

Ministry of Finance

26th Meeting of the GST Council meets & decides Extension of tax exemptions for exporters for six months

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Sending a strong positive signal to the exporting community, the GST Council in its 26th meeting held here today decided to extend the available tax exemptions on imported goods for a further 6 months beyond 31.03.2018. Thus, exporters presently availing various export promotion schemes can now continue to avail such exemptions on their imports upto 01.10.2018, by which time an e-Wallet scheme is expected to be in place to continue the benefits in future.

In a related development which would benefit the exporters, the Council reviewed the progress in grant of refunds to exports of both IGST and Input Tax Credit. The Council appreciated that the pace of grant of IGST refund has picked up. Thereafter, the Council directed GSTN to expeditiously forward the balance refund claims to the Customs/Central GST/State GST authorities, as the case may be, for their immediate sanction and disbursal.

It may be recalled that in its meeting held on 06.10.2017 the Council had noted that exporters are experiencing difficulties of cash blockage on account of having to upfront pay GST / IGST on the inputs, raw materials etc. / finished goods imported / procured for purposes of exports. An interim solution was found by re-introducing the pre-GST tax exemptions on such imports. Additionally, for merchant exporters a special scheme of payment of GST @ 0.1% on their procured goods was introduced. Also, domestic procurement made under Advance Authorization, EPCG and EOU schemes were recognized as 'deemed exports' with flexibility foreither the suppliers or the exporters being able to claim a refund of GST / IGST paid thereon. All these avenues were made available upto 31.03.2018.

The permanent solution agreed to by the Council was to introduce an e-Wallet scheme w.e.f. 01.04.2018. The e-Wallet scheme is basically the creation of electronic e-Wallets, which would be credited with notional or virtual currency by the DGFT. This notional / virtual currency would be used by the exporters to make the payment of GST / IGST on the goods imported / procured by them so their funds are not blocked.

On 16.12.2017, Finance Secretary constituted a Working Group with representatives of Central and State Governments to operationalize the e-Wallet scheme. After reviewing the progress, the Council noted that whereas some preparatory work had been done, more needs to be done to address a large number of technical, legal and administrative issues that have been identified. The Council appreciated that this would require more time. The Council was also unanimous that there should be no disruption that may affect the exports. Accordingly, the Council agreed to:

- (a) Defer the implementation of the e-Wallet scheme by 6 months i.e., upto 01.10.2018; and

(b) Extend the present dispensation in terms of exemptions etc. which is available up to 31.03.2018, for a further 6 months i.e., upto 01.10.2018.

DM/RM/SS

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