

## FAQ: Exports

1	How are exports treated under the GST Law?	<p>Under the GST Law, export of goods or services has been treated as:</p> <ul style="list-style-type: none"><li>• inter-State supply and covered under the IGST Act.</li><li>• 'zero rated supply' i.e. the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage.</li></ul>
2	What will be the impact of GST on zero rating of export of goods?	<p>This will make Indian exports competitive in the international market.</p>
3	Have the procedures relating to exports by manufacturer exporters been simplified in GST regime?	<p>Yes. The procedures relating to export have been simplified so as to do away with the paper work and intervention of the department at various stages of export. The salient features of the scheme of export under GST regime are as follows:</p> <ul style="list-style-type: none"><li>• The goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.</li><li>• In case of goods and services exported under bond or LUT, the exporter can claim refund of accumulated ITC on account of export.</li><li>• In case of goods the shipping bill is the only document required to be filed with the Customs for making exports. Requirement of filing the ARE 1/ARE 2 has been done away with.</li><li>• The supplies made for export are to be made under self-sealing and self-certification without any intervention of the departmental officer.</li><li>• The shipping bill filed with the Customs is treated as an application for refund of IGST and shall be deemed to have been filed after submission of export general manifest and furnishing of a valid return in Form GSTR-3 by the applicant.</li></ul>
4	For merchant exporters, is there any change in the Export Procedure under the GST regime?	<p>The concept of merchant or manufacturer exporter would become irrelevant under the GST regime. The procedure in respect of the supplies made for export is same for both merchant exporter and a</p>

		manufacturer exporter.
5	The supplies to a SEZ unit or SEZ developer are treated as zero rated supplies in the GST Law. Then why there is no specific mention in the GST Law about not charging of tax in respect of supplies from DTA unit to a SEZ unit or SEZ developer?	<p>Yes, supplies made to an SEZ unit or a SEZ developer are zero rated. The supplies made to an SEZ unit or a SEZ developer can be made in the same manner as supplies made for export:</p> <ul style="list-style-type: none"> <li>• either on payment of IGST under claim of refund;</li> <li>• or under bond or LUT without payment of any IGST.</li> </ul>
6	When a SEZ unit or SEZ developer procures any goods or services from an unregistered supplier, whether the SEZ unit or SEZ developer needs to pay IGST under reverse charge or these will be zero rated supplies?	Supplies to SEZ unit or SEZ developer have been accorded the status of inter-State supplies under the IGST Act. Under the GST Law, any supplier making inter-State supplies has to compulsorily get registered under GST. Thus anyone making a supply to a SEZ unit or SEZ developer has to necessarily obtain GST registration.
7	How soon will refund in respect of export of goods or services be granted during the GST regime?	<p>(a) In case of refund of tax on inputs used in exports:</p> <ul style="list-style-type: none"> <li>• Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.</li> <li>• Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.</li> <li>• Interest @ 6% is payable if full refund is not granted within 60 days.</li> </ul> <p>(b) In the case of refund of IGST paid on exports: Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.</p>
8	Will export of goods to Nepal and Bhutan treated as zero rated and thereby qualify for all the benefits available to zero rated supplies under the GST regime?	Export of goods to Nepal or Bhutan fulfils the condition of GST Law regarding taking goods out of India. Hence, export of goods to Nepal and Bhutan will be treated as zero rated and consequently will also qualify for all the benefits available to zero rated supplies under the GST

		regime. However, the definition of 'export of services' in the GST Law requires that the payment for such services should have been received by the supplier of services in convertible foreign exchange.
9	What is deemed export under GST Law? Whether any supply has been categorized as deemed export by the Government?	Deemed export has been defined under Section 2(39) of CGST Act, 2017 as supplies of goods as may be notified under section 147 of the said Act. Under section 147, the Government may, on the recommendations of the Council, notify certain supplies of goods manufactured in India as deemed exports, where goods supplied do not leave India, and payment for such supplies is received either in Indian rupees or in convertible foreign exchange. However, till date, the government has not notified any supply as deemed export.
10	Whether the EOU scheme will continue to be in operation in the GST regime and whether EOU is required to take registration under the GST Law?	EOU is like any other supplier under GST and all the provisions of the GST Law will apply. However, the benefit of Basic Customs Duty exemption on imports will continue.
11	What tax benefits will be available to EOU scheme in GST regime?	The duty free imports under GST regime will be restricted to Basic Customs Duty. Exemption from the additional duties of Customs, if any, under section 3(1), 3(3) and 3(5) of the Customs Tariff Act, 1975 and exemption from Central Excise duty will be available for goods specified under the fourth Schedule to the Central Excise Act. IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible, like any other registered person, to take Input Tax Credit of the said GST paid by its suppliers.
12	Whether supplies to or from EOU will be exempted from GST?	<ul style="list-style-type: none"> <li>• No.</li> <li>• Under the GST Law, IGST or CGST plus SGST will be payable by the suppliers who make supplies to the EOU. The EOU will be eligible to take Input Tax Credit of the said GST paid by its suppliers.</li> <li>• The supplies from EOU will not be exempted from GST, except in the case of zero rated supplies defined under section 16 of the IGST Act, i.e. supplies made by EOU in the form of physical export or supplies to a SEZ Unit or SEZ Developer for authorized operations.</li> </ul>
13	What procedure will be followed by EOU to import	To avail such import benefits, EOUs will have to

