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GOVERNMENT OF INDIA
MINISTRY OF FINANCE : DEPARTMENT OF REVENUE
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF GST & CENTRAL EXCISE
TAMILNADU & PUDUCHERRY
No.26/1, MAHATHMA GANDHI ROAD, CHENNAI - 600 034

C.No. IV/16/268/2017- Pr.CCO (GST-3)

Date:18 -08-2017

GST TRADE NOTICE NO.015/2017

Sub: **GST** – Clarification on issues related to furnishing of Bond LUT for Exports - Board's Circular No.5/5/2017-GST dated 11.08.2017 – Communication thereof - Reg.

Reference is invited to this Office GST Trade Notice No.006/2017 dated 06.07.2017 and GST Trade Notice No.007/2017 dated 11.07.2017 communicating CBEC Circular No.2/2/2017-GST dated 05.07.2017 and Circular No.4/4/2017-GST dated 07.07.2017 related to furnishing of Bond / LUT, Bank Guarantee etc.

2. The CBEC has issued further clarifications on the aforementioned issues vide Circular No.5/5/2017-GST dated 11.08.2017. A brief note on the clarifications issued is furnished hereunder:

Sl. No.	Subject	Gist of clarifications
a]	Letter Undertaking Bond of /	<p>[i] Eligibility to export under LUT - Only such exporters are eligible for LUT facilities who have received minimum foreign inward remittance of Rs. One Crore or 10% of export turnover in the preceding financial year, whichever is higher. Illustrations have been furnished therein for sake of clarity.</p> <p>However, status holder as specified in paras 3.20 and 3.21 of FTP 2015-2020 is eligible for LUT facility regardless of whether he satisfies the above conditions.</p> <p>[ii] Form for LUT - LUT to be submitted on letterhead containing signature and seal of the person / authorized person. Bonds are furnished in non-judicial stamp paper</p> <p>[iii] Documents for LUT – Documents submitted and self-declaration shall be accepted as proof of fulfilling conditions etc, unless there is any evidence to the contrary or specific information otherwise.</p> <p>As regards status holder exporters, a self-attested copy of proof of status should be sufficient.</p> <p>[iv] Jurisdictional Officer – The Bond / LUT shall be accepted by the jurisdictional Deputy / Assistant Commissioner having jurisdiction over the principal place of business of the exporter. Further, the exporter is at liberty to furnish the Bond/LUT before Central Tax or State Tax Authorities, till administrative mechanism is implemented.</p> <p>It is reiterated that the Central Tax Officer shall facilitate all exporters whether or not the exporter was registered with the Central Government in the earlier regime.</p> <p>[v] Time for acceptance of LUT/Bond - A time limit of 3 working days has been stipulated for acceptance of LUT/Bond from the date of submission, along with complete documents by the Exporter.</p>

Sl. No.	Subject	Gist of clarifications
a)	Letter Undertaking Bond of / [Contd....]	<p>[vi] Foreign Inward Remittance in Indian Rupee:</p> <ul style="list-style-type: none"> ➤ Supply of Goods to Nepal, Bhutan, SEZ Developer or SEZ unit - Acceptance of LUT instead of a bond will be permissible irrespective of whether the payments are made in Indian currency also, as long as they are in accordance to applicable RBI guidelines. ➤ Supply of Services to SEZ Developer or SEZ unit - Acceptance of LUT is permissible on the above lines. ➤ Supply of Services to Nepal and Bhutan - Will be deemed to be export of services only if the payment is received by the supplier in convertible foreign exchange. <p>[vii] Bank Guarantee:</p> <ul style="list-style-type: none"> ❖ An exporter registered with recognized Export Promotion Council [EPC] can be allowed to submit bond without bank guarantee on submission of a self-attested copy of proof of registration with recognized EPC. ❖ A registered person having one PAN but registered in more than one state can be allowed to submit bond without bank guarantee, if the total amount of inward foreign remittance received by all the registered persons having one PAN is Rs. One Crore or more and also 10% or more of total export turnover, in the previous financial year.
b)	Purchases based on Form CT-1	CT-1 scheme - The CT-1 scheme holds no relevance under GST and the transaction between a manufacturer and merchant exporter is in the nature of supply and has not been exempted under GST. Hence, such supplies would be subject to GST .
c)	Transactions with EOU	Supplies to EOUs - Supplies to EOUs are taxable under GST like any other taxable supplies.

2. Further, it has been reiterated that the instructions contained in the aforesaid Circular and the earlier Circulars issued in this regard are applicable to **any export made on or after 01.07.2017**.

3. This Trade Notice is being issued so as to sensitise the trade and field formations about the contents of the aforesaid reference and for complete details, the respective Circular may please be referred in the CBEC's website www.cbec.gov.in.

4. All the Commissioners are requested to bring the contents of the Trade Notice to the notice of all the officers working under their charge and the assesses falling under their respective jurisdiction.

5. The Trade & Industry Associations/Chambers of Commerce are requested to bring the contents of the Trade Notice to the notice of all their members.



[C.P. RAO]
PRINCIPAL CHIEF COMMISSIONER

To

- i. The Principal Commissioner / Commissioner of GST and Central Excise, Chennai North / Chennai South / Chennai Outer / Coimbatore / Salem / Tiruchirappalli / Madurai / Puducherry / Chennai Audit I / Chennai Audit II / Coimbatore Audit / Chennai Appeals I / Chennai Appeals II / Coimbatore Appeals Commissionerates
- ii. The Commissioner of Commercial Taxes, State CT Head Office, Ezhilagam, No.3, Kamarajar Salai, Chepauk, Chennai-600005 [By e-mail]
- iii. Zonal RAC Members [By e-mail]

Copy to

- i. The Superintendent, Computer Section, Chennai North [for uploading in website]
- ii. Sr. PS to Pr. Chief Commissioner