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जीएसटी एवं केन्द्रीय उत्पाद शुल्क
आयुक्त का कार्यालय
OFFICE OF THE COMMISSIONER OF
GST AND CENTRAL EXCISE

केन्द्रीय जीएसटी एवम् केन्द्रीय उत्पाद शुल्क आयुक्त का कार्यालय
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OFFICE OF THE COMMISSIONER OF GST & CENTRAL EXCISE
NO. 1, WILLIAMS ROAD, CANTONMENT, TIRUCHCHIRAPALLI - 620 001.

24 JUL 2017

तिरुच्चिरापल्लि / TIRUCHCHIRAPALLI-1

C. No. IV/16/25/2017-GST

Dated: 18.07.2017

GST - Trade Notice No. 09/2017

Sub: GST – Issues related to Bond/Letter of Undertaking for exports without payment of Integrated Tax – Circular No. 4/4/2017-GST dated 07.07.2017 issued by CBEC – Communication -Regarding.

Attention is invited to the Circular No.4/4/2017-GST dated 07.07.2017 issued by the Central Board of Excise & Customs, New Delhi(CBEC), wherein clarifications have been given regarding issues related to Bond/Letter of Undertaking (LUT) for exports without payment of integrated tax.

2. Notification No. 16/2017-Central Tax dated 07.07.2017 has specified the category of exporters who are eligible to export under LUT subject to specified conditions and safeguards. In Circular No. 4/4/2017-GST dated 07.07.2017, CBEC has clarified on issues related to submission of Bond, furnishing of Bank Guarantee for Bond, validity of LUT and acceptance of Bond/LUT by jurisdictional Central Tax Authority or State Tax Authority. CBEC has further clarified that sealing of container under Central Excise supervision shall be done by the officer having physical jurisdiction over the place of business where the sealing is done.

3. This Trade Notice is issued to sensitize the Trade and the field formations about the clarification pertaining to Bond/LUT and sealing of containers. For complete details, the CBEC's Circular No. 4/4/2017-GST dated 07.07.2017 may please be referred to. The texts of the said Circular and the Notification No. 16/2017-Central Tax dated 07.07.2017 are given as Annexures –I and II to this Trade Notice. The said Circular and Notification can be accessed on the website www.cbec.gov.in also.

4. The Trade and Industry Associations/Chamber of Commerce are requested to bring the contents of this Trade Notice to the notice of all their members.

(Issued from file C. No. IV/16/09/2017-GST Pol)

Encl: Annexures I & II.

(S. SRIMATHI)
JOINT COMMISSIONER

To : As per the mailing list.

Copy submitted to : The Principal Chief Commissioner of GST & Central Excise, Chennai.

Copy to: : The Deputy / Assistant Commissioner of GST & Central Excise,
Tiruchirapalli –I/Tiruchirapalli –II/Thanjavur /Karur /
Cuddalore Divisions - To adhere to the Board's Circular and to ensure that no
hardship is caused to the exporters.

The Deputy / Assistant Commissioner of GST & Central Excise, Adjudication /
Anti-Evasion /Audit /Computer /EDPU/Legal & Review/ Policy/TRC, Hqrs Office,
Tiruchirapalli

PS to Commissioner / P.A. to Joint Commissioner, Tiruchirapalli
All Range Offices under all Divisions.
GST Seva Kendra/ Taxpayer Service Cell/PRO., Hqrs Office, Tiruchirapalli

Computer Section, Hqrs Office, For uploading the Trade Notice in the website of
Tiruchirapalli Tiruchirapalli Commissionerate.

Subject: Issues related to Bond/Letter of Undertaking for exports without payment of integrated tax – Reg.

Various communications have been received from the field formations and exporters that difficulties are being faced in complying with the procedure prescribed for making exports of goods and services without payment of integrated tax with respect to furnishing of bonds/Letter of Undertaking. Therefore, in exercise of powers conferred under section 168 (1) of the Central Goods and Services Tax Act, 2017, for the purpose of uniformity in the implementation of the Act, these issues are being clarified hereunder.

2. As per rule 96A of the Central Goods and Services Tax Rules, 2017 (The CGST Rules), any registered person exporting goods or services without payment of integrated tax is required to furnish a bond or a Letter of Undertaking (LUT) in FORM GST RFD-11.

3. Attention is invited to notification No. 16/2017-Central Tax dated 01-07-2017 vide which the category of exporters who are eligible to export under LUT has been specified along with the conditions and safeguards. All exporters, not covered by the said notification, would submit bond. The procedure for submission and acceptance of bond has already been prescribed vide circular No. 2/2/2017-GST dated 4th July, 2017. The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which bond is being furnished.

4. A clarification has been sought as to whether bond to be furnished for exports is a running bond (with debit / credit facility) or a one-time bond (separate bond for each consignment / export). It is observed consignment wise bond would be a significant compliance burden on the exporters. It is directed that the exporters shall furnish a running bond, in case he is required to furnish a bond, in FORM GST RFD -11. The bond would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself. The exporter shall ensure that the outstanding tax liability on exports is within the bond amount. In case the bond amount is insufficient to cover the tax liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability.

5. FORM RFD -11 under rule 96A of the CGST Rules requires furnishing a bank guarantee with bond. Field formations have requested for clarity on the amount of bank guarantee as a security for the bond. In this regard it is directed that the jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter. If Commissioner is satisfied with the track record of an exporter then furnishing of bond without bank guarantee would suffice. In any case the bank guarantee should normally not exceed 15% of the bond amount.

6. As regards LUT, it is clarified that it shall be valid for twelve months. If the exporter fails to comply with the conditions of the LUT he may be asked to furnish a bond. Exports may be allowed under existing LUTs/Bonds till 31st July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31st July, 2017.

7. It is further stated that the Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. However, if in a State, the Commissioner of State Tax so directs, by general instruction, to exporter, the Bond/LUT in all cases be accepted by Central tax officer till such time the said administrative mechanism is implemented. Central Tax officers are directed to take every step to facilitate the exporters.

8. Attention is further invited to circular No. 26/2017 – Customs dated 1st July 2017, vide which it has been clarified that the existing practice of sealing the container with a bottle seal under Central Excise supervision or otherwise would continue till 01st September, 2017. Such sealing shall be done under the supervision of the officer having physical jurisdiction over the place of business where the sealing is being done. A copy of the sealing report would be forwarded to the Deputy/Assistant Commissioner having jurisdiction over the principal place of business.

9. These instructions shall apply to exports on or after 1st July, 2017.

ANNEXURE-II

Notification No. 16/2017 – Central Tax

New Delhi, the 7th July, 2017

G.S.R... ()E.- In exercise of the powers conferred by sub-rule (5) of rule 96A of the Central Goods and Services Tax Rules, 2017, the Central Board of Excise and Customs hereby specifies the conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

i. The following registered person shall be eligible for submission of Letter of Undertaking in place of a bond:-

(a) a status holder as specified in paragraph 5 of 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, and he has not 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 case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

ii. The Letter of Undertaking shall be furnished in duplicate for a financial year in the annexure to FORM GST RFD – 11 referred to in sub-rule (1) of rule 96A of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

Corrigendum

New Delhi, the 10th July, 2017

G.S.R. (E).- In the notification of the Government of India, in the Ministry of Finance, Department of Revenue, No.16/2017-Central Tax , dated the 7th June, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 848(E), dated the 7th July, 2017,-

in line 6, for “paragraph 5” read “paragraphs 3.20 and 3.21”.