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EXPORT UNDER GST

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Introduction

Under GST the export of goods or services or both is considered as a Zero-rated supply. GST will not be levied on export of any kind of goods or services.

With GST in place, the export industry in India would be able to have internationally competitive prices due to the smooth process of claiming input tax credit and the availability of input tax credit on services.

Deemed Export

The supply of goods or services to the following would be treated as exports under GST

1. Supply made to a SEZ unit/ SEZ developer
2. Supply made to an Export oriented undertaking (EOU)

Filing of returns under GST for the deemed export is to be done as per the general procedures provided for export under GST.

Invoicing for Export:

The export invoice should contain the following details :-

(i) the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX",

(ii) name and address of the recipient

(iii) address of delivery

(iv) name of the country of destination

Claim of refund in case of export

The two major supplies for which claim for refund may arise are as follows:-

a) Export of goods or services or both; or

b) Supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit.

In case of zero rated supply the supplier will be entitled to take ITC in respect of goods or services or both used for such supply though they might be non taxable or even exempted supplies.

Every person making claim of refund on account of zero rated supplies has two options:

i. Either he can export under Bond/LUT and claim refund of accumulated Input Tax Credit
ii. Or he may export on payment of integrated tax and claim refund thereon.

Thus we can say that GST allows flexibility to the exporter.

Grant Provisional Refund in Case of Export/Zero Rated Supplies of

Under GST a grant of provisional refund of 90% of total refund claim would be paid within 7 days of giving acknowledgement, in case the claim relates for refund arising on account of zero rated supplies.The provisional refund would not be granted to such supplier who was prosecuted during any of five years immediately preceding the refund period.

Refund of integrated tax paid on goods exported out of India.-

(1) 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 and such application shall be deemed to have been filed only when:-

(a) the person in charge of the conveyance carrying the export goods duly files an export manifest or an export report covering the number and the date of shipping bills or bills of export; and

(b) the applicant has furnished a valid return in FORM GSTR-3 or FORM GSTR- 3B, as the case may be;

(2) The details of the relevant export invoices contained in FORM GSTR-1 shall be transmitted electronically by the common portal to the system designated by the Customs and the said system shall electronically transmit to the common portal, a confirmation that the goods covered by the said invoices have been exported out of India.

(3) Upon the receipt of the information regarding the furnishing of a valid return in FORM GSTR-3 or FORM GSTR-3B, as the case may be from the common portal, the system designated by the Customs shall process the claim for refund and an amount equal to the integrated tax paid in respect of each shipping bill or bill of export shall be electronically credited to the bank account of the applicant mentioned in his registration particulars and as intimated to the Customs authorities.

(4) The claim for refund shall be withheld where,-

(a) a request has been received from the jurisdictional Commissioner of central tax, State tax or Union territory tax to withhold the payment of refund due to the person claiming refund in accordance with the provisions of sub-section (10) or sub-section (11) of section 54; or

(b) the proper officer of Customs determines that the goods were exported in violation of the provisions of the Customs Act, 1962.

(5) Where refund is withheld in accordance with the provisions of clause (a) of sub-rule (4), the proper officer of integrated tax at the Customs station shall intimate the applicant and the Jurisdictional Commissioner of central tax, State tax or Union territory tax, as the case maybe, and a copy of such intimation shall be transmitted to the common portal.

(6) Upon transmission of the intimation under sub-rule (5), the proper officer of central tax or State tax or Union territory tax, as the case may be, shall pass an order in Part B of FORM GST RFD-07.

(7) Where the applicant becomes entitled to refund of the amount withheld under clause (a) of sub-rule (4), the concerned jurisdictional officer of central tax, State tax or Union territory tax, as the case may be, shall proceed to refund the amount after passing an order in FORM GST RFD-06.

(8) The Central Government may pay refund of the integrated tax to the Government of Bhutan on the exports to Bhutan for such class of goods as may be notified in this behalf and where such refund is paid to the Government of Bhutan, the exporter shall not be paid any refund of the integrated tax.

Documentation

- For every claim made the applicant have to attach the statement of invoices pertaining to that claim. In case of export of services the bank realisation certificates evidencing receipt of payment in foreign currency is also required to be submitted with invoices.

- In case of supply to SEZ unit, an endorsement from the Proper Officer evidencing receipt of such goods/services in the SEZ also needs to be submitted. A declaration is also required from the SEZ unit that they have not availed the ITC on the same.

Export under factory stuffing procedures:

In the context of GST, taking into account the obligation of filing GSTR1 and GSTR2 by exporters who are registered under GST, Board intends to simplify the procedure relating to factory stuffing hitherto carried out under the supervision of Central Excise officers. It is the endeavour of the Board to create a trust based environment where compliance in accordance with the extant laws is ensured by strengthening Risk Management System and Intelligence mechanism of the department. Suitable circular in this regard would be issued. Until then the extant instructions on the issue may be followed.

Export would be treated as zero-rated supply. Under zero-rated supply IGST paid on export goods or the input tax credit proportionate to the goods and services consumed in goods exported under bond /LUT would be refunded.
