

Export Oriented Units

Q 57. Whether the exemption granted to EOUs pre GST regime will continue in the post GST regime?

Ans. Imports by EOUs: The EOUs will continue to get the exemption of Customs duty as prevailed before the GST regime vide Notification No. 52/2003-Cus dated 31.03.2003.

The imports by EOUs are to be levied IGST and compensation cess as per the Notification No. 59/2017-Cus dated 30.06. 2017. However, as part of export package, imports by EOUs have been temporarily exempted from payment of IGST and compensation cess up to 31st March, 2019 vide Customs Notification No. 65/2018-Customs dated 24.09.2018.

Supply to EOUs: A supply to EOU is considered as deemed exports in terms of Notification No. 48/2017-Central tax dated 18th October, 2017. Supply has to be made on payment of GST following the procedure as prescribed vide Circular No. 14/14/2017-GST dated 06.11.2017 but the refund of such GST can be claimed either by supplier or receiver EOU.

Q 58. Is there any procedural change in import clearance by EOUs post introduction of GST?

Ans. For import of goods, EOUs are required to follow Rule 5 of Customs (Import of goods at Concessional rate of Duty) Rules, 2017 instead of earlier procedure of obtaining procurement certificate. Under this, EOU has to submit a copy of requirement of goods to be imported to the jurisdictional Customs Officer as well as to the Customs Officer at port of import. On the basis of the declaration by EOU, Customs Officer at port will allow the clearance of goods giving benefit of exemption notification No. 52/2003 dated 31.03.2003. There is no requirement of separate continuity bond to be submitted by EOU as per the requirement under Customs (Import of goods at Concessional Rate of Duty) Rules, 2017 as B-17 bond, being a general purpose bond will serve the said purpose.

The inter unit transfer would be on invoice on payment of applicable GST taxes. However, such transfer would be without payment of custom duty. The supplier unit will endorse on such documents the amount of custom duty, availed as exemption, if any, on the goods intended to be transferred. The recipient unit would be responsible for paying such basic customs duty, as is obligated under Notification no. 52/2003-Cus dated 31-3-2003 (as amended), when the finished goods made out of such goods or such goods are cleared in DTA.

(Circular No. 35/2016-Customs dated 29.06.17 and 29/2017-Customs dated 17.07.2017)

Q 59. Can EOUs take input tax credit of the IGST paid on imports?

Ans. Yes. EOUs can avail credit of IGST paid which can be used by them for payment of IGST for local supply of goods manufactured by them.

Q 60. Are EOUs entitled for refund of IGST and what is the time limit for obtaining refund on the IGST paid?

Ans. Yes. EOUs are entitled for refund of IGST paid on export or refund of accumulated input tax credit(ITC) on account of exports made under bond/LUT. As per section 54 of CGST Act, 2017, a refund application may be filed within two years from the relevant date by EOUs. The application in form RFDOIA has to accompanied with the documents as prescribed under Rule 89 of CGST Rules, 2017 for claiming refund of ITC. Refund of IGST on exports is available as per Rule 96 of CGST Rules and shipping bill filed is deemed to be application filed for refund. 90% of the total amount claimed as refund will be granted within 10 days of making application or within 7 days of issuance of acknowledgement of refund application. Balance amount of 10% will be granted after verification of documents furnished by the applicant.

Q 61. Will supply of goods from one EOU to another EOU termed as inter unit transfer and whether the same will attract IGST?

Ans. Yes, the EOUs have to pay applicable IGST on inter unit transfer also. The basic customs duty exempted on inputs of supplier unit utilised in such transferred goods would have to be reversed by the recipient EOU at the time of clearance into DTA.

Q 62. What are the conditions for DTA sales by EOUs?

Ans. DTA sale of goods by EOU is subject to fulfilment of following conditions:

- (i) Fulfilment of maintaining positive Net Foreign Exchange Earnings (NFE)
- (ii) Payment of applicable GST on the product under DTA sale
- (iii) Reversal of the Basic Customs Duty exemption availed by the unit on the inputs used in the manufacture of products under DTA Sale.

Q 63. Can the EOU use MEIS/SEIS scrips for payment of IGST or CGST?

Ans. No, the scrips cannot be used for payment of IGST or CGST.

Q 64. What will be the value to be taken for levy of IGST on goods imported by EOUs?

Ans. IGST is levied on the value of imported goods including Customs duty and Customs Cess levied thereon.