

Goods and services Tax, 2017
Export of Goods or Services without
payment of Integrated Tax

Date: 20/07/2017

Export of goods or services without payment of IGST

Any registered person availing the option to supply goods or services for export without payment of integrated tax shall furnish, prior to export, a bond or a Letter of Undertaking. **As per Rule 96A clause 6** this is also required in case of provision of goods or services to SEZ units/developers.

If export of goods or services is being made without payment of IGST under Bond or Letter of Undertaking, then only following classes of registered person are allowed to furnish letter of undertaking (LUT):

1. If taxable person is a status holder (Business leaders in international trade, Export house, Manufacturers who are also status holders) as specified in paragraph 5 of the Foreign Trade

2. If taxable person has,-

- received the due foreign inward remittances amounting to a minimum of 10% of the export turnover in the preceding financial year.
- such foreign inward remittances should not be less than one crore rupees, and
- he has not been prosecuted for any offence under the CGST Act, 2017 or under any of the existing laws in case where the amount of tax evaded exceeds Rs. 2.5 crores.

The registered taxable persons other than those specified above are required to execute Bond.

LETTER OF UNDERTAKING

Important points to note in case of exports under LUT (LETTER OF UNDERTAKING)

- It should be furnished in the format prescribed in the annexure to FORM GST RFD-11. (Refer Annexure 1)
- It should be furnished in duplicate.
- It shall be valid for 12 months.
- It may be furnished manually to the jurisdictional Deputy/Assistant
- Commissioner till the module for furnishing of FORM RFD-11 is available on the common portal
- It may be accepted by the jurisdictional Deputy/Assistant Commissioner
- It shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.
- Exports may be allowed under existing LUTs/Bonds till 31st July 2017. Exporters shall submit the LUTs/bond in the revised format latest by 31st July, 2017.

List of documents required to furnish LUT

- Copy of Status Holder certificate issued by DGFT/ Development Commissioner
Or
Bank FIRC of 10% of the export turnover which should not less than 1 crore in financial year

- Letter of Undertaking to be executed on letter head- to be provided in duplicate; (also to be signed by witnesses)
- Declaration required that the registered has not been prosecuted for any offence involving tax, where the tax evaded is above Rs. 250 lakhs
- Proof to indicate principle place of business- preferably copy of application for registration for GST;
- FORM RFD- 11 to be provided in duplicate;
- If the taxpayer is a public or private limited company than board resolution for appointment of Authorized signatory is required

BOND

Important points to note in case of exports under Bond.

- The bond should be in the format prescribed in the FORM GST RFD-11. (Refer Annexure 2)
- It may be a running bond and would cover the amount of tax involved in the export based on estimated tax liability as assessed by the exporter himself
- In case of running bond, it is required to be ensured by the exporter that the outstanding tax liability on exports is within the bond amount.
- In case the bond amount is insufficient to cover the tax liability in yet to be completed exports, the exporter will be required to furnish a fresh bond to cover such liability.
- The jurisdictional Commissioner may decide about the amount of bank guarantee depending upon the track record of the exporter.
- If Commissioner is satisfied with the track record of an exporter then furnishing of bond without bank guarantee would suffice.
- The bank guarantee should normally not exceed 15% of the bond amount.
- The bond shall be furnished on non-judicial stamp paper of the value as applicable in the State in which bond is being furnished.

Note:

It is further stated that the Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented.

Annexures:

FORM GST RFD – 11

Furnishing of bond or Letter of Undertaking for export of goods or services

1. GSTIN				
2. Name				
3. Indicate the type of document furnished				
Bond: <input type="checkbox"/> Letter of Undertaking <input type="checkbox"/>				
4. Details of bond furnished				
Sr. No.	Reference no. of the bank guarantee	Date	Amount	Name of bank and branch
1	2	3	4	5

Note – Hard copy of the bank guarantee and bond shall be furnished to the jurisdictional officer.

