

This column is compiled by Consultant [EXIM Policy] of EPCH. It contains recent Public Notices, Notifications and Circulars of DGFT, CBEC and Department of Revenue. If a handicraft exporter has question[s] to ask on Foreign Trade Policy, he/she may please write / e-mail to EPCH at policy@epch.com

Impex # 1

IEC Notification procedure revised (partially)

DGFT issues Public Notice revising the procedure of modification in IEC involving shift in jurisdictional Regional Authority.

There are cases where change in IEC in respect of Branch Office/Head Office/Registered Office address involves shift in Regional Authority (RA) also. DGFT has issued a Public Notice No. 54/(2015-20) dt. 11-01-2017 revising the existing procedure in this regard. This has been done by amending chapter-2 in the Handbook of Procedure (Vol.1) of 2015-20 as

well as provision in the Public Notice No. 58 dt. 1.2.2016 and Appendix 2K of FTP (2015-20). A copy of the DGFT Public Notice dt. 11-01-2017 is reproduced below:

Amendment in Chapter 2 of the Handbook of Procedure (2015-20)

Copy of Public Notice No. 54/(2015-2020), dated 11th January, 2017

In exercise of powers conferred under paragraph 2.04 of the Foreign Trade Policy, 2015-2020, the Director General of Foreign Trade hereby amends para 2.14(A) of the Handbook of Procedure (2015-20) as well as the provision in the Public Notice No.58 dated 1.2.2016 and Appendix 2K of FTP(2015-20) as under:

| Sl. No. | HBP Para/ Public Notice Appendix | Provision | Revised Provision |
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| 1. | 2.14 A | <p>When an IEC holder seeks modification/change of Branch Office/Head Office/Registered Office address in its IEC and which involves a shift in its jurisdictional RA, a request to that effect will have to be made to the new RA to whose jurisdiction the applicant is shifting its Office. A copy of this request with application details is to be submitted to the old RA from where the original IEC was issued.</p> <p>On the basis of this request, the old RA (the custodian of the IEC file till now) will transfer the IEC file to the new RA (the new custodian) which shall make appropriate amendment based on the transferred file and fresh documents submitted to it by the applicant. The new RA shall allow the person in its new address to carry out necessary functions and also apply for eligible benefits as per FTP.</p> | <p>When an IEC holder seeks modification/change of Branch Office/Head Office/Registered Office address in its IEC and which involves a shift in its jurisdictional RA, a request to that effect will have to be made to RA concerned under whose jurisdiction the applicant exists.</p> <p>On the basis of this request, the RA (custodian of the IEC file till now) will process such requests and amend IEC, if found appropriate, under intimation to the RA under whose jurisdiction the applicant wants transfer. The new RA shall allow the person in its new address to carry out necessary functions and also apply for eligible benefits as per FTP.</p> |
| 2. | PN No.58 dated 1.2.2016 | <p>Online IEC applications once rejected will not be processed any further. Applicant's desirous of seeking IEC will have to apply afresh, by paying the processing fees of Rs. 500/-.</p> | <p>Applicants are required to pay fees of Rs. 500/- (Rupees five hundred only) for IEC application. If the application is rejected, applicant shall be able to rectify the grounds on which previous application was rejected, without a in any further fees.</p> |

