



Week of 2nd October 2017

#### **Facility of furnishing LUT extended to all classes of exporters**

A notification has been issued by CBEC to allow furnishing of Letter of Undertaking (LUT) to all registered persons who intend to export goods or services without payment of IGST except those persons who have been prosecuted for any offence under any of the GST legislations and the amount of tax evaded in such cases exceeds Rs.250,000. Earlier, only specified classes of exporters were eligible to furnish LUT. The remaining exporters had to furnish a bond along with a bank guarantee in case they opted to export without paying IGST. This led to blockage of working capital in the form of bank guarantee for majority of exporters, especially merchant exporters, small scale and medium scale exporters. The issue of cash blockage is expected to be partially addressed by extending the scope of LUT. A circular has also been issued by CBEC to clarify the procedural requirements regarding furnishing of LUT by all exporters.

#### **Amendment in the CGST Rules**

A notification has been issued by CBEC to amend the CGST Rules, 2017 for the eighth time. The amended rules prescribe, inter alia, the following:

- The time period within which migrated taxpayers may apply for cancellation of their GST registration has been extended from 30th September, 2017 to 31st October, 2017. Persons who were registered under any of the earlier indirect tax laws and who have migrated to GST may now cancel their registration within the prescribed time period if they are not liable to be registered under GST.
- The time period for furnishing form GST TRAN-1 in all cases has now been extended from 30th September, 2017 to 31st October, 2017. Earlier, the time period was extended from 30th September, 2017 to 31st October, 2017 only for furnishing and revising form GST TRAN-1 by such persons who wanted to avail the transitional credit in the GST regime.

### **Extension of date to furnish form GST CMP-03**

An order has been issued by CBEC to extend the time limit for furnishing form GST CMP-03 to 31st October, 2017. It may be noted that the said form is to be furnished by a person who opts for composition scheme under GST for intimating the details of stock held by him on the date preceding the date from which the composition scheme has been opted for.

### **Twitter FAQs**

Several clarifications have been issued on the government twitter handle @askGST\_GoI in response to specific questions asked therein. It may be noted that the tweet responses are for educational purposes only and do not hold any legal authority. Some important clarifications are as follows:

- Service tax will be payable on services which are provided before 1st July, 2017 and invoice for the same is also raised before 1st July, 2017 irrespective of when the payment is made for such services.
- It is mandatory for a registered person to file the returns under GST even if there is no income. In such cases, the turnover is to be shown as nil
- GST is not payable on penal charges collected for delayed repayment of loan as repayment of loan does not amount to consideration for any supply.

### **Exporters allowed to make duty free imports under Advance Authorisation licenses**

The Delhi High Court has granted interim relief to exporters and has allowed them to continue making imports under the unexpired Advance Authorization (AA) licenses issued prior to 1st July, 2017 subject to certain conditions. Advance authorisation scheme is an export promotion scheme which allows an exporter to import inputs and capital goods to be used for the purpose of exporting goods and services without paying the applicable customs duty on such imports. With the advent of GST, the exemption under AA scheme has been restricted to only basic customs duty and IGST remains payable on such imports. This is causing liquidity crunch for majority of exporters. The court has found merit in the contention that prospect of IGST being ultimately refunded sometime in future is of little consolation. The court has also specifically stated that the interim direction so issued will only apply to imports made by the exporter for fulfilment of the export orders placed with it prior to 1st July, 2017 and not to any export order thereafter. However, the exporter has to furnish an undertaking to pay IGST along with interest in the event of failing to fulfil export obligation. The interim directions will continue till the final hearing in the matter on 22nd February, 2018.

### **Glossary**

<b>CBEC- Central Board of Excise and Customs</b>	<b>CGST-Central goods and service tax</b>
<b>IGST- Integrated goods and services tax</b>	<b>FAQs- Frequently asked questions</b>
<b>PAN- Permanent account number</b>	

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