**1.**   **We get order from a foreign agent abroad to whom we pay commission. Will it be taxable under GST?**

The foreign agent, who facilitates the supply of goods, is included within the definition of intermediary. The place of supply of service for services provided by intermediary would be the location of service provider, i.e. the place where he is registered. Since a foreign agent is located outside India and not registered in India, the commission paid to him will not be taxable.

**2.**   **How GST will be paid on the conversion of foreign currency? Will it be on full value after conversion or some other formula will be applied?**

For a currency when exchanged to Indian Rupee, the value of taxable purpose shall be equal to the difference in the buying rate /selling rate, as the case may be, and the RBI reference rate for the currency at that time multiplied by the total value of unit. In case RBI reference rate is not available for the currency, the value will be gross amount of Indian Rupee provided or received by the person changing the money.

**3.**     **Can you suggest the same with an example for better clarity?**

For example, if a person converts USD 1000 at Rs 63 and RBI reference rate is Rs 64, then the taxable value will be (Rs 64-63 x 1000) Rs 1000 on which applicable GST will be charged. If a person converts 1000 Turkish Lira  at Rs 18.50  assuming there is no RBI reference rate, taxable value will be 1% of Rs 18500 = Rs 185 on which applicable GST will be charged.

**4.** **Whether factory stuffing facility under excise supervision continues under GST?**

Under the GST, it has been decided to do away with the sealing of containers with export goods by CBEC officials. Instead, self-sealing procedure is allowed, with effect from 15th December 2017, subject to the following:

a)   The exporter shall be under an obligation to inform the details of the premises whether a factory or warehouse or any other place where container stuffing is to be carried out, to the jurisdictional customs officer.

b)      The exporter should be registered under the GST and should be filing GSTRI and GSTR2. Where exporter is not a GST registrant, he shall bring the export goods to a Container Freight Station/Inland Container Depot for stuffing and sealing of container.

          However, in certain situations, an exporter may follow the self-sealing procedure even if he is not required to be registered under GST Laws. Such an exception is available to the Status Holders (One, Two, Three, Four and Five Star Export Houses) recognized by DGFT under a valid status holder certificate issued in this regard.

**5.** **What will be the exact procedure of obtaining permission from Customs?**

The exporter shall inform the jurisdictional Custom Officer of the rank of Superintendent or Appraiser of Customs, at least 15 days before the first planned movement of a consignment from his factory/premises, about the intention to follow self-sealing procedure to export goods from the factory premises or warehouse. The jurisdictional Superintendent or an Appraiser or an Inspector of Customs shall visit the premises from where the export goods will be stuffed and sealed for export. The jurisdictional Superintendent or Inspector of Customs shall inspect the premises with regard to viability of stuffing of container in the premises and submit a report to the jurisdictional Deputy Commissioner of Customs or as the case may be the Assistant Commissioner of Customs within 48 hours. The jurisdictional Deputy Commissioner of Customs or as the case may be the Assistant Commissioner of Customs shall forward the proposal, in this regard to the Principal Commissioner/Commissioner of Customs who would grant permission for self-sealing at the approved premises. Once the permission is granted, the exporter shall furnish only intimation to the jurisdictional Superintendent or Customs each time self-sealing is carried out at approved premises. The intimation, in this regard shall clearly mention the place and address of the approved premises, description of export goods and whether or not any incentive is being claimed.

**6.**  **How soon will refund of ITC in respect of export of goods or services be granted during the GST regime?**

In case of refund of tax on inputs used in exports:

* Acknowledgement will be issued within 15 days from the date of application for refund
* Refund of 90% will be granted provisionally within seven days of acknowledgement of refund application.
* Remaining 10% will be paid within a maximum period of 60 days from the date of receipt of application complete in all respects.
* Interest at 6% is payable if full refund is not granted within 60 days.

**7.**     **What is the procedure for IGST refund on exports?**

No application for refund is to be made for IGST as the Shipping Bill itself is a claim for refund. In the case of refund of IGST paid on exports: Upon receipt of information regarding furnishing of valid return in Form GSTR-3 by the exporter from the common portal, the Customs shall process the claim for refund and an amount equal to the IGST paid in respect of each shipping bill shall be credited to the bank account of the exporter.

**8.**     **Will the principle of unjust enrichment apply to exporters or not?**

The principle of unjust enrichment is not applicable in case of exports of goods or services as the recipient is located outside the taxable territory.

**9.**  **We are merchant exporters with principal place of Business as Chennai. We are outsourcing the material for exports from Andhra Pradesh (AP) and are exporting from port at Krishnapattinam, Krishnapatnam in AP. We have no registered branch office in AP. Are we required to register at AP for additional place of business? Where to mention Code of Chennai and AP in the shipping bill?**

Please bear in mind that the principal place of business and additional place of business are confined to a State only. If you are outsourcing the material for exports from AP, you need not register in AP as only the supplier is required to be registered in the State from which goods are being supplied. In the shipping bill, State code of the exporter is required to be quoted at master level which is the first two digit of the GSTIN of the exporter, where you will give code of Tamil Nadu. At the item level, you can give the State of Origin which should be the State from which goods were procured for exports, where you will mention AP.