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| 3. | Appendix 2k | <p>7. Adjustment of Fee:</p> <p>In cases, where a new Advance Authorization, EPCG and Duty Credit Scrip is issued by RA in lieu of the earlier Authorization (which has been cancelled by RA, on the request of the firm, on account of non-registration at the Customs Port), the application fees paid in the earlier Authorization will be adjusted by the RA for the new Authorization. However, a minimum application fee of Rs. 200/- shall be paid for the new Authorization. Head of Office of concerned RA while issuing Authorizations under this provision shall ensure proper linkage with the earlier cancelled Authorization. In cases, where a new Advance Authorization, EPCG and Duty Credit Scrip is issued by RA in lieu of the earlier Authorization (which has been cancelled by RA, on the request of the firm, on account of non-registration at the Customs Port), or in case the RA suggests the firm to file application under correct scheme the application fees paid in the earlier Authorization will be adjusted by the RA for the new Authorization. However, a minimum application fee of Rs. 200/- shall be paid for the new Authorization. Head of Office of concerned RA while issuing Authorizations under this provision shall ensure proper linkage with the earlier cancelled Authorization.</p> | <p>In cases, where a new Advance Authorization, EPCG and Duty Credit Scrip is issued by RA in lieu of the earlier Authorization (which has been cancelled by RA, on the request of the firm, on account of non-registration at the Customs Port), or in case the RA suggests the firm to file application under correct scheme the application fees paid in the earlier Authorization will be adjusted by the RA for the new Authorization. However, a minimum application fee of Rs. 200/- shall be paid for the new Authorization. Head of Office of concerned RA while issuing Authorizations under this provision shall ensure proper linkage with the earlier cancelled Authorization.</p> |
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Impex # 2 "SWIFT" extended to exports

CBEC issues Custom Circular extending the scope of 'SWIFT' from imports to exports as well.

The objective of 'SWIFT' (Single Window Interface for Facilitation of Trade) is to provide the importers/exporters a single window interface for customs clearance of import and export goods thereby reducing interface with Govt. agencies as well as time and cost of doing business. CBEC has already implemented 'SWIFT' for import. To operationalise it in respect of exports, it has now issued Custom Circular No. 1/2017-Custom dt. 04-01-2017 which will cover CITES/Wildlife item at Chennai, Delhi and Mumbai Air Cargo complexes. A copy of the circular is reproduced below:

Extending the Single Window Interface for Facilitation of Trade (SWIFT) to Exports

Copy of Customs Circular No. 1/2017, dated 4th January, 2017

Kind reference is invited to Board's Circulars No. 03/2016 dated 03.02.2016 and No. 09/2015 dated 31.03.2015 regarding the Indian Customs Single Window (SWIFT). This project envisages that the importers and exporters would electronically lodge their Customs clearance documents at a single point only with the Customs. The required permission, if any, from other regulatory agencies would be obtained online without the importer/exporter having to separately approach these agencies. The Single Window provides the importers/exporters a single point interface for Customs clearance of import and export goods thereby reducing interface with Governmental agencies, dwell time and cost of doing business.

2. With the successful implementation of SWIFT for import, it is proposed to implement online-release from Partner Government Agencies (PGAs) for exports from 05/1/2017 onwards as a pilot at Chennai, Delhi and Mumbai Air cargo complexes for CITES/ wildlife items. Under the pilot, Shipping Bills filed online on ICEGATE or through the Service Centre will be referred to the concerned agency, namely WCCB, online for a 'No Objection Certificate' (NOC), if any required. The selection of items to be referred to any agency will be based on criteria specified by the agencies. As in the case of imports, the list of Customs Tariff Heads (CTHs) for which goods require NOC from the Wildlife Crime Control Bureau, shall be published on ICEGATE.

3. For granting NoC for goods entered for export, the offices of the Wildlife Crime Control Bureau are connected to the ICES. The Officers of Wild Life Crime Control Bureau may use the same role in ICES used for import, to process NOC in exports. Once a Shipping Bill is filed, the system will determine whether the consignment contains items requiring NOC from the agency. The system will then automatically re-route the Shipping Bill to the concerned WCCB office for granting NOC. Should the Shipping Bill require processing by Customs, it will happen in parallel.

4. Based on the list of Shipping Bills marked to the WCCB, the Agency's officer will retrieve the Shipping Bill online, and record the decision online on ICES. Should any documents be required for verification, for the time being, the Customs Broker or Exporter would have to produce hard copies of check-lists, export licenses, permits and other certificates/documents as required by the agency, until customs infrastructure is upgraded to "provide uploading of soft copies of such documents. At this stage, the Agency's office may record any of the following:

- (i) Release - No Objection Certificate
- (ii) Out of Scope: Item does not require the Agency's NOC
- (iii) Reject: Item is not permitted for clearance for "Let Export". Agency's office may make a suitable recommendation in respect of the item such as no-export or destruction. (The Agency will record this remark online.) Customs shall take further necessary action on the Shipping Bill.
- (iv) Withhold NOC: NOC has been temporarily withheld for want of further documentation and/or testing after entering suitable remarks in the system by the Agency. These SBs can be retrieved by Agency's office for a further decision (Release/Provisional NOC/Out-of-Scope/Reject) after the information is received.
- (v) Provisional NOC: Presently, WCCB does not grant NOC on a provisional basis.
[Note, if this option can be easily disabled, it may be disabled.]

