भारत सरकार **GOVERNMENT OF INDIA**
वित्त मंत्रालय **MINISTRY OF FINANCE**
राजस्व विभाग **DEPARTMENT OF REVENUE**
मुख्य आयुक्त का कार्यालय
OFFICE OF THE CHIEF COMMISSIONER
केन्द्रीय कर, केन्द्रीय उत्पाद शुल्क एवं सीमा शुल्क
CENTRAL TAX, CENTRAL EXCISE & CUSTOMS
तिरुवनंतपुरम क्षेत्र, **THIRUVANANTHAPURAM ZONE**
केन्द्रीय राजस्व भवन, **CENTRAL REVENUE BUILDING**
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Trade Notice No.08/2017-GST
Dated 20.07.2017

Subject: Exports without payment of Integrated Tax – Issues related to Bond / Letter of Undertaking - Regarding.

The copy of the following circular issued by the Government of India, Ministry of Finance, Department of Revenue, Central Board of Excise & Customs, GST Policy Wing, New Delhi is communicated herewith for information, guidance and necessary action.

Sl.No.	Circular No. and Date	Ref. No. of Issuing Authority	Subject
1.	4/4/2017-GST dated 07.07.2017.	F.No.349/82/2017-GST	Issues related to Bond/Letter of Undertaking for exports without payment of integrated tax.

(Issued from file C.No.IV/16/232/2017-CC(TZ)-GST CELL)
(Hindi Version will follow)

Encl : As above.

20.07.2017
(Pullela Nageswara Rao)
Chief Commissioner

Copy to:
(1) Distribution list I, II and III of Thiruvananthapuram Zone.
(2) The Principal Commissioner, Central Tax, Kochi.
(3) The Commissioner, Central Tax, Thiruvananthapuram/ Kozhikode/Audit/Appeal/Customs, Custom House, Kochi.
(4) Notice Board/Supdt.EDP/ Hindi Section.

Circular No. 4/4/2017-GST

F. No. 349/82/2017-GST
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs
(GST Policy Wing)

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New Delhi, the 7th July, 2017

To,

The Principal Chief Commissioners / Chief Commissioners / Principal Commissioners/ Commissioners of Central Tax (All)

Madam/Sir,

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 furnisha bond or a Letter of Undertaking (LUT) in FORM GST RFD-11.

3. Attention is invited to notification No. 16/2017-Central Tax dated 01-07-2017vide 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-GSTdated 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 soughtas 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 directedthat 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/LUTshall 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 forassigning of taxpayersto 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. It is requested that suitable trade notices may be issued to publicize the contents of this circular.Difficulty, if any, in the implementation of the above instructions may please be brought to the notice of the Board. Hindi version would follow.

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(Upender Gupta)
Commissioner (GST)