भारत सरकार GOVERNMENT OF INDIA
वित्त मंत्रालय MINISTRY OF FINANCE
राजस्व विभाग DEPARTMENT OF REVENUE
प्रधान आयुक्त का कार्यालय
OFFICE OF THE PRINCIPAL COMMISSIONER
केन्द्रीय उत्पाद शुल्क, सीमा शुल्क और सेवा कर
CENTRAL EXCISE, CUSTOMS & SERVICE TAX
कोच्चिन, COCHIN
केन्द्रीय राजस्व भवन, CENTRAL REVENUE BUILDING
आई. एस. प्रेस रोड, कोच्चि, I.S. PRESS ROAD, KOCHI-682 018
E-mail: cexcochi@nic.in Fax: 0484-2390608 Phone: 0484-2390404

प.सं.C. No. IV/16/09/2017-Tech **दिनांक/Date:21.08.2017**

व्यापार सूचना सं./ TRADE FACILITY NO: 12/2017 - Central Tax

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

Ref: - F. No. 349/82/2017-GST

Kind attention is invited to Board's Circular No. 4/4/2017-GST dated 7th July, 2017 on the above subject.

2. 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.

3. 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.

4. 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-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.

5. 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.

6. 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.

7. 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.

8. 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 tax payers 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.

9. 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.

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

All the Trade Associations are requested to bring the contents of this Trade Notice to the attention of their members in particular and the trade in general.

21.08.2017

पुलेला नागेश्वर राव/ Pullela Nageswara Rao
प्रधान आयुक्त/Principal Commissioner

सेवा में/ To

1. प्रेषण सूची -1 व 2 के अनुसार / As per DL-I & II of Cochin Commissionerate

प्रति प्रस्तुत है / Copy submitted to :-

मुख्य आयुक्त कार्यालय / The Chief Commissioner's office