



GST UPDATE FOR EOU/STP/EHTP/BTP UNITS

CMA ASHOK B NAWAL

Council Member

When GST was implemented w.e.f. 1st July 2017, EOU, STP, EHTP, BTP Units, were at par with normal Domestic Unit as far as GST is concerned. However, Notification Number. 59/2017 Cus. dtd 13th June 2017 was amended for exempting Basic Customs Duty (BCD) on imports by EOU and amending notification No. 52/2003 Cus. dtd/ 31.03.2003 as amended and Basic Custom Duty saved on imports of raw material was required to pay on DTA Sale. Thereafter, EOU, STP, EHTP, BTP Units were adversely affected and they were facing lot of liquidity crunch due to high requirement of working capital. The difficulties faced by EOU, STP, EHTP, BTP Units were considered by GST Council in their meeting dtd. 6th October 2017 and subsequently number of notifications and circulars are issued so as to remove the difficulties faced by such units.

Sr. No.	Particulars	Update	Notification No / Circular No / Order No	Author's Comments
1	EOU -Import Procurement	EOUs will be entitled to import the goods without payment of IGST upto 31.03.2018	Notification 78/2017-Cus dated 13.10.2017	No blockage of working capital to the extent of IGST on import
2	Supplies to EOU	Supply of goods by a registered person to Export Oriented Unit is notified as Deemed Export	Notification No. 48/2017-Central Tax dated 18.10.2017	Supplier can claim the refund of GST rather than recipient to avail the ITC and apply for the refund. Thereby, there will be a reduction in working capital.
3	Deemed Export Benefit	Refund of GST paid on supplies to EOU can be claimed by Supplier or by EOU unit	Rule 89 (1) of CGST Rules dated 30.10.2017	Purchase order needs to be revised to that extent.
4	No IGST on Advance Authorization / EPCG	Import against EPCG / Advance authorisation will exempted from payment of IGST till 31.03.2018	Notification 79/2017-Cus dated 13.10.2017	Supplier can avail advance Authorization benefit (Saving of Import duty on imported inputs) since supplies to EOU can be considered for fulfillment of export obligation. Material prices can be negotiated with the supplier to EOU accordingly.

Sr. No.	Particulars	Update	Notification No / Circular No / Order No	Author's Comments
5	EOU - Local Procurement	<p>Procedure for procurement of goods by EOU from domestic supplies has been defined.</p> <ol style="list-style-type: none"> 1. EOU to give prior intimation in a prescribed proforma in "Form-A" <ol style="list-style-type: none"> a. To registered Supplier, b. Jurisdictional GST officer in charge of such registered supplier and c. Own Jurisdictional GST officer 2. Supplier to supply the goods on Tax Invoice 3. EOU to endorse the tax invoice and send a copy of the endorsed tax invoice to: <ol style="list-style-type: none"> a. Registered Supplier, b. Jurisdictional GST officer in charge of such registered supplier and c. Own Jurisdictional GST officer 4. endorsed tax invoice will be considered as proof of deemed export supplies by the registered person to EOU 5. EOU to maintain records of such deemed export supplies in digital form, based upon data elements contained in "Form-B. 6. EOU to enter data accurately and immediately upon the goods being received in, utilized by or removed from the said unit 7. Digital copy of Form - B containing transactions for the month, shall be provided to the jurisdictional GST officer, each month (by the 10th of month) in a CD or Pen drive 	CGST Circular No 14 dated 06.11.2017	<ol style="list-style-type: none"> 1. Discussion to be initiated with Suppliers for effective compliance and to decide who will claim the refund and PO terms to be defined accordingly 2. System to be set to generate Form A and Form B for local procurement 3. Process to be set for intimation and compliance
6	GST Registration	Service providers providing interstate supplies of services and having aggregate turnover upto Rs. 20 lacs or Rs. 10 lacs in case of special category states are exempted from obtaining GST registration	Notification 10/2017 dated 13.10.2017 - IGST	
7	GST on advance received for goods	Supplier of goods is not liable to pay tax on receipt of advance in case his aggregate turnover is below Rs. 1.50 Crore in preceding year or likely to be below said limit for newly registered person	Notification No. 40/2017 - Central Tax dated 13.10.2017	Registered Supplier of services is liable to pay tax even on advances received irrespective of amount of turnover but it is very difficult to ascertain the turnover of supplier who are exempted from payment of GST on advances having turnover less than Rs.1.5 Cr in preceding year

