

To prevent cash blockage of exporters due to upfront payment of GST on inputs, etc the GST Council in its meeting held on 6th October, 2017, has approved two proposals, one for immediate relief and the other for providing long term support to exporters. Immediate relief is being given by extending the Advance Authorization (AA) / Export Promotion Capital Goods (EPCG) / 100% EOU schemes to sourcing inputs etc. from abroad as well as domestic suppliers. Holders of AA / EPCG and EOUs would not have to pay IGST, Cess etc. on imports. Also, domestic supplies to holders of AA / EPCG and EOUs would be treated as deemed exports under Section 147 of CGST/SGST Act and refund of tax paid on such supplies given to the supplier.

Further, merchant exporters will have to pay nominal GST of 0.1% for procuring goods from domestic suppliers for export.

Accordingly, the Government has issued Notification No. 40/2017-Central Tax (Rate) dated 23rd October, 2017 in which it is stated that the intra-State supply of taxable goods (hereafter in this notification referred to as “the said goods”) by a registered supplier to a registered recipient for export shall be liable to tax at the rate of 0.05 per cent Central Tax (0.05 per cent State Tax) subject to fulfilment of the following conditions, namely: –

- i. the registered supplier shall supply the goods to the registered recipient on a tax invoice;
- ii. the registered recipient shall export the said goods within a period of ninety days from the date of issue of a tax invoice by the registered supplier;
- iii. the registered recipient shall indicate the Goods and Services Tax Identification Number of the registered supplier and the tax invoice number issued by the registered supplier in respect of the said goods in the shipping bill or bill of export, as the case may be;
- iv. the registered recipient shall be registered with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce;
- v. the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier;
- vi. the registered recipient shall move the said goods from place of registered supplier directly to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported; or directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depot, Airport or Land Customs Station from where the said goods are to be exported;
- vii. if the registered recipient intends to aggregate supplies from multiple registered suppliers and then export, the goods from each registered supplier shall move to a registered warehouse and after aggregation, the registered recipient shall move goods to the Port, Inland Container Depot, Airport or Land Customs Station from where they shall be exported;
- viii. in case of situation referred to in condition (vii), the registered recipient shall endorse receipt of goods on the tax invoice and also obtain acknowledgement of receipt of goods in the registered warehouse from the warehouse operator and the endorsed tax invoice

and the acknowledgment of the warehouse operator shall be provided to the registered supplier as well as to the jurisdictional tax officer of such supplier; and

- ix. when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier.

The registered supplier shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.

The same provisions are applicable for inter-State supplies also vide Notification No. 41/2017-Integrated Tax (Rate) dated 23rd October, 2017.

The above mentioned tax rate is notified in line with recommendations of the 22nd GST Council Meeting held on 6 Oct. 2017. In light of the above notification, merchant exporters can procure goods from another registered supplier at GST rate of 0.1% subject to fulfillment of above mentioned conditions.