

GOODS & SERVICES TAX UPDATE – 6

CENTRAL GOODS & SERVICES TAX (CGST) - Rate

Conditions & Safeguards for furnishing Letter of Undertaking in place of a bond for export without payment of integrated tax for Exports

Rule 96A of the Central Goods & Services Tax Rules, 2017 provides for procedure for refund of integrated tax paid on export of goods or services under bond or Letter of Undertaking. Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under section 50(1).

Central Government vide [Notification No. 16/2017-Central Tax, dt. 07-07-2017](#) has notified conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

Letter of Undertaking in place of a bond may be submitted for following registered persons:

- a) a status holder as specified in paragraph 5 of the Foreign Trade Policy 2015- 2020. Status Holders are business leaders who have excelled in international trade and have successfully contributed to country's foreign trade. All exporters of goods, services and technology having an import-export code (IEC) number shall be eligible for recognition as a status holder. For granting status, export performance is necessary in at least two out of three years.

or

- b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year

and he has not been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 or under any of the existing laws in case where the amount of tax evaded exceeds Rs. 2,50,000.

The Letter of Undertaking needs to be furnished in duplicate for a financial year in the annexure to FORM GST RFD – 11 referred to in rule 96A(1) of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

Further Central Government, vide [Circular No. 2/2/2017-GST dt. 04-07-2017](#) has w.e.f 1st July 2017 clarified that the Bond/Letter of Undertaking may be furnished manually to the jurisdictional Deputy/Assistant Commissioner in the format specified in FORM RFD-11 till the module for furnishing of FORM RFD-11 is available on the common portal.

[\[Notification No. 16/2017-Central Tax, dt. 07-07-2017\]](#)

JAMMU & KASHMIR GST

Jammu & Kashmir GST Act, 2017 passed

The State of Jammu and Kashmir had taken the first step towards adopting the GST regime with the President of India giving assent to the Constitution (Application to Jammu and Kashmir) Amendment Order, 2017 on 6th July 2017. Following this, the Jammu and Kashmir Goods and Services Tax Act, 2017 was passed by the State Legislature on 7th July 2017. Thus, State of J&K notified the effective date as 8th July 2017.

Concurrently, the President of India has promulgated two ordinances, namely, the Central Goods and Services Tax (Extension to Jammu and Kashmir) Ordinance, 2017 and the Integrated Goods and Services Tax (Extension to Jammu and Kashmir) Ordinance, 2017 extending the domain of Central GST Act and the Integrated GST Act to the State of Jammu and Kashmir, with effect from 8th July 2017.

GST – Ease of Doing Business

“GST Rates Finder” App launched

A new app i.e. “**GST Rates Finder**” was launched by government on 7th July 2017 to help users to find rates of GST for various goods and services. The user can determine the GST rate for a good or a service by entering the name or Chapter heading of the commodity or service. The user can scroll down the list of descriptions and when any specific item on the list is clicked, the display window will pop-up, containing details such as GST rate, description of goods or services and the Chapter heading of the Harmonized System of Nomenclature (HSN).

CBEC has also provided a GST rate finder on its portal www.cbec-gst.gov.in to help the taxpayers know the applicable GST rate on their supplies of goods and services. These initiatives are aimed to serve as a ready reckoner on GST rates. This will empower not only the taxpayers, but every citizen of the nation, to ascertain the correct GST rate on goods and services

Clarification on Migration, New Registration, Opting for Composition Scheme and Issue of Bills of Supply

The Rules related to Registration and Composition Scheme were brought into effect from 22nd June 2017 with a view to start the process of issue of registration certificate, called Goods and Services Tax Identification Number (GSTIN), to taxpayers who have already been issued provisional ID for registration (PID) as well as to the new taxpayers.

Any person who has been granted PID and who opts for composition scheme, should submit an intimation of option in a prescribed form on GSTN on or before 21st July 2017.

Any persons who has PID may submit the required documents on GSTN for getting the certificate of registration. It is clarified that a period of 3 months is allowed to complete this procedure i.e. the formalities can be completed on or before 22nd September 2017. In the interim, they can issue tax

invoice using the PID already allotted to them.

A person seeking fresh registration can apply for registration within 30 days from the date on which he becomes liable for registration. They can also opt for composition scheme at the time of filing of registration form.

The applicant for grant of new registration can issue a bill of supply for supplying goods or services during the period from the date of liability to obtain registration till date of issuance of the registration certificate, if he has applied for registration within 30 days from the date he has become liable for registration. On grant of certificate of registration, he can issue revised tax invoices for the supplies made during this period.

Source: www.cbec.gov.in, www.pib.nic.in

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