



NEWS ARTICLES

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GST Relief for Exporters

NEW DELHI: In a relief to merchant exporters, the GST Council today fixed a tax rate of 0.1 per cent on goods procured for export purposes.

The merchant exporters would also be allowed to obtain refund of 0.1 per cent tax paid on export of goods, a senior finance ministry official said.

An official statement said that to prevent cash blockage of exporters due to upfront payment of GST on inputs, the Council approved two proposals.

One for immediate relief and the other for providing long term support to exporters. Immediate relief is being given by extending the advance authorization (AA)/ Export Promotion Capital Goods (EPCG)/100 per cent EOU schemes to sourcing inputs from abroad as well as domestic suppliers," the statement said.

It said that holders of AA/ EPCG and EOUs would not have to pay IGST and cess on imports.

"Also, domestic supplies to holders of AA / EPCG and EOUs would be treated as deemed exports...and refund of tax paid on

Proposals



0.1% tax rate on Goods procured for export purposes

Refund applicable on this 0.1% tax

Immediate Relief to those under Advance Authorisation, EPCG, EOU schemes

- No IGST or cess on Imports
- Domestic supplies to them treated as deemed exports

Specified Banks & PSUs can import Gold without payment of IGST

such supplies given to the supplier," it added.

Further, specified banks and Public Sector Units are being allowed to import gold without payment of IGST.

"This can then be supplied to exporters as per a scheme similar to AA," it added.

Exporters body Federation of Indian Export Organisations (FIEO) said this is a welcome move as merchant exporters account for over 30 per cent of country's exports and they usually work on thin margins of 2-4 per cent.

The imposition of GST had made their costing haywire, particularly for products having higher GST rate, as they have to pay GST and seek refund after some time lag, FIEO said in a statement.

From April 1, attempt would be made to launch an e-wallet facility for exporters to provide liquidity.

For the functioning of e-wallet facility, the Directorate General of Foreign Trade (DGFT) will prepare norms.

FIEO had earlier said that micro and small exporters are particularly hit by GST as they have to borrow money to pay taxes.

The availability of credit and more so the cost of credit is adversely impacting them and on account of this, the government should consider introduction of e-wallet for exporters, FIEO had said.

It stated that under this facility, based on preceding year's exports and an average GST rate, e-currency is credited to exporter's account.

Like a running account, money may be debited from the e- wallet when duty paid supplies have to be undertaken and the amount may be credited when the proof of exports is made available, it said.

Source: The Economic Times



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