5. Once NOC [Release/Out of Scope/ or Provisional NOC] is obtained from the concerned agency and assessment by Customs (in cases where assessment is required) is completed, the exporter may register goods or present them for stuffing into containers (in case of containerized cargo). In cases where a sample needs to be drawn, the concerned agency will arrange with the exporter to collect them prior to the issuance of NOC. The rest of the procedure for registration of goods, examination (where required) and 'Let Export Order' will remain as at present. Since, the agency's officer records the NOC online, Customs shall not insist on the physical copy of the NOC.

6. Where the concerned officer of the Agency prefers to reject NOC by choosing option at 4(iii) above, the officer will also enter his remarks online on ICES, which will include a brief note on the basis for rejection so that the concerned Assistant/Deputy Commissioner of Customs can take further action, including adjudication under the provisions of the Customs Act, 1962. In cases where the samples fail to meet the qualifying criteria upon testing, the Agency's officer will also record the same on the system while rejecting the NoC.

Question : How will imports be taxed under GST?

Answer : Imports of Goods and Services will be levied on import of goods and services into the country. The incidence of tax will follow the destination principle and the tax revenue in case of SGST will accrue to the State where the imported goods and services are consumed. Full and complete set-off will be available on the GST paid on import on goods and services.

Question : Can unutilised Input tax credit be allowed as refund?

Answer : Yes, but only in following cases input tax credit will be allowed for refund:

(i)Exports of goods on which export duty is not payable;

(ii)Exports of services;

(iii)Where credit has accumulated on account of rate of tax on inputs being higher than the rate of taxes on Outputs.

Question : What is the time limit for taking refund?

Answer : The person concerned is required to file the application before expiry of two years from the relevant date, as given in the explanation to section 48 of Revised Draft Model GST Law.

Question : Is there any time limit for sanctioning of refund?

Answer : Yes, it is 60 days in all cases, excepting in a case where the refund to the extent of 90% of the total amount claimed is refundable to certain categories of exporters referred to in sub-section (5) of section 48. If refund is not sanctioned within the period of two months, interest will have to be paid by the department.

Question : What is the limit of collateral free loans by Banks?

Answer : Banks are mandated not to accept collateral security in the case of loans upto Rs.10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans upto Rs. 10 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC. Banks may, on the basis of good track record and financial position of the MSE units, increase the limit of dispensation of collateral requirement for loans up to Rs.25 lakh (with the approval of the appropriate authority).

Question : Can I change the buyer after shipments of goods from India as original buyer has defaulted? Do we require RBI approval?

Answer : Prior approval of the Reserve Bank is not required if, after goods have been shipped, they are to be transferred to a buyer other than the original buyer in the event of default by the latter, provided the reduction in value, if any, involved does not exceed 25 per cent of the invoice value and the realisation of export proceeds is not delayed beyond the period of 9 months from the date of export. Where the reduction in value exceeds 25%, relevant conditions prescribed by RBI should also be satisfied.

Advisory for Indian Traders/ Business Delegates Participating in Trade Fairs in China

Embassy of India Beijing - No. PEK/COM/208/3/2016 21 October 2016

Excerpt

In order to maximize the impact, Indian traders/ business delegates should participate in the trade fair/exhibitions in China under the umbrella of relevant Industrial Promotional Councils/ Chambers of Commerce in India. Also, the visit of the delegation should be planned at least 6-12 months in advance in order to book stalls at a suitable location of the venue at competitive rates.