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OFFICE OF THE COMMISSIONER OF CUSTOMS,
AIRPORT SPECIAL CARGO, COURIER CELL,
AVAS CORPORATE POINT, MAKWANA LANE,
SAHAR, ANDHERI (EAST), MUMBAI-400 099.

F. No. AIR/CUS/50/CC/275/2010

Date: 28.06.2017

Public Notice 02/2017

**Subject: Implementation of GST in Customs – Changes in BE/SB
Declaration – Reg.**

Attention of Importers/Exporters, Custom Brokers & Trade is invited to Implementation of GST from 1st July, 2017. Reference is also invited to Taxation Law (Amendments) Act, 2017 (18 of 2017), bringing out amendments in Customs and Central Excise legislations in alignment with GST implementation. Further reference is invited to various decisions in GST Council meeting, documentation of the same in CBEC Website and also the advisory issued by Member(Customs) vide D.O. letter dated 20.6.17 on Customs related matters on introduction of Goods and Service Tax regime.

2. The legislations referred above have necessitated changes in Bill of Entry and Shipping Bill declarations. The salient features of these changes in the format of the declarations are enumerated below for easy reference and compliance.

Changes in Bill of Entry:

3. The Changes in Bill of Entry can be broadly listed as follows:

- a) Levy and Collection of IGST
- b) Declaration of CETH
- c) Identification of GST Beneficiary
- d) Seamless credit flow based on online reconciliation of IGST with GST return.

4: Levy and Collection of IGST :

- (i) The Taxable Value for calculation of IGST value is laid out as per Section 3(8) of the Customs Tariff Act. The IGST and GST Compensation Cess would be collected as Additional Duty of Customs under section 3(7) and 3(9) of the Customs Tariff Act.
- (ii) The IGST rates are notified by Central Government through a Notification under Section 5 of IGST Act, 2017. The percentage rate of integrated tax in respect of goods specified are in respective

schedules. Similar is the case for GST Compensation Cess Schedule under Section 8(2) of GST (Compensation to States) Act, 2017. The importer shall have to quote the notification number and serial number in the format <SCH><SL.NO>(Schedule suffixed by serial No of the schedule) for levy of IGST rate. For instance, under Schedule II and for an item under Serial Number 3, the serial number in the declaration should be "113".

- (iii) The IGST Exemption can also be availed if applicable, by quoting notification issued under section 6 of IGST Act or Customs Act as applicable. Similar is the case for Compensation Cess under Section 8(2) of GST (Compensation to States) Act, 2017.

5. Declaration of CETH:

The Central Excise Tariff shall get stand amended w.e.f. the day the Taxation Law (Amendments) Act, 2017 comes into force. In such a scenario, the Central Excise levy is applicable on certain goods, while it is not applicable on certain goods. Wherever the additional customs duty (CVD) is levied, CETH as applicable may be declared. In case of Non-Applicability of CETH, "NOEXCISE" should be quoted.

6. Identification of GST Beneficiary:

To avail IGST Benefits on Imports, declaration of State Code and GSTIN in Bill of Entry is mandatory. The same needs to be added in CTX Table of the BE Declaration. In any case of non availment of IGST, State Code along with one of the other Identity proof listed below needs to be provided, so as to enable apportionment to the respective states.

Descripti on (1)	GSTIN- Imp. (2)	Regn_Type (3)	Type of IEC to be declared (4)	GST Benefit (6)
GSTIN Normal	G	TP,CMP,CAS, ISD,NR,TDS,	Individual	Yes
GSTIN Govt	O	GOV	Generic IEC of Govt.	Yes
GSTIN UN	D	UN	Generic IEC of Diplomats	Yes
Aadhaar	A		Indivi./Generic	No
Passport	P		Indivi./Generic	No
PAN	I		Indivi./Generic	No
TAN	T		Indivi./Generic	No

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To summarize, Every importer needs to declare their State of Destination as State Code, GST Type as in Column (2) and GSTIN/Identification Code in their Bill of Entry.

It may be noted that benefits of Credit flow can happen only when GSTIN is quoted correctly and is matched with GSTN; Valid or active Provisional ID can be quoted in lieu of GSTIN. However, credit would flow only when the same Provisional ID is used to file returns.

7. Seamless Credit flow based on Online Reconciliation of IGST with GST Return:

In the Pre-GST Era, physical copy of Bill of Entry needs to be submitted to avail the input tax credit of Additional Duty of Customs. Similarly, Physical application along with supporting documents needs to be submitted as per laid out procedure for refund of Special Additional Duty of Customs. With the Implementation of GST, there would be seamless credit flow of IGST to the GSTIN Beneficiary mentioned in the Bill of Entry on filing of Returns. However to avail the IGST credit, the importer needs to mention the Port Code, Bill of Entry Number, Bill of Entry Date, aggregate IGST Taxable value, Total IGST Amount, Total GST Compensation Cess in the GST Return which would be validated online with ICEGATE.

For the benefit of the Importers, the above details would be made available in the Final copy of the Bill of Entry.

8. IGST Availment in case of Manual Bill of Entry :

Since all the validation related to IGST refund or flow of IGST credit would happen electronically between Customs EDI and GSTN, it is imperative here that the required data is captured electronically without fail for all the imports and exports whether or not they are made through EDI locations. In case of EDI locations, Board has issued instructions vide F.No. 401/81/2011-Cus III dated 2nd June 2017 wherein it is envisaged that any manual bill of entry or shipping bill in EDI locations need to be filed following the procedure laid out in the above instructions.

