Circular No.42/ 2017-Customs

F. No: 450/119/2017-Cus.IV(Pt. I)
Govt. of India
Ministry of Finance
Dept. of Revenue
Central Board of Excise and Customs
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Room No.229-A, North Block,
New Delhi, 7th November, 2017

To,

All Principal Chief Commissioners of Customs / Customs (Prev.).
All Chief Commissioners of Customs / Customs (Prev.).
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All Commissioner of Customs of Customs / Customs (Prev.).

IndiaCode

Subject: Refunds of IGST paid on export of goods under Rule 96 of CGST Rules, 2017

The GST Council in its 22nd Meeting had approved a major relief package for exporters. The Council was unanimous that it is in the national interest to take all possible measures to support the exporting community, which earns valuable foreign exchange and provides significant employment especially in the small and medium sector. The Council approved that by 10.10.2017 the refund of IGST paid on goods exported in July would begin to be paid and refunds for subsequent months would be handled expeditiously. In line with the government's commitment, CBEC has already issued suitable instructions to expeditiously disburse the refund of IGST paid on goods exported out of India. Also, with effect from 10th October, 2017, the refund is getting disbursed for the export of goods made in July 2017. In cases where the exporter has filed GSTR 3B and the information furnished by the exporters in the GSTR 1 and GSTR 3B is matching with the details filed by them in Shipping bills, the refunds have already been disbursed. But there are many cases where the refund of IGST could not be done due to errors in the EGM /GSTR 1 return/Shipping Bill. The analysis of the common errors that are hindering the disbursal of IGST refund, and decisions taken to address such errors are as follows:

A. IGST refunds for the exports of goods in the month of July, 2017:

i) Incorrect SB number in GSTR 1

There are cases where the shipping bill number quoted in GSTR 1 either does not exist or it pertains to another exporter. In respect of these claims, the only way out is to amend the GSTR 1(Amendments to taxable outward supply details furnished in returns for earlier tax periods) and enter the correct shipping bill number. In

these cases, the amendments for information furnished in GSTR 1 for July 2017 need to be filed in Table 9A of GSTR 1 for August 2017. GSTN has been asked to provide for immediate implementation of this Table so that all such claims can be processed once amendment is filed.

ii) Invoice number and IGST paid amount mis-match

Analysis of data revealed that exporters have quoted different invoice numbers for GST and Customs purposes. Also, IGST paid amount indicated in GSTR 1 is not tallying with IGST paid amount indicated in shipping bill. As the same transaction is being reported under GST Act and under Customs Act, the exporters may take care to ensure the details of invoice, such as Invoice number, IGST paid etc, under GSTR 1 and shipping bill match with each other.

iii) EGM Error

Due to either mismatch in information furnished in Export General Manifest (EGM) vis-à-vis shipping bill or non-filing of EGM in certain cases, the compliance of 'exported out of India' requirement in Rule 96 (2) of Central Goods and Services Tax (CGST) Rules, 2017 remained unfulfilled. It is also noticed that Gateway EGM in case of many ICD's Shipping Bills have been manually filed, due to which the system is unable to match the EGM details. Hence, it is to be ensured that all the shipping lines operating in ICDs/Gateway ports file EGM online. All ICDs and Gateway ports have already been instructed to ensure that shipping lines file supplementary EGM online for the consignments exported in July 2017 by 31stOctober. For subsequent months also, the ICDs must ensure that the shipping lines invariably file the Gateway EGM online. In cases where supplementary EGM have been filed successfully, refunds are already being given.

iv) Wrong Bank Account given to Customs

In some cases, bank account details available with Customs have been invalidated by PFMS. Reports on such accounts / IECs have been provided to the Commissionerates by the Directorate of Systems in ICES and by email. Exporters may be advised that if the account has not been validated by PFMS, they must get their details corrected in the EDI system. Exporters are also advised not to change their bank account details frequently so as to avoid delay in refund payment.

B. IGST Refunds for the export of goods in the month of August, 2017:

GSTN has provided the utility to declare Table 6A in GSTR1 for exporters to fill in information related to Zero Rated Supplies. Once exporters file Table 6A, it

would be possible to sanction refunds for the exports made in August 2017. Thus Public/Trade notices may be issued emphasizing the need to fill Table 6A online by exporters to claim refunds against exports made in August 2017. Exporters have already been provided an option to view their Shipping Bill data online on ICEGATE website, so that they can ensure filing of their Table 6A without any error. All necessary steps may be taken to make exporters aware that the common errors that hindered disbursal of IGST refunds in July are not repeated in subsequent months.

2. The GST council in its 22nd meeting has also approved the GST rate of 0.1% for supplies to merchant exporters and Notification No. 41/2017- Integrated Tax (Rate), Notification No. 40/2017- CGST (Rate) and Notification No. 40/2017 - UT GST (Rate), all dated 23rd October, 2017 have been issued to that effect. The said benefit is subject to the conditions mentioned in aforementioned notifications. The merchant exporters are advised to take following precautions to avail the benefit of the scheme:

   i) The Name and GSTIN of the Registered Supplier should be provided against each item in Third Party details column of Shipping Bill. The GST Invoice details of the registered supplier of each item should be declared in the ARE Certificate and Date columns in the Shipping Bill format. Necessary changes have already been done in ICES application. The third party details would be printed in the shipping bill copies for fulfilment of the notification conditions.

   ii) Further in case of an export consignment containing multiple supplies by registered suppliers, the registered recipient (merchant exporters) need to provide details of all registered suppliers and corresponding invoices against each item in the Shipping bills.

   iii) For the purpose of above mentioned notifications concerning supply to registered recipient at concessional GST, registered principal place of business or registered additional place of business shall be deemed to be a "registered warehouse".

   iv) Registered recipients (Merchant exporters) may, if required, exclude commercially sensitive information while providing copies of Shipping Bills to registered suppliers.

3. Difficulties if any should be brought to the notice of the Board.

4. Hindi version follows.

7/11/17

(Maninder Kumar)
OSD(Cus-IV)