

GOODS & SERVICES TAX / IDT UPDATE – 50

Applicable GST rate on Priority sector lending certificates (PSLCs) Renewable Energy Certificates (RECs) and other similar Scrips

The Central Government vide *Circular No. 46 /20/2018 –GST dated 6th June, 2018* has clarified regarding the applicable rate of GST on various Scrips/ Certificates like RECs, PSLCs etc. It is hereby clarified that Renewable Energy Certificates (RECs) and Priority Sector Lending Certificates (PSLCs) and other similar documents are classifiable under heading 4907 and attract 12% GST. The duty credit Scrips, however, attract Nil GST under S. No. 122A of Notification No. 2/2017-Central Tax (Rate) dated 28.06.2017.

Comment: Apart from clarifying the taxability of the specific cases covered, this circular also provides guidance on taxability of such entitlement scrips/certificates. Other specific cases would require a mere application of the approach provided in this circular to know the likely view of the Government on the same.

[Circular No. 46 /20/2018 –GST dated 6th June, 2018]

CUSTOMS

Exports by Post Regulations, 2018 w.e.f 21st June,2018

The Central Government vide *Notification No. 48 /2018 –Customs (N.T) dated 4th June, 2018* has provided Post Regulations, 2018 which shall apply to export of goods by any person, holding a valid Import-export Code issued by the Director General of Foreign Trade, in furtherance of business from any foreign post office notified under sub-section (e) of section 7 of the Customs Act, 1962.

As per the Regulations, in case of goods to be exported through a foreign post office, an entry shall be required to be presented to the proper officer at the foreign post office of clearance, in the prescribed form.

Comment: These regulations are another step towards creating a conducive environment for doing business especially, in case of exports by post.

[Notification No. 48 /2018 –Customs (N.T) dated 4th June, 2018]

Procedure for e-commerce exports through Post and clarification on personal imports

The Central Government vide *Circular No. 14/2018 dated 4th June, 2018* has provided that exports under e-commerce, not involving MEIS, may be done through any notified Foreign Post Office (FPO). However, exports under MEIS through Post will continue to be governed through the circular 36/2016-Customs dated 29th July, 2016, except that the declaration form appended to thereto shall now be replaced with PBE-1, which has been prescribed under the new Regulations.

Further, the **procedure for E-commerce Export through Post** as stipulated in Circular No. 14/2018 dated 4th June 2018 is as under:

1. Any exporter holding a valid Import-Export Code shall be permitted to export goods by filing a Postal Bill of Export (PBE) in the form prescribed under the “Export by Post Regulations 2018”.
2. Every PBE-I (for e-commerce exports) shall be filed in duplicate and there will be no limit on the number of postal shipments which can be effected using a single Postal Bill of Export - I. Also the exporter shall be required to attach the invoice(s) with the PBE.
3. The PBE along with goods shall be presented to the Customs at the FPO. The PBE shall be processed manually. Upon completion of processing of the PBE by Customs, the goods shall be presented to the Postal department, who will acknowledge receipt of the shipment on the PBE and affix the tracking number of each shipment on the same. Upon affixation of the tracking number by postal authorities, the PBE shall be brought back to the Proper Officer for grant of “Let Export Order”.
4. In the case of exports, not involving e-commerce, the PBE-II shall be filed in duplicate and shall cover only one consignor and one consignee though multiple packages between a given consignor and a given consignee can be covered in the same PBE.
5. The Postal Authorities will furnish the proof of export of the goods i.e. copy of relevant CN / CP forms, as applicable to different categories of postal mails, to the Customs at the FPO. Essentially, the document must contain the tracking nos. of the parcel along with dispatch identifier. A corresponding entry relating to proof of export will be made in noting register. Only after receipt of such proof of export, should details in ICAN be uploaded.

Further, In order to ensure transparency and visibility, CB’s are required to on board any third-party web application before commencing operations at the FPO and Web-application shall have the required functionalities.

It is also clarified that Customs will not be onboarding the web application for conducting any regulatory process. All customs procedures will remain in manual mode, till introduction of EDI at FPOs. The application will be essentially used between the exporter and customs broker to facilitate communication, enable shipment visibility and printing of PBE or any such other value-added services for B2B use.

In the case of natural persons (i.e. other than firms & companies) exporting parcels, there is no change in procedure being followed hitherto. It is clarified that they will not be required to file

any PBE.

Comment: This circular clarifies any doubts about export by e-com and other operations. Compliance with Customs procedures continues to be monitored through Customs officer at the Post Office or through Customs Broker duly licensed under Customs Broker Regulations, 2013 being involved. No new or special dispensation is being allowed through this circular except to allay fears about exports by e-com/post office.

[Circular No. 14/2018 dated 4th June, 2018]

Refund of IGST on export of goods- Extension of date in SB005 alternate mechanism cases and clarification in other cases

As exporters are facing difficulties in getting refunds due to SB005 errors (occurs when there is a mismatch between GSTIN entity mentioned in the Shipping bill and the one filing GSTR-1/GSTR-3B). Therefore, in this respect, the Central Government vide [Circular No. 15/2018 dated 6th June, 2018](#) has provided a correction facility in cases where although GSTIN of both the entities are different but PAN is same. This happens mostly in cases where an entity filing Shipping bill is a registered office and the entity which has paid the IGST is a manufacturing unit/other office or vice versa.

However, in all such cases, entity claiming refund (one which has filed the Shipping bill) will give an undertaking to the effect that its other office (one which has paid IGST) shall not claim any refund or any benefit of the amount of IGST so paid. The undertaking shall be signed by authorized persons of both the entities. This undertaking has to be submitted to the Customs officer at the port of export.

Further, DG Systems have developed the correction tool, on lines of one developed for SB005, for sanction of refund in cases where PAN provided in Shipping Bill is same as PAN of GSTR 1 which would facilitate processing of IGST refund claims stuck due to SB003 error in the manner similar to SB005 error

Comment: This is a welcome move to address concerns of exporters who have faced difficulty in submitting refund claims. Now, project exporters and other such exporters can ensure their applications do not face these hurdles.

[Circular No. 15/2018 dated 6th June, 2018]

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