



#11

10/18

DEBT EQUITY

GST

GOODS & SERVICES TAX

Audit

SBS



UPDATES COVERED:

1. GST UPDATES FOR THE MONTH OF OCTOBER 2018
— BULLETIN II

FEMA

**INCOME
TAX**



SBS AND COMPANY LLP
CHARTERED ACCOUNTANTS

GST UPDATES FOR THE MONTH OF OCTOBER 2018 - BULLETIN II

- Compiled by Indirect Tax Division

NOTIFICATIONS

1. RATIONALISING THE RESTRICTIONS TO CLAIM REFUND OF IGST PAID ON EXPORTS WHEN GOODS ARE IMPORTED UNDER EOU OR EPCG SCHEME:

Rule 96 of CGST Rules, 2017 prescribes for refund of IGST paid on export of goods. Sub-rule (10) of the said rule prescribed a condition that the exporter of goods should not have procured the goods from a supplier who is availing deemed export benefit or procuring goods at a concessional rate of 0.1% as applicable to a merchant exporter or importing goods under EOU or EPCG scheme. In such cases, the Exporter must compulsorily export the goods under bond or LUT and can claim refund of accumulated ITC on actual basis to the extent of inputs used for exports under Rule 89(4B). Vide Circular No. 45/19/2018-GST dated 30.05.2018, it has been clarified by CBIC that the said restriction is only applicable to those exporters who are receiving goods from those suppliers availing the above said benefits. The restriction is not applicable to exporters who are directly importing the goods under EOU or EPCG scheme. Notification 39/2018-Central Tax dated 04.09.2018 has been issued to apply the said restriction retrospectively to exporter of goods who are importing the goods directly on their own under EOU or EPCG scheme.

This unexpected retrospective amendment denied refund for many of the exporters who have already imported goods under EOU or EPCG scheme and exported their goods by paying IGST. After due representations of the unwarranted hardship, the retrospective applicability of said restriction has been taken away and the said restriction is applicable prospectively from 09.10.2018. Further, the restriction is limited to imports under EOU scheme only and is not applicable to imports under EPCG scheme. Further, Rule 89(4B) is also amended in this context to provide that in cases where exporters have imported goods under EOU scheme, the refund of accumulated ITC can be given to the extent of actual availment of ITC on inputs used for exports.

{NOTIFICATION 53/2018 – CENTRAL TAX AND 54/2018-CENTRAL TAX DATED 09.10.2018}

The updates are - Compiled by Indirect Tax Division

✉ harsha@sbsandco.com

✉ manindar@sbsandco.com