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UPDATES COVERED :
1 . Relaxation from Bond

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Relaxation from Filing of Bond for Exporters & SEZ Suppliers

- Contributed by CA Sri Harsha & CA Manindar

Brief of Update:

This update pertains to release of notifications and circular regarding providing relaxation from furnishing of bond for all exporters and suppliers to SEZs. The summary of the notification and circular is as under:

The CBEC has issued a Notification No 37/2017 – CT and Circular 8/8/2017-GST dated 4th Oct, 17 regarding furnishing of Letter of Undertaking (LUT) instead of Bond.

Earlier, only certain class of exporters and exporters with certain turnover criterion were allowed to furnish LUT instead of bond along with bank guarantee for export of goods or services outside India or to a SEZ unit or developer. **Now, every exporter and supplier to SEZ have been given the facility to file LUT instead of bond.**

Highlights of Notification 37/2017:

1. Every exporter can furnish LUT instead of bond.
2. **Registered persons who have been prosecuted for any offence under CGST or IGST or any other law in force in a case where tax evaded exceeds Rs 2.5 lakhs have to file Bond and not allowed to file LUT**
3. The facility of LUT instead of bond has been extended in respect of zero rated supply of goods or services to SEZ unit or developer also.
4. LUT shall be filed on letter head in duplicate **for a financial year** as provided in Rule 96A in RFD-11 and to be executed by working partner/MD/CS/authorised person

Highlights of Circular 8/8/2017:

1. There were numerous circulars providing clarity on the aspects of bond/LUT. All such circulars have been rescinded in light of Circular 8/8/17.
2. As stated earlier, requirement of status holder or minimum export turnover of 1 crore has been rescinded and facility of filing LUT has been allowed to all registered exporters except those facing prosecution.
3. If the goods/services are not exported in the time frame provided in Rule 96A (a)/(b), then facility of LUT shall be withdrawn for such period during which the exports are not being complied with.
4. The document required for LUT is only a self – declaration that there are no prosecutions pending on the registered persons which makes him ineligible for furnishing of LUT instead of bond.
5. The LUT has to be accepted by authorities within 3 working days from the date of receipt. If not accepted within 3 working days, it is deemed that the LUT has been granted.
6. The bond, whenever applicable shall be furnished on non-judicial stamp paper of the value as applicable in the state in which the bond is required to be furnished.
7. The bond shall be a running bond covering the tax amount on exports. Exporter shall ensure the tax amount is always lower than the bond amount.



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