	goods without payment of Customs duty in the GST regime?	follow the procedure under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.
14	Whether an EOU can clear goods to another EOU (inter-unit transfer)? And whether an EOU can send goods for carrying out job work on such goods? In such situations, how will be the tax liability be discharged?	Supply of goods from one EOU to another EOU will be treated as any other supply under GST Law. An EOU can send goods for job work as per section 143 of the CGST Act, 2017 and rule 45 of the CGST Rules, 2017 and the tax liability shall be discharged accordingly.
15	M/s XYZ is engaged in export of goods only having exports of approx. Rs. 5 crores and no clearances for home consumption are affected. M/s XYZ was not required to be registered under Central Excise. Whether M/s XYZ would be required to get itself registered under GST?	Yes, because exports have been treated as inter-State supplies under IGST Law.
16	We are engaged in the manufacture of exempted excisable goods for export. We availed input stage rebate used in the manufacture of exported goods. How would our case be dealt under GST law if our supply remains an exempt supply?	Under IGST law a person engaged in export of goods which is an exempt supply is eligible to avail input stage credit for zero rated supplies. Once goods are exported, refund of unutilized credit can be availed under Section 16(3)(a) of IGST Act, 2017 and Section 54 of the CGST Act, 2017 and the rules made thereunder.
17	We are merchant exporters dealing in various products. As per current procedure, we purchase goods from a particular factory against CT1/ARE1 so that no excise is levied on us. After goods are exported, we provide proof of export and Form H (for sales tax exemption) to the concerned factory. How would GST impact us and what will be the process now?	Taxable event in the GST regime is supply of goods. Exports being inter-State supply, you would be required to obtain GST registration. The manufacturer would be supplying you the goods on the payment of IGST or CGST and SGST/UTGST as applicable. You may avail of input stage credit of the tax paid on goods and services and export the goods under bond/LUT. Unutilized credit can be availed as refund. Alternatively, you may export the goods on payment of integrated tax and refund of integrated tax would be available to you.
18	I have stock of inputs, semi-finished goods and finished goods on the date on which GST comes into force. But I have no duty paying documents. How am I going to be compensated for the taxes paid on the said inputs, semi-finished goods, and finished goods before GST for the exports made after GST is implemented?	A transition period of three months has been provided for availing of drawback. For exports during this period, higher rate of duty drawback (composite AIR) shall be available subject to conditions that no ITC of CGST/IGST is claimed, no refund of IGST paid on export goods is claimed and no CENVAT credit is carried forward.
19	I supply goods to SEZ units and developers. For such supplies, presently drawback is available to the recipient or to me (if recipient gives a disclaimer). What is status of such drawback under GST	There is no change except for the fact that if drawback is claimed by DTA supplier, the claim needs to be filed with the jurisdictional Customs Authorities.

	regime?	
20	Whether an EOU can clear goods in DTA?	Yes, an EOU can clear goods in DTA in accordance with the provisions laid in the Foreign Trade Policy.
21	Will an exporter be required to pay GST in case of goods procured from unregistered persons (including unregistered job workers)?	In case of supply by an unregistered person (including unregistered job workers), the registered person i.e., exporter shall be liable to pay GST under reverse charge mechanism. However the exporter can avail ITC of such GST paid and either utilise the ITC or claim refund of the same.
22	Is GST payable on Agency Commission earned by buying agents of foreign buyers?	Yes. Since commission is received by agents in India, and the place of supply of service is in India, GST will be payable.
23	Whether every registered person who intends to export requires fresh Bond/LUT even if the same was issued on or before 30 Jun, 2017 and is still live i.e. not one year old.	Circular No. 4/4/2017 - GST dated 07.07.2017 clarifies this. Old LUT/bond is valid till 31.07.2017, after which fresh LUT/Bond in the new format is required to be submitted.
24	Some assessee had multiple central excise registrations under the earlier regime and were having different LUT/ Bond for each premises. In GST, there will be single registration for such assesses. Do they require furnishing fresh bond/LUT for their principal place of business or the existing Bond/LUT issued to them prior to 30.06.2017 shall be applicable for the export purpose.	Circular No. 4/4/2017 - GST dated 07.07.2017 clarifies this. Old LUT/bond is valid till 31.07.2017, after which fresh LUT/Bond in the new format is required to be submitted.
25	With reference to clause 5 of Rule 96 A as inserted vide Ntf No. 15/2017 – Central Tax dated 01st July 2017 “(5) The Board, by way of notification, may specify the conditions and safeguards under which a Letter of Undertaking may be furnished in place of a bond.” It may be clarified as to whether any conditions and safeguard has been notified by the Board as on date, as certain parties have filed LUT for export in this office	Yes, conditions and safeguards have been specified by Notification No. 16/2017-Central Tax dated 07.07.2017 and clarified in detail in Circular No. 4/4/2017 - GST dated 07.07.2017. The sum and substance of these documents is that the facility of Letter of Undertaking in place of a bond is available to a registered person who is either (a) a status holder as specified in the Foreign Trade Policy 2015-2020; 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. The person should not have been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in a case where the amount of tax evaded exceeds two

