

Government of India  
Ministry of Commerce & Industry  
Directorate General of Foreign Trade  
Udyog Bhawan, New Delhi

Date: 30.06.2017

**Trade Notice No 11 /2018**

To,

1. All RA's of DGFT
2. Members of Trade and Industry
3. All EPCs/Commodity Boards

Subject: Important FTP provisions in the context of the implementation of the GST regime applicable w.e.f. 01.07.2017

The chapter wise provisions of the FTP 2015-20:

**General Provision:**

- With effect from July 1, 2017, the term “Central Excise Authority” used in Foreign Trade Policy 2015-20 and Foreign Trade procedures 2015-20 should be read as “Jurisdictional Customs Authority”.

**Chapter 2:**

Changes in IEC notified through Trade Notice No.09/2018 dated 12.06.2017

**Chapter 3**

- The Duty Credit Scrips (issued under Chapter 3 of the FTP) cannot be used for payment of IGST and GST compensation cess in imports, and CGST, SGST, IGST and GST compensation cess for domestic procurement.

#### **Chapter 4:**

- Under the GST regime, no exemption from payment of Integrated GST and Compensation Cess would be available for imports under Advance Authorisation.
- Importers would need to pay IGST and take input tax credit as applicable under GST rules.
- However, imports under Advance Authorisation would continue to be exempted from payment of Basic Customs Duty, Additional Customs Duty specified under Section 3(1), 3(3) and 3(5) of the Customs Tariff Act, Education Cess, Anti-dumping Duty, Safeguard Duty and Transition Product Specific Safeguard Duty, wherever applicable.
- Applicable GST would need to be paid while making local procurement, using an invalidation letter of Advance Authorisation/DFIA. Recipient of goods can take Input Tax Credit (ITC) of the GST paid on such local procurement. This Input Tax Credit can be utilized as per GST rules.
- Advance Release Order facility shall not be available for procurement of inputs under Advance Authorization scheme except for inputs listed in Schedule 4 of Central Excise Act, 1944 read with The Taxation Laws (Amendment) Act 2017 No 18 of 2017, with effect from July 1, 2017. RAs are directed not to issue ARO except for Schedule-4 items as stated above.
- Imports/exports under the replenishment schemes for the Gems and Jewellery sector covered under chapter 4 of FTP and HBP shall be subject to Customs Notification issued/ to be issued in this regard.

#### **Chapter 5:**

- Importers would need to pay IGST and take input tax credit as applicable under GST rules.
- ARO facility shall not be available for sourcing of Capital Goods manufactured indigenously

## Chapter 6:

- **Imports by EOU/ EHTP/STP/BTP:**

EOU are allowed duty free Imports of goods for their authorised operations. In GST regime, the import of goods covered under GST would be exempted from the whole of the duty of customs specified under the First Schedule to the Customs Tariff Act, 1975 (BCD) enabled by Notification no. 52/2003 – Cus. But such goods would attract integrated tax and compensation cess leviable under sub- section (7) and (9) of the said Act. The taxes so paid on imports will be neutralized by ITC.

The import of goods covered under Fourth Schedule of the Central Excise Act would be exempted from the whole of the duty of customs specified under the First Schedule to the Customs Tariff Act, 1975 (BCD) and also from the additional duty leviable under sub- sections (1),(3) and (5) of section (3) of the said Act (CVD & SAD) enabled by Notification no. 52/2003 – Cus.

- **Domestic procurements:**

For the indigenous procurement of goods covered under GST, the EOU will not get ab-initio exemptions. Such supplies would be on payment of CGST/SGST/UTGST/IGST. The taxes so paid will be neutralized by ITC. For the indigenous procurement of goods covered under Fourth Schedule, the EOU will continue to get ab-initio exemptions from central excise duty.

- **DTA clearances of finished goods covered under GST:**

EOUs would be required to pay only CGST & SGST or IGST, as the case may be, besides paying back of whole of the duty of customs specified under the First Schedule to the Customs Tariff Act, 1975 (BCD) exemptions, if availed, on inputs used in manufacture of such finished goods.

The DTA clearances of finished goods covered under Fourth Schedule of the Central Excise Act, 1944, the EOUs would be required to pay central excise duty equal to the aggregate of duties of customs in view of proviso to Section 3(1) of the Central Excise Act, the effective rate of such duties being covered by Notification no. 23/2003 – CE.

- **Inter unit transfer/supply for EOU to other EOUs:**

Applicable GST would be payable on the transfer/supply of goods from one unit of EOU / EHTP / STP / BTP to another.

## Chapter 7:

- **Supplies made prior to the date of operationalization of GST:**

The supplies made to different deemed exports categories till the date prior to the date of operationalization of GST, the benefits would be available as per the provisions existed till the date of operationalization of GST.

- **Supplies after the date of operationalization of GST:**

- Advance Authorization benefits under Chapter 4 shall be available for supplies under Chapter-7. The duty exemption benefits under AA would be limited to exemption from basic custom duty only. The exemption for items under Central Excise would be available for the items which continue under Schedule 4 of Central Excise Act, 1944 provided the items are eligible under the Advance Authorization.
- **Deemed Export Drawback:** The drawback as provided under Chapter 7 would be limited to the refund of basic custom duty only. In respect of eligible items covered under Schedule 4 of Central Excise Act, 1944 refund would also be covered under the drawback provided the item is eligible for such supply.
- **The TED refund :** TED refund would be available only if exemption is not available in respect of items covered under Schedule 4 of Central Excise Act, 1944 provided the items are eligible for supply under the said category of deemed exports

This is issued with the approval of Competent Authority.



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