Sr. No.	Particulars	Update	Notification No / Circular No / Order No	Author's Comments
8	Exemption for Purchases from un-registered dealer	Registered person need not to pay CGST and SGST on any supplies of goods or services received from unregistered person. This exemption effective from 13 October 2017 upto 31 March 2018	Notification 38/2017- Central Tax (Rate) dated 13.10.2017	No more compliance for GST on RCM purchases. There will be no outflow of cash on account of RCM and thereby, accumulation of credit will be lesser resulting into the less working capital requirement and application of refunds. Further, compliances on account of creating invoices on RCM is reduced.
9		Registered person need not to pay IGST on any interstate supplies of goods or services received from unregistered person. This exemption effective from 13 October 2017 upto 31 March 2018	Notification 32/2017 dated 13.10.2017 - IGST Rate	
10	Revised Date of GST Returns	1. GSTR-2 of July 2017 = 30.11.2017 2. GSTR-3 of July 2017 = 11.12.2017 3. GST TRAN - 01 (Original and revised) = 30.11.2017 4. GST REG - 26 = 31.12.2017 5. GST ITC - 04 = 30.11.2017 6. GST CMP - 03 = 30.11.2017	1. Notification No. 54 /2017 2. Notification No. 54 /2017 3. Order no. 07/2017 and Order no. 08/2017 - Central Tax 4. Order no. 06/2017- Central Tax 5. Notification no. 53/2017 - Central Tax 6. Order no. 05/2017- Central Tax	Returns to be filed immediately without waiting till the last date
11	Refund of GST paid on Exports	Refund of GST paid on export has been started from 10.10.2017	-	Refund has been initiated on the basis of GSTR 3B as well GSTR1. This needs to be applied immediately.
12	DTA Sale	If Sale of finished goods / scrap/ by product / rejected goods is made in DTA in accordance with Para 6.8 of the Foreign Trade Policy then Basic Custom Duty forgone will have to be paid before clearance of the goods in DTA.	Notification No. 59/2017 Cusdtd. 30.06.2017	For making a DTA Sale under para 6.8 (a) to (m) of FTP then it is important to have standard input output norms fixed (SION) or Adhoc Norms to be fixed and based on such norms, Basic Customs Duty will have to be calculated on input contents on such goods and pay through GAR-7, Account Code 00370002 & Education Cess thereon 0037 00 66& Higher & Secondary Ed. Cess is 00370068to be deposited in the bank before effected in DTA Sale.

Notification No. 48/ 2017 & 49/2017 of Central Tax was issued for notifying the Deemed Exports and their entitlement of claiming refund of GST paid on inputs& capital goods. **However, it is not applicable for input services.**

Central Tax Officers have issued the Circular No. 14/2017 dtd. 6th November 2017 was issued so as to introduce the procedure of claiming refund. If refund of GST paid to be obtained by either supplier of **EOU, STP, EHTP, BTP Units or such recipients will have to follow the described procedure of filing intimation in prescribed Form A to the Jurisdictional Central Tax Officers and also submit Form B on monthly basis. Further, tax invoice on which refund is required to be paid will have to be endorsed by Central Tax Officers having Jurisdiction over such recipient EOU, STP, EHTP, BTP Units.**

As a matter of fact, in the GST Era, it was envisaged that there is no interface of the GST Officers, but if refund has to be filed on such GST paid on inputs and capital goods then interface is unavoidable and it will add lot of hassles on account of bureaucracy and other facts, which need not to be written

It is advisable, to claim ITC on GST paid and export under the claim of refund on payment of output tax on exports. Medicine given by the govt. by way of setting such procedure is worse than the disease. Anyway, **EOU, STP, EHTP, BTP Units will have to either arrange for higher working capital requirement or face the bureaucracy.**