**10.**   **We are a Merchant Export House. Our Principal place of Business is Mumbai, with a Branch in Rajkot. Our Activity in Rajkot is Inspection, Packaging and Painting of various goods purchased from Gujarat. In the Pre-GST regime, we used to buy Goods from various suppliers in Rajkot and send them to our Branch Office for inspection, painting and packaging, and export out of our Rajkot Office through Mundra Port. What will be the procedure in GST regime?**

Since you have business interest in Mumbai and Rajkot, I am sure, you are having two separate GSTIN for Maharashtra and Gujarat. Your Gujarat unit will raise an invoice on Maharashtra by paying the applicable IGST. When you export to Mundra under LUT, you are not required to pay IGST. The IGST paid by you for supply from Unit in Gujarat will be available as Input Tax Credit (ITC) which in case of export would be refunded through the formula prescribed for such refund.

**11. How to identify buyers in the exporting countries?**

* Buyer identification can be done using various sources such as B2B portals, web browsing (to find importers in the foreign market), participation in trade fairs, buyer-seller meets, exhibitions. Apart from these conventional/popular methods, buyers can be identified with the help of Export Promotional Councils (EPC), Indian Missions abroad, overseas chambers of commerce, and friends and family.
* Companies can explore other methods for connecting with buyers from the foreign market. Other methods can be becoming a member (avail subscription) of trade associations, councils, and non-profit organization. Micro, Small and Medium Enterprises (MSMEs) can also connect with Indian Embassy to explore more opportunity.

**12 How are Exports treated under GST?**

* All exports are deemed as inter-State supplies.
* Exports of goods and services are treated as zero rated supplies.
* The exporter has the option either to export under bond/Letter of Undertaking without payment of tax and claim refund of Input Tax Credit (ITC) or pay Integrated Goods and service tax (IGST) by utilizing ITC or in cash at the time of export and claim refund of IGST paid.

**13 What are the mandatory Documents for Export and Imports?**

* Bill of Lading / Airway Bill
* Commercial Invoice cum Packing List
* Shipping Bill

**Additional Documents:**

* For specific items of export and import NOC/License or any other documents like Phytosanitary Certificate, Health Certificate, Drug License, etc.

**14 What are the Quality Standards for Exporting products?**

* An important aspect about the goods to be exported is compulsory quality control and inspection. For this purpose, Export Inspection Council (EIC) was set up by the Government of India under Section 3 of the Export (Quality Control and Inspection) Act, 1963.
* **Indicative Quality Standard for exports:**
	+ ISI Standard
	+ AGMARK Standard
	+ ISO 9000 Standard
	+ BIS Hallmark

**15 What are the benefits that can be availed by Exporters in Export oriented unit?**

* EOUs has a permit to procure raw material or capital goods duty-free, either through import or through domestic sources.
* EOUs are eligible for reimbursement of GST.
* EOUs are eligible for reimbursement of duty paid on fuels procured from domestic oil companies.
* EOUs are eligible for claiming input tax credit on the goods and services and refund thereof.
* Fast track clearance facilities.
* Exemption from industrial licensing for the manufacture of items reserved for SSI sector.

**16 What is foreign trade policy in India?**

* India’s Foreign Trade Policy (FTP) provides the basic framework of policy and strategy for promoting exports and trade. It is periodically reviewed to adapt to the changing domestic and international scenario.
* The current Foreign Trade Policy (2015-20) focusses on improving India’s market share in existing markets and products as well as exploring new products and new markets.
* India’s Foreign Trade Policy also envisages helping exporters leverage benefits of Goods and Service Tax (GST), closely monitoring export performances, improving ease of trading across borders, increasing realization from India’s agriculture-based exports and promoting exports from Micro, Small and Medium Enterprises (MSMEs) and labour-intensive sectors.

17, What is importer-exporter code (IEC)? Is it mandatory?

IEC is a 10-character alpha-numeric number issued by DGFT, to every entity who wishes to undertake export or import activities in India. At present, the IEC is same as the Permanent Account Number (PAN) which is issued to every legal entity in India for corporate income tax purposes. For export or import of goods in India, it is man­datory for every entity to obtain IEC unless the requirement is specifically exempted. For export of services or software, IEC is necessary on the date of rendering services for availing benefits under the FTP.

Every person having an IEC is required to update its critical information such registered address, additional place of business, details of directors etc. on the DGFT portal on an annual basis.

18. What is registration CUM membership certificate (RCMC)?

RCMC is a membership certificate with the notified Export Promotion Council (EPC) or various Commodity Boards of India. RCMC is mandatorily required for applying any benefit or concession under the FTP unless specifically exempted. The validity period of RCMC is notified by each EPC and can range between one to five years which is required to be renewed after such period.