other
than Intra-State
Supply, shall be
Inter-State
Supply

Place of Supply in case of Import/Export of “Goods” Sec.11

In case of
Import of
Goods

- Place of Supply shall be location of importer

In case of
Export of
Goods

- Place of Supply shall be location outside India



“Zero Rated Supply”

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Zero-rated supply

Sec.2(23)

- “zero-rated supply” shall have the meaning assigned to it in section 16

Types of Supplies



Nil Rated Supply



Exempt Supply



Non-Taxable
Supply



Zero Rated
Supply

Zero rated supply

Sec.16



Export of
Goods and/or
Services

Supply of
Goods and/or
services to SEZ

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Zero rated supply

Sec.16

ITC

- ITC can be claimed for making zero rated supply even it may be exempt supply

Refund

- In case of export of goods/services under Bond, un-utilized ITC can be claimed as refund
- In case of export of goods/services with payment of IGST, refund can be claimed for tax paid on goods/services.

Options with the Exporter

Export/Supply
to SEZ

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graph TD; A[Export/Supply to SEZ] --> B[With payment of IGST]; A --> C[Without payment of IGST under Bond/LUT];
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The diagram is a flowchart. At the top is a red box with the text 'Export/Supply to SEZ'. A vertical line descends from the bottom center of this box and connects to a horizontal line. From the left end of this horizontal line, a vertical line descends to a yellow box containing the text 'With payment of IGST'. From the right end of the horizontal line, a vertical line descends to another yellow box containing the text 'Without payment of IGST under Bond/LUT'.