Changes in Shipping Bill:

9. The Integrated Goods and Services Tax Act, 2017, under section 16 provides that *export of goods or services or both and supply of goods or services or both to a Special Economic Zone developer or a Special Economic Zone unit shall be zero rated supply* and credit of input tax may be availed for making zero-rated supplies, notwithstanding that such supply may be an exempt supply. The section further lays down that a registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—

(a) he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or

(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such tax paid on goods or services or both supplied.

10. Under the GST Laws, taxpayers would be filing their outward supply returns on GSTN for all the supplies made by them including exports. For exports, they will be required to quote the Shipping Bill and export invoice details which shall be validated by the Customs EDI system. The confirmation of the export by Customs shall be made once the EGM is filed and closed. Based on this validation only the taxpayer (exporter) shall be granted refund of the IGST paid by him on the exported goods. This validation shall also act as the proof of export in case the exporter has made the supply under bond or LUT without payment of IGST. For facilitating the above, Shipping Bill forms have also been modified to capture the necessary details.

11. GSTIN Entity Identification

To avail IGST Benefits on Exports, declaration of State Code and GSTIN in Shipping Bill is mandatory. The same needs to be added in SB Main Table of the SB Declaration. In any case of non availment of IGST, State Code along with one of the other Identity proof listed below needs to be provided.

Descripti on (1)	GSTIN- Exp. (2)	Regn_Type (3)	Type of IEC to be declared (4)	GST Benefit (6)
GSTIN Normal	GSN	TP,CMP,CAS ,ISD,NR,TDS	Individual	Yes
GSTIN Govt	GSG	GOV	Generic IEC of Govt.	Yes
GSTIN UN	GSD	UN	Generic IEC of Diplomats	Yes
Aadhaar	ADH		Indivi./Generic	No
Passport	PSP		Indivi./Generic	No
PAN	PAN		Indivi./Generic	No
TAN	TAN		Indivi./Generic	No

12. IGST Payment Details

Following fields shall have to be captured to either sanction refund in case exports are made on payment of IGST or, give the proof of exports in case exports were made under bond/LUT without payment of IGST.

IGST Payment Status – To indicate whether the exports are being made on:

P – Payment of IGST

LUT – Under Bond or LUT

NA – Where IGST is not applicable, i.e. the supply is non-taxable; including exports made by non GST registered exporters

13. Taxable Value and IGST Paid

Since the actual quantity and value of the goods finally exported may sometimes be at variance with that indicated on the export invoice, these particulars have to be individually declared for every item. Here, Taxable Value is the value of the item actually being exported on which IGST has been paid. In case of short shipments due to shut out/back to town, IGST has to be calculated proportionately item wise in the invoice based on the actual quantity of exports.

This is further explained by the following illustration:

Illustration:

An exporter raises an export invoice as below:

Item	Quantity (Units)	Unit Price (Rs)	Total Price	IGST (Rs)
A	1000	200	2,00,000	24,000
B	2000	100	2,00,000	24,000
		Total	4,00,000	48,000

Due to some reasons, he finally exports only 900 units of Item A and 1900 units of Item B. For his shipping bill, the Taxable value and IGST of each item shall be calculated in proportion of the actual quantity shipped to the quantity on export invoice, i.e.

For Item A

Taxable Value = $(900/1000) \times 2,00,000 = \text{Rs } 1,80,000$

IGST Paid = $(900/1000) \times 24,000 = \text{Rs } 21,600$

For Item B

Taxable Value = $(1900/2000) \times 2,00,000 = \text{Rs } 1,90,000$

IGST Paid = $(1900/2000) \times 24,000 = \text{Rs } 22,800$

The taxable value shall be matched with the export invoice particulars declared in the GST return, i.e. the invoice on which IGST was paid. No other invoice like Commercial Invoice etc. should be used for computation of Taxable Value and IGST paid. The refund of IGST shall then be limited to the IGST paid on the goods actually exported, i.e. Rs 44,400 in the above illustration.

14. Export Invoice & Item :

Export Invoice should be compliant to GST Invoice Rules (not exceeding sixteen characters containing only alphabets, numerals and two special characters ("/" and "-").

The export invoice should be issued by the supplier cum exporter in compliance with the GST Invoice Rules. It may also be noted that as per the GST Invoice Rules, in case of export of goods or services, the invoice shall carry an endorsement "SUPPLY MEANT FOR EXPORT ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX", as the case may be, and shall also contain the following details: (i) name and address of the recipient; (ii) address of delivery; and (iii) name of the country of destination.

Other details to be given in the invoice table of the Shipping Bill shall include Third Party remittance details as per RBI requirements, Terms Place (INCOTERMS), End Use (as per the codes available in Imports) etc., as the case may be.

The End Use of the Item should be declared against each of the item. The list is provided in Annexure-I.

15. Transitory Provisions for BE :

The Advance/Prior BE filed before the implementation of GST and regularized for implementation may not have relevant declarations for Duty and GSTIN Identifier details. In such clearances may not be allowed in the system..

The Importers may seek to reassess the same by feeding applicable IGST notifications and GSTIN identifier during the assessment. GSTIN Identifier.

State Code, GSTIN type and GSTIN Code would be allowed to enter afresh during assessment, only if the same is blank. The GSTIN Identifier cannot be modified at later stages.

16. The difficulty in the implementation of the above changes may be brought to the notice of System Manager, Additional Commissioner of

Customs, Airport Special Cargo, 6th Floor, Avas Corporate Point, Makwana
Lane, Andheri-Kurla Road, Behind S.M. Centre, Andheri (E), Mumbai 400
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Vinay Singh

Vinay Brij Singh
Commissioner of Customs
APSC, Mumbai