Declaration –

- (i) The above-mentioned bank guarantee is submitted to secure the integrated tax payable on export of goods or services.
- (ii) I undertake to renew the bank guarantee well before its expiry. In case I/We fail to do so the department will be at liberty to get the payment from the bank against the bank guarantee.
- (iii) The department will be at liberty to invoke the bank guarantee provided by us to cover the amount of integrated tax payable in respect of export of goods or services.

Signature of Authorized Signatory

Name

Designation / Status -----

Date -----

Bond for export of goods or services without payment of integrated tax (See rule 96A)

I/We.....of.....,hereinafter called "obligor (s)", am/are held and firmly bound to the President of India (hereinafter called "the President") in the sum of.....rupees to be paid to the President for which payment will and truly to be made.

I/We jointly and severally bind myself/ourselves and my/our respective heirs/executors/ administrators/ legal representatives/successors and assigns by these presents; Dated this.....day of.....;

WHEREAS the above bounden obligor has been permitted from time to time to supply goods or services for export out of India without payment of integrated tax; and whereas the obligor desires to export goods or services in accordance with the provisions of clause (a) of sub-section (3) of section 16;

AND

WHEREAS the Commissioner has required the obligor to furnish bank guarantee for an amount of.....rupees endorsed in favour of the President and whereas the obligor has furnished such guarantee by depositing with the Commissioner the bank guarantee as afore mentioned;

The condition of this bond is that the obligor and his representative observe all the provisions of the Act in respect of export of goods or services, and rules made thereunder;

AND if the relevant and specific goods or services are duly exported;

AND if all dues of Integrated tax and all other lawful charges, are duly paid to the Government along with interest, if any, within fifteen days of the date of demand thereof being made in writing by the said officer, this obligation shall be void;

OTHERWISE and on breach or failure in the performance of any part of this condition, the same shall be in full force and virtue:

AND the President shall, at his option, be competent to make good all the loss and damages, from the amount of bank guarantee or by endorsing his rights under the above-written bond or both;

I/We further declare that this bond is given under the orders of the Government for the performance of an act in which the public are interested;

IN THE WITNESS THEREOF

these presents have been signed the day hereinbefore written by the obligor(s).

Signature(s) of obligor(s).

Date :

Place :

Witnesses

(1) Name and Address

Occupation

(2) Name and Address

Occupation

Accepted by me this.....day of (month)

..... (year)of (Designation)

for and on behalf of the President of India."

Letter of Undertaking for export of goods or services without payment of integrated tax (See rule 96A)

To,

The President of India (hereinafter called the "President"), acting through the proper officer

I/We of..... (address of the registered person) having Goods & Services Tax Identification Number No....., hereinafter called "the undertaker(s) including my/our respective heirs, executors/ administrators, legal representatives/successors and assigns by these presents, hereby jointly and severally undertake on this day of to the President

- a) to export the goods or services supplied without payment of integrated tax within time specified in sub-rule (1) of rule 96A ;
- b) to observe all the provisions of the Goods and Services Tax Act and rules made thereunder, in respect of export of goods or services;
- c) pay the integrated tax, thereon in the event of failure to export the goods or services, along with an amount equal to eighteen percent interest per annum on the amount of tax not paid, from the date of invoice till the date of payment.

I/We declare that this undertaking is given under the orders of the proper officer for the performance of enacts in which the public are interested.

IN THE WITNESS THEREOF these presents have been signed the day hereinbefore written by the undertaker(s)
Signature(s) of undertaker(s).

Date :

Place :

Witnesses

(1) Name and Address

Occupation

(2) Name and Address

Occupation

Date

Place

Accepted by me this.....day of (month).
..... (year)of (Designation)
for and on behalf of the President of India

Reach us at:

B C Shetty & Co.
Chartered Accountants

No.78, Sai Sharan Heights,
5th Floor, Above ICICI Bank,
15th Cross, Malleshwaram,
Bangalore- 560003

Prepared by: GST Team

We are happy to help you:
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