**Circular No. 06/ 2018-Customs**

F. No: 450/119/2017-Cus-IV (Pt.)
Government of India
Ministry of Finance
Dept. of Revenue
(Central Board of Excise and Customs)
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Room No. 227B, North Block, New Delhi
Dated, the 16th March, 2018

To,

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)
All Principal Chief Commissioners/Chief Commissioners of Customs & Central Tax
All Principal Commissioners/Commissioners of Customs/Customs (Preventive)

**Subject: Refund of IGST on Export– EGM Error related cases— reg.**

Sir/ Madam,

IGST Refund module for exports is operational in ICES from 10.10.2017. The module has an inbuilt procedure to automatically grant refund after validating the Shipping Bill data available with Customs against the GST Returns data available with GSTN. The procedure also returns error/response codes in case there is any discrepancy. A number of representations have been received from the stakeholders seeking resolution of various problems encountered in sanction of refund of IGST paid on exports of goods. To address the problems related to IGST refund, CBEC has already issued Circular No. 42/2017-Customs dated 07-11-2017 which highlighted the common errors and combination of errors that hindered the sanction and disbursal of refund of IGST paid against exports. Vide circular No. 5/2018-Customs dated 23.2.2018, an officer interface in case of invoice mis-match errors, which accounted for the largest proportion of errors, was introduced. The other main category of errors holding up the refunds in Inland Container Depots (ICDs) is related to either non-filing of Export General Manifest at the gateway port or information mis-match between local and gateway EGMs.

2. As per Rule 96 of the CGST Rules 2017, the shipping bill filed by an exporter shall be deemed to be an application for refund of integrated tax paid on the goods exported out of India, once both the Export General Manifest (EGM) and valid return in Form GSTR-3 or Form GSTR- 3B, as the case may be, has been filed. In other words, filing of EGM, apart from filing of shipping bill and GSTR 3B is a mandatory requirement for processing refund claim. The Shipping lines/agents have been filing EGM electronically for exports originating from gateway ports. However, for cargo originating from ICDs, the Shipping lines/agents

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were filing EGM in manual mode. Absence of electronic EGMs and their integration with local EGMs has been the major obstacle in processing of refund claims in the case of exports from ICDs.

3. In order to overcome this issue, the Shipping lines have been mandated to include the shipping bills originating from ICDs while filing the electronic EGMs at the gateway ports. In cases where the EGMs have not incorporated the shipping bills pertaining to ICDs, the Shipping lines/agents have been asked to file supplementary EGMs. While the Shipping lines have been largely cooperative in filing regular or supplementary EGMs for cargo originating from ICDs, there are still many instances where no EGMs have been filed or EGMs have been filed with errors. This is causing avoidable delay in processing of refund claims. The jurisdictional officers at the gateway port may initiate swift penal action against Shipping lines / agents who fail to file either regular or supplementary EGMs electronically for the cargo originating from ICDs.

4. In order to ensure a hassle free processing of refund claims, the following steps may be ensured by the jurisdictional officers in ICDs: (a) filing of local EGM i.e train or truck summary, as the case may be, immediately after cargo leaves the port, (b) liaising with jurisdictional officers at gateway port for incorporation of Shipping Bills pertaining to the cargo originating in ICDs, in the EGMs filed at gateway port by the Shipping lines/agents (c) rectification of errors in local and gateway EGM, wherever necessary.

5. The jurisdictional officers at the gateway port should strictly monitor the EGM pendency and error reports available in ICES. The officers at the gateway port have to resolve the EGM errors in an expeditious manner by asking the Shipping lines/agents to file requisite amendments and approving those amendments on ICES. In cases, where there are errors either in the shipping bill or in the local EGM (i.e. truck or train summary), the remedial action has to be taken by jurisdictional officer in ICD.

6. It has been observed that mis-match of information provided in local and gateway EGM mainly occurs because of (i) incorrect gateway port code in local EGM (error M), (ii) change in container for LCL cargo or mistakes committed while entering container number (error C), (iii) incorrect count of containers (error N), (iv) mistakes in entering the nature of cargo – LCL or FCL (error T), (v) the let export order is given in ICES after sailing date of the vessel (error L). ICES has provision to correct all aforementioned errors. The procedure to be followed for each type of error has been clearly delineated in the step by step guide issued by the Directorate of Systems for dealing with the errors. In case of specific difficulties, the same may be taken up with Directorate of Systems.

7. There is a shared responsibility between officers working at ICDs and gateway ports in ensuring an error free filing and integration of local and gateway EGMs. The officers at both locations should also ensure swift rectification of errors and effective coordination between the domestic carriers, who file local EGMs, and Shipping lines/agents, who file gateway EGMs. The error free filing and integration of EGMs is a pre-requisite for smooth processing of refunds. Recognizing this necessary outreach may be done to sensitize *domestic carriers as well as Shipping lines/agents with regard to due diligence that is* required in filing of EGMs and its critical importance in hassle free processing of IGST refunds.

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

9. Hindi version follows.

Yours faithfully

Zubair Riaz

(Zubair Riaz)
Director (Customs)

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