

Postal Regn.No. DL(C)-01/1251/15-17  
Licence to Post without  
Prepayment U(C)-30/15-17  
RNI No. 42906/84

# WORLD TRADE SCANNER

ISSN: 0971-8095

Single copy Rs. 20 \$2

Vol. XXXIII No 23 31 August - 06 September 2016

Promoted by Indian Institute of Foreign Trade, World Trade Centre,  
Academy of Business Studies

Annual subscription Rs. 950

## GST Scanner

### FIEO Worried on Export Impact of High GST

The Constitution (122nd Amendment) Bill, 2014 has paved the way for introduction of GST in the country. All agencies are gearing up to roll out the GST, the biggest indirect tax reform in the country, from 1st of April, 2017. The GST will be a game changer for Indian economy and expected to increase the GDP growth by about 1-1.5% per annum. It will make India a single market and will facilitate movement of goods across States seamlessly.

The subsuming of major Central and State taxes in GST, complete and comprehensive set-off of input goods and services and phasing out of Central Sales Tax (CST) **should reduce the cost of locally manufactured goods and services.** This will increase the **competitiveness of Indian goods and services in the international market and give boost to Indian exports.**

The **uniformity in tax rates** and procedures across the country will also go a long way in reducing the compliance cost.

GST is also likely to **reduce the logistics cost** in India which is one of the highest in the world. The multiple-point warehousing by manufacturers to save on CST will be eliminated. With GST on the anvil, **manufacturers can set up warehouses for distribution** at select strategic for **reduced cost of operations.**

*Export sector is worried with the implication of GST on exports.*

#### 4 Clarity on Zero Rating of Exports

We know that Government is committed to zero rating of exports and the same has been adequately clarified in **Section (2) Sub-Section (109) of the Model GST Law.** This makes it clear that on exports of goods & services, no tax will be payable but credit of the input tax relating to those exports shall be admissible. However, **Section 38 of the Model GST Law refers to refund of taxes** on goods & services exported out of India. We require a clarification that the refund facility will be optional for the exporters on the same lines as under the Central Excise Act under which the exporter has the option to clear the exports goods without payment of taxes or takes a refund of the duty paid by him. Those exporters who want exemption from GST on supply of goods /services for exports should be entitled for the same.

**Section 38 Subsection 4(A) allows provision refund of 80%** which may be increased to 90% as allowed presently for VAT in few States. Secondly, this 90% may be refunded within 10 days and the balance 10% within 30 days.

Further, **Proviso to section 38(3)(b) of the GST Act requires the exporter to file a certificate** that the incidence of the tax claimed as refund has not been passed on by him to any person. In case of exports the prices are determined by the competition

in the international market and there could be cases where the exporter, in order to stay relevant and continue in business, has to execute orders below the cost which could be construed as passing on the tax refund to the buyer.

Hence the said certification should not be made applicable where refund is for input taxes for exports.

#### 4 Exemption from IGST/CGST/SGST on imported/ domestic inputs used in exports

For the input used in the goods/services which are exported, the exporters would be eligible for refund of unused input tax credit. With a view to ensure quick refund, 80% of the refund on account of exports of goods & services will be given expeditiously, on provisional basis, while balance 20% will be refunded after due verification of documents.

For the exporters, the facility of duty free imports/ procurement of inputs for exports should continue else it will lead to increasing requirement of working capital even for payment of IGST /CGST/SGST. This will hit MSME as their cost of capital is quite high, blunting their competitive edge in exports. The exemption will not lead to any loss of revenue as in any case exporters will be entitled to refund which affect their liquidity.

#### 4 Exemption for Merchant Exporters- Form H

Merchant exporters were availing exemption from CST against Form-H but since GST would be dispensing with such paper requirement, we have to devise some other mechanism to provide exemption to merchant exporters. GST Council should explore the possibility of providing some separate code in the invoice for such supplies for exports which may be square off when the proof of exports is supplied online to GSTN. Merchant exporters are instrumental in a large chunk of country's exports and the facility enjoyed by them should continue under the GST. Merchant exporter should not be required to pay tax and claim refund.

*Dear Reader,  
You will be glad to know that we have started a column GST Scanner from this issue..It will feature both news and views on this important development..Please do give us your reactions and suggestions.  
Editor*



#### Crude Rises to \$47.14

Crude Oil (Indian Basket) from 19 - 26 Aug 2016

	19 Aug	22 Aug	23 Aug	25 Aug	26 Aug
(\$/bbl)	48.02	47.31	46.58	46.66	47.14
(Rs/bbl)	3213.73	3178.74	3125.22	3130.32	3159.50
(Rs/\$)	66.93	67.19	67.09	67.09	67.03

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

**4 Exemption for Export Oriented Units**  
EOU Units may be provided exemption from IGST on their imports while supply from DTA to EOU needs to be treated as Zero rated supply. The CST refund facility presently available to EOUs will vanish under GST thereby eroding this advantage.