		hundred and fifty lakh rupees.
26	In case of export of services, who will pay the service tax as for Bhutan, Nepal and Bangladesh?	The place of supply is outside India but as the supplier is located in India, it is a case of inter-State supply and subject to IGST. It will be zero rated if the sale proceeds are realized in convertible foreign exchange.
27	Will GST be debited in duty credit scrips such as Merchandise Exports from India Scheme (MEIS) and Service Exports from India Scheme (SEIS)?	No.
28	In view of definition of 'export of goods' given in Section 2(5) of the IGST Act, 2017, the supply of goods by the manufacturer to merchant exporter cannot be treated as exports as he is not taking out the goods out of India. He is supplying the goods to the merchant-exporter. Therefore, is the manufacturer required to pay CGST and SGST in all cases of exports by merchant-exporter even though the goods are being sealed in container for export from the premises of manufacturer-exporter? Does the merchant-exporter have the option either to avail option of Bond/LUT or to pay IGST for export of such goods?	Yes The manufacturer would be liable to pay CGST and SGST. The merchant-exporter has the option either to avail option of Bond/LUT or to pay IGST for export of such goods. There is no provision on the lines of Form H under the CST Act in the GST.
29	As per Rule 96A of Central Tax, the LUT is to be accepted by the Jurisdictional Commissioner, Udaipur whereas in pre GST era the same was accepted by the jurisdictional Deputy/Assistant Commissioner Kota. The Commissioner of Kota region has office at Udaipur which is 290 Kilometers away from Kota due to which it is impractical to file LUT at Udaipur with Commissioner as compared to previous procedure.	Circular No. 2/2/2017-GST dated 04.07.2017 has clarified that an exporter wishing to export without payment of integrated tax may approach the jurisdictional AC/DC for acceptance of bond/LUT. Circular No. 4/4/2017-GST dated 07.07.2017 has further clarified that the bond /LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter.
30	As per sub-rule 5 of rule 96A of Central Tax Rule, Board will notify where LUT is to be furnished in place of Bond. Since Board has not notified so far, therefore, this office is of the view that Bond is to be furnished in all cases as of now. Please clarify	The Board has, vide Notification 16/2017-Central Tax dated 07.07.2017, specified the conditions and safeguards under which an exporter may file a LUT instead of a bond.
31	Whether in case of assesses exporting goods under LUT in Central Excise Act 1944, can export goods after 01.07.2017 under GST on the basis of the said LUT filed under Central Excise Act, 1944 until that LUT expires.	In terms of Para 6 of Circular No. 4/4/2017 dated 07.07.2017 exports are allowed under existing LUTs/Bonds till 31st July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31st July, 2017.
32	There is lack of clarity in the trade regarding the eligibility conditions for the LUT/Bond as per the	Condition i(b) in the said Notification means that: the registered person should have received at least

<p>Notification No. 16/2017 – Central Tax. Para i(b) of the said notification requires the exporter to receive the due foreign inward remittances amounting to a minimum 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year. It is not clear for the exporters having an export turnover of say Rs. 5 Crore. For such people whose 10% of the export turnover is below one crore, what is the implication? Are those exporters who have received their total due inward remittance of e.g. Rs. 5 Crore eligible for availing the facility of LUT?</p>	<p>10% of his/her export turnover as foreign inward remittance in the preceding financial year and the foreign inward remittance in the preceding financial year should not be less than one crore rupees. E.g. if a registered person has an export turnover in FY 2016-17 of Rs. 5 crores and has received foreign inward remittance of Rs. 5 crores in the same FY, then he shall satisfy Condition i(b), and shall be eligible for execution of LUT.</p>
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