

GST Changes and Implications for Exporters

The GST council in its 22nd meeting made few important announcement particularly for the purpose of addressing concerns of the exporters. The relevant press releases are attached.

Some of the key proposals from an IT/ ITeS sector perspective

- It has been clarified that the refund mechanism is currently being developed. However, it was said that refunds would for now be granted by way of cross empowerment, i.e. both by States as well as Centre. Proposed dates for sanctioning of refunds for first 2 months are as under:
 - For July 2017 – by October 10, 2017
 - For August 2017 – by October 18, 2017

Given that the online facility for filing of refund claims is yet to be enabled, it would be need to be seen how the timelines proposed will be met.

- It has been proposed to introduce an e-wallet for exporters. The notional amount would be extended as an advance refund by the Government. Exporters would be allowed to utilise such credit/ amount towards payment of IGST. The refund would ultimately be offset to the extent of advance refund. This reduces the working capital impact and addresses the ask of NASSCOM in its recommendations filed to have a system of set-off akin to the one available under the EU VAT laws for GST on imports.
- Payment under reverse charge for purchases from unregistered dealers suspended until March 31, 2018. This comes as a big relief to taxpayers, as it significantly reduced unnecessary compliance burden that was caused by the provision.
- EOUs (including STP units) will be allowed to import inputs without payment of IGST, cess, etc. Further, supply of goods to EOUs by domestic suppliers will be treated as deemed exports under section n147 of CGST/ SGST Act basis which input tax credit relating to such supplies will be refunded . This is much awaited relief for STP units for which upfront exemption was withdrawn.
- Refunds of IGST paid on supplies to SEZs and of inputs taxes on exports under Bond/LUT shall be processed from 18.10.2017 onwards
- Introduction of e-wallet facility – Advance refund would be granted. Such credit can be used to pay IGST, etc. This is proposed to be made operational from April 1, 2018. While the mechanics of the scheme are awaited, this again would be advantageous for exporters.
- Exporters have been exempted from furnishing Bond and Bank Guarantee when they clear goods for export.
- GST rate on sale of duty scrips has been revised from 5% to 0%.

Key proposals from an e-commerce perspective

- E-waybill to be introduced in a staggered manner from January 1, 2018 and rolled out nationwide from April 1, 2018.
- TCS deferred to March 31, 2018.

Other proposals

- Quarterly return as well as quarterly tax payment for small businesses with turnover of Rs 1.5 crore or less proposed. The switchover to take place from October 1, 2017 (Credit can be availed by customers of such small taxpayers on self-assessment basis in GSTR-2 on a monthly basis)
 - First quarterly return to be filed in January 2017
 - No changes in GSTR 3B filing till December 2017
 - No changes in GSTR-1 filing for July 2017
 - August and September GSTRs – timetable to be issued
- Requirement to pay GST on receipt of advances towards supply of goods is dispensed with for taxpayers having turnover of Rs 1.5 crores.
- GST rate on leasing of old vehicles (transitional leases)– abatement of 35%

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