
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 and documentation of the same in CBEC Website.

2. The legislations referred above has necessitated changes in Bill of Entry and Shipping Bill declarations. The revised electronic format for both BE/SB has already been published in ICEGATE Website [https://www.icegate.gov.in/msg_guideline.html]. The salient features of those changes in the format of the declarations are enumerated below for easy reference and compliance.

3. Changes in Bill of Entry:

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 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 as in the format SCH(SLNO), for instance to avail IGST rate under Schedule II and for an item under Serial Number 3, the serial number in the declaration should be like “II(3)”. 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 Cess Compensation Cess under Section 8(2) of GST (Compensation to States) Act, 2017.
To effect above changes, new fields in BE Declaration (SBE Table) is added as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levy of IGST</td>
<td>Duty Flag as G; Addl. Duty Flag as I</td>
</tr>
<tr>
<td>Levy of GST Compensiation Cess</td>
<td>Duty Flag as G; Addl. Duty Flag as P</td>
</tr>
<tr>
<td>Levy &amp; Exemption of IGST (IGST Notification)</td>
<td>Duty Flag as G; Addl Duty Flag as I; Ex.Flag as G</td>
</tr>
<tr>
<td>Levy &amp; Exemption of GST Cess (GST Cess Notfn.)</td>
<td>Duty Flag as G; Addl Duty Flag as P; Ex.Flag as G</td>
</tr>
<tr>
<td>Levy &amp; Exemption of IGST (Customs Notification)*</td>
<td>Duty Flag as G; Addl Duty Flag as I; Ex.Flag as C</td>
</tr>
<tr>
<td>Levy &amp; Exemption of GST Cess (CustomsNotfn.)*</td>
<td>Duty Flag as G; Addl Duty Flag as P; Ex.Flag as C</td>
</tr>
</tbody>
</table>

* In this case, Customs Exemption Notification should be referred.

5. Declaration of CETH:
   Central Excise Tariff is getting amended on the day and Taxation Law (Amendments) Act, 2017 comes into force. In such 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 other cases of non availing of IGST, State Code along with one of other Identity proof listed below needs to be provided, so as to enable apportionment to respective states.

<table>
<thead>
<tr>
<th>Description</th>
<th>GSTIN-Imp. (2)</th>
<th>Regn_Type (3)</th>
<th>Type of IEC to be declared (4)</th>
<th>PAN/State Code Declaration (5)</th>
<th>GST Benefit (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GSTIN Normal Normal G</td>
<td>TP,CMPCAS,1SD,NR,TDS,</td>
<td>Individual</td>
<td>Yes/Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>GSTIN Govt O</td>
<td>GOV</td>
<td>Generic IEC of Govt.</td>
<td>No/Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>GSTIN UN D</td>
<td>UN</td>
<td>Generic IEC of Diplomats</td>
<td>No/Yes</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>Aadhaar A</td>
<td></td>
<td>Indivi./Generic</td>
<td>No/No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>Passport P</td>
<td></td>
<td>Indivi./Generic</td>
<td>No/No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>PAN I</td>
<td></td>
<td>Indivi./Generic</td>
<td>Yes(in.)/No</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>TAN T</td>
<td></td>
<td>Indivi./Generic</td>
<td>No/</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>
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 (Public notice 02/2017-18 dated 14.06.2017 may be referred for new State codes).

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.

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 shall happen electronically between Customs EDI and GSTN, it is imperative here on that the required data is captured electronically without fail for all the imports and exports whether or not 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 needs to be filed following the procedure laid out in the instructions.

9. Changes Shipping Bill:

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 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 the exports, they will be required to quote the Shipping Bill and export invoice details which shall be validated by 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 been also been modified to capture the necessary details.

11. GSTIN Entity Identification

GSTIN Type etc. needs to be quoted by the exporter as detailed for BE above. The same validations as enumerated above for BE shall be done for exports as well to identify whether the exporter is eligible to get refund of any IGST paid on exports.

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

Revised SB format in EDI would be effective from 28th June, 2017. The Exporters need to provide additional identifier like GSTIN etc. The IGST payment status would be “NA” till GST comes into force as IGST would not have been paid.

13. Taxable Value and IGST Paid

Since the actual quantity and value of the goods finally exported may sometimes be at variance with those indicated on 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. This is further explained by way of the following illustration:

*Illustration:*

An exporter raises an export invoice as below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity [units]</th>
<th>Unit [Rs]</th>
<th>Price</th>
<th>Total Price</th>
<th>IGST (Rs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>1000</td>
<td>200</td>
<td>2,000</td>
<td>2,00,000</td>
<td>24,000</td>
</tr>
<tr>
<td>B</td>
<td>2000</td>
<td>100</td>
<td>2,000</td>
<td>2,00,000</td>
<td>24,000</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td>4,00,000</td>
<td>48,000</td>
<td></td>
</tr>
</tbody>
</table>
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 = \((900/1000) \times 2,00,000\) = Rs 1,80,000  
IGST Paid = \((900/1000) \times 24,000\) = Rs 21,600

**For Item B**

Taxable Value = \((1900/2000) \times 2,00,000\) = Rs 1,90,000  
IGST Paid = \((1900/2000) \times 24,000\) = 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**

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 details, Terms Place, End Use (as per the codes available in Imports) and certain other module wise changes.

15. **Changes in Drawback Declarations**

New declaration is being added for the exporter to certify that no input tax credit of CGST/IGST has been availed for any of the inputs or input services used in the manufacture of the export goods, or that no refund of IGST paid on export goods shall be claimed. For the transition period, i.e. till the exporters continue to have used inputs on which CENVAT was paid, there will be 3 declarations:

**DBK001** - "I declare that no input tax credit of the Central Goods and Services Tax or of the Integrated Goods and Services Tax has been availed for any of the inputs or input services used in the manufacture of the export goods."

**DBK002** - "I declare that no refund of Integrated Goods and Services Tax paid on export goods shall be claimed."

**DBK003** - "I declare that CENVAT credit on the inputs or input services used in the manufacture of the export goods has not been carried forward in terms of the Central Goods and Services Tax Act, 2017."

For Every Item where DBK claimed is suffix as A or C, an exporter is required to declare two codes only, i.e. (1) DBK001 or DBK002 and (2) DBK003
16. Export promotion scheme scrips like EPCG, Advance Authorization, DEPB, SFIS, SEIS, MEIS etc can be utilized only for payment of BCD portion at the time of import. These can’t be utilized for payment of IGST portion. On imports under these schemes importer has to pay IGST through banking channels only.

17. Difficulties, if any, may be communicated to edi.indl4@gmail.com or system manager/alternate system manager, New custom House.

Copy forwarded to:

1  The PS to Chief Commissioner of Customs (DZ), NCH, New Delhi-110037 for information.

2  The Commissioner of Customs, Air Cargo Import/Export, General, ICD Tughlakabad (Import/Export), ICD PPG for information and necessary action.


4  The Deputy Commissioner, EDI with the request to upload the above Public Notice on official website.

5  The President, Delhi Customs Clearing Agent Association, 260-261, Anarkali Bazar, Jhandewalan New Delhi-110019.

6  The President & Secretary, M/s. Delhi Exporters Association, 1998, Naughera, Kinari Bazar, Delhi-110001.

7  The Air Cargo Agents Association of India, (Northern Region), Room No. 25, ACAAI Warehouse Terminal, Near Centaur Hotel, IGI Airport, New Delhi-110037.

8  The Secretary, PHD Chamber of Commerce & Industry, PHD House, Opp. Asian Games Village, New Delhi – 110016.

9  Notice Board