With payment of
IGST

Without payment
of IGST under
Bond/LUT

Export/Supply to SEZ with Payment of IGST

With payment of IGST and ITC can be utilized



No need to file Bond/LUT



Refund of IGST paid from Customs Department with Shipping Bill

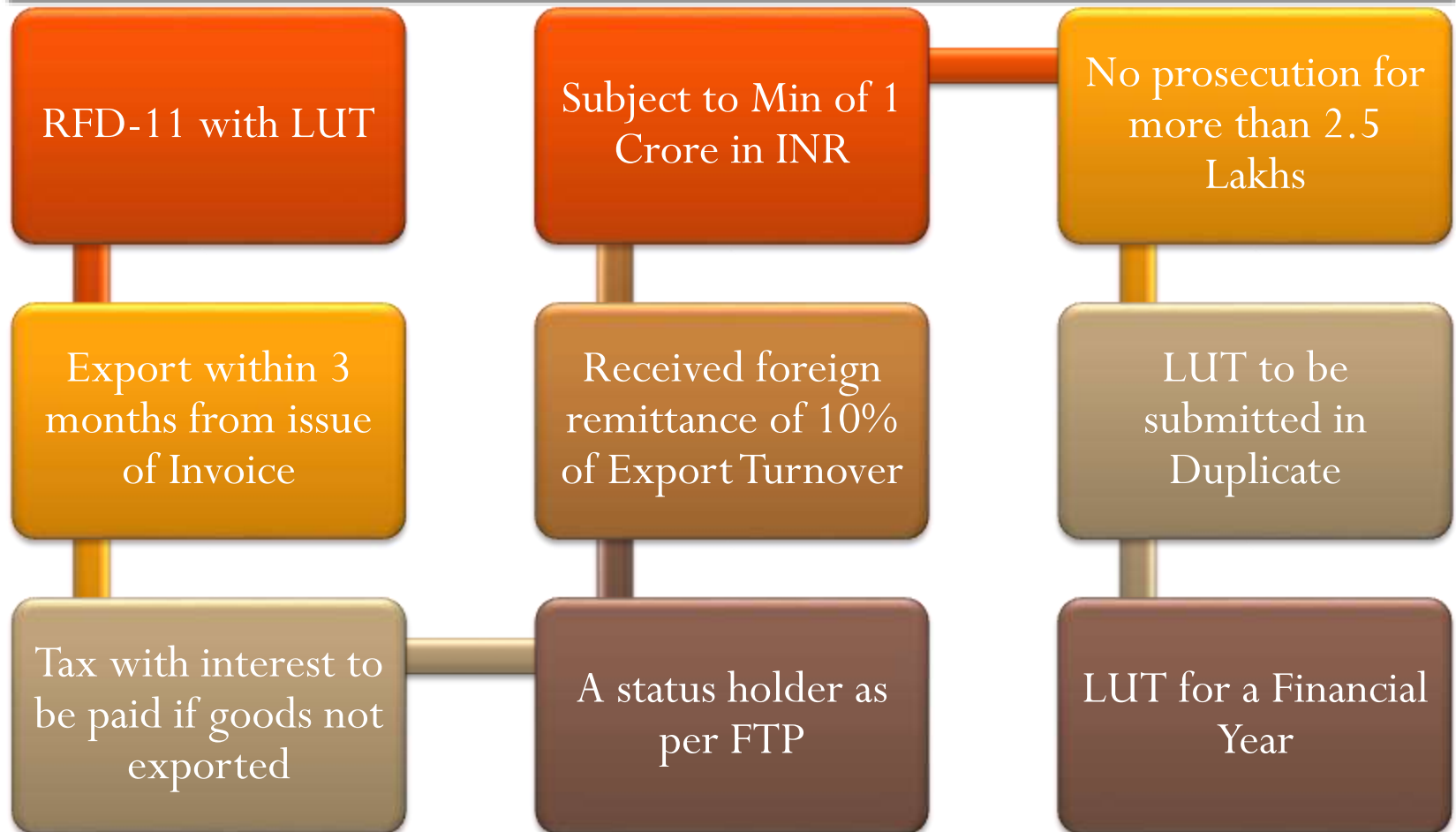
Export Without Payment of IGST

No need to pay
IGST

Bond with Bank
Guarantee up to
15% of Bond Value

Letter of
Undertaking
(LUT)


Conditions for filing LUT Rule-96A




Circular No. 2/2/2017-GST

Dated: 4th July 2017

Exporters to furnish, prior to export, a bond or a Letter of Undertaking



Acceptance of the Bond/Letter of Undertaking required to be furnished by the exporter under rule 96A of the said rules shall be done by the jurisdictional Deputy/Assistant Commissioner



Bond or LUT to be furnished manually with Form RFD-11

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Circular No. 4/4/2017-GST

Dated: 7th July 2017

All exporters, not covered by the notification 16/2017-CT, would submit bond



It is directed that the exporters shall furnish a running bond



The bond would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself

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Circular No. 4/4/2017-GST

Dated: 7th July 2017

the jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter



In any case the bank guarantee should normally not exceed 15% of the bond amount




The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority

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Circular No. 5/5/2017-GST

Dated: 11th August 2017

Bonds are furnished on non-judicial stamp paper, while LUTs are generally submitted on the letterhead containing signature and seal



LUT/bond should be processed on top most priority and should be accepted within a period of three working days from the date of submission



Purchases from manufacturer and form CT-1 not allowed.

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Circular No. 5/5/2017-GST

Dated: 11th August 2017

Zero rating is not
applicable to supplies to
EOUs



acceptance of LUT instead of a bond
for supplies of goods to Nepal or
Bhutan or SEZ developer or SEZ unit
will be permissible irrespective of
whether the payments are made in
Indian currency or convertible
foreign

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Circular No. 5/5/2017-GST

Dated: 11th August 2017

supply of services to SEZ developer or SEZ unit will also be permissible even payment is in Indian Rupee



The supply of services, however, to Nepal or Bhutan will be deemed to be export of services only if the payment for such services is received by the supplier in convertible foreign exchange



the Commissioner may waive off the requirement to furnish bank guarantee taking into account the facts and circumstances of each case.

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Circular No. 5/5/2017-GST

Dated: 11th August 2017

Inward foreign remittances of distinct persons having same PAN may be considered for LUT Conditions



Central Tax officers shall facilitate all exporters whether or not the exporter was registered with the Central Government in the earlier regime



Self-declaration shall be accepted unless there is specific information otherwise

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Export of Goods to Nepal/Bhutan

Will be treated at par with other exports



No foreign exchange may lead to filing of Bond with BG



Custom clearance is different from other exports

Duty Drawback

Transitional Benefit available up to 30th
September 2017

Can claim composite
rate of drawback
without ITC and
carry forward of
Cenvat as ITC

Can claim lower rate
with the benefit of
ITC under GST and
carry forward of
Cenvat as ITC

Thank You

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