**4 Legislative Changes for SEZ Scheme**  
Suitable legislative changes may be required in the SEZ Act to provide exemption from IGST, CGST, SGST on imports as well as domestic procurement of inputs. Section 26 and Section 30 of the SEZ Act would require appropriate modification to give effect to the same. Since supply from DTA to SEZ is treated as exports, it is to be ensured that zero rebating is available on such supplies. The definition of exports in the Model GST Law is at variance with SEZ Act. We need to synchronize the two to avoid any dispute.

#### **4 Changes in Deemed Exports**

GST would also require suitable changes in many of the Schemes in the Foreign Trade Policy. The categories of the deemed exports would be notified by the Government on the recommendation of the GST Council. However, deemed exports is vital to provide a level playing field to the domestic manufacturers supplementing "Make in India" and thus zero rating of such supplies would be a preferred option particularly for those supplies which are exempted from Customs Duty and IGST on their imports.

#### **4 Capital goods/ Inputs for export production under instruments**

Imports of duty free capital goods and inputs under EPCG and Advance Authorization will be subject to IGST under the Model GST Law. However, since such goods are primarily for export purposes with AU condition, GST council should consider to provide exemption from IGST on their imports so that working capital of exporters are not blocked in payment of IGST. The instrument for domestic procurement for exports like ARO/Inland Letter of Credit/Advance Intermediate Authorization also needs to be given similar treatment to provide a level playing field to domestic manufacturers.

#### **4 Drawback Rates**

Many of the small exporters particularly in handicraft, carpets, handlooms have represented that since they procure the goods from the unorganized sector, the duty paying documents of input tax credit would not be available with them. To address their concern, GST council should recommend to provide duty drawback at two rates, when input tax credit is availed (which will factor only the basic customs duty on imports) and when input tax credit is not availed (which will factor both basic customs duty and input tax credit) on the same lines as available currently in the Drawback Schedule for the CENVAT.

#### **4 Utilization of scrips**

The utilization of the scrips issued to exporters is also an intricate matter. The MEIS/SEIS scrips will only be eligible for payment of basic customs duty as against their current utilization for payment of basic/additional /excise /service tax, which will hurt the exporters as usability of scrip will be restricted. Government should consider their utilization against CGST and SGST.

#### **4 Supply of Scrips**

Since sale of scrips are exempted from VAT in few States and subject to 4% VAT in few other States, GST council may keep them under Section

4(v) of Schedule IV of Model GST Law like other financial instrument.

#### **4 Quick Refund through integration**

The success of GST depends on quick refund of taxes paid by the exporters. We have to work in developing a platform which provides instant refund at the time of exports only by integrating GSTN and ICEGATE so that details of exports are captured on real time basis to ensure such refunds.

#### **4 Definition of India**

The definition of India for the purpose of IGST is 200 NM and whereas for the purpose of Customs Act is 12 NM plus specified structures up to 200 NM. This can create aberrations. For example High Sea sales between 12 NM and 200 NM may be taxed twice to IGST - once as a supply and later at the time of import. There is also lack of clarity in Model GST law on manner of taxation of supplies terminating/originating in territorial waters and in Continental Shelf (CS) & Exclusive Economic Zone (EEZ) beyond 12 NM. As per definition of interstate and intra state sales given in IGST Act, these would fall in neither of the two categories.

#### **4 Addition in supplies as Exports**

Currently, Section 5(1) of CST Act explains the concept of sale in the course of exports of the goods out of the territory of India. In terms of amended Article 286, (through 101st Constitutional Amendment) Parliament will need to either amend the said Section 5(1) or frame a new legislation to explain the concept of supply in the course of exports of the goods or services or both out of the territory of India. While doing so, under amended Article 286(2), the following supplies need to be treated as exports:

- Supplies from Indian territory to SEZ and any export oriented unit as prescribed under FTP
- Supplies to Notified Deemed Export Project, including to Authorisation holder
- Supplies by Supporting Supplier(s)

#### **4 TAX on Advance Payment**

Tax will be required to be paid even on advance payment received for a future sale of goods. Currently, this provision is there only in service tax and there is no provision to pay tax on advance received in respect of an agreement to sell. However, in the proposed GST regime, the same provision will also apply to goods as well which could create lot of problems in cases where the order is cancelled or amended.

#### **4 Reverse Charge Mechanism (RCM)**

Currently RCM is applicable only for receipt of certain services. Under model GST Provisions (Section 72), RCM shall be applicable both for receiving goods and/ or services. RCM involves complications for assessee and hence alternative simpler mechanism should be developed and RCM should be done away in GST regime

In the Model GST Law, the buyer has to check the validity of the registration of the supplier and see whether the supplier has not been blacklisted by the Department. If the buyer has purchased/availed the services and he is unaware of the fact that Seller is blacklisted, the buyer will come to know only when he will upload the transaction of purchase in the next month while filing the return. To protect interests of the buyer, he should be able to check supplier's status at the time of payment and should not be held responsible for the default caused between the period of payment and reconciliation.

## **India-Cyprus Double Taxation Agreement Approved**

### **Capital Gains to be Taxed in India**

The India-Cyprus DTAA was approved by Cabinet on 24 Aug.

This step follows the recent amendment of the Double Taxation Avoidance Agreement with Mauritius. As in the case of Mauritius, the treaty with Cyprus had provided for **residence-based taxation of capital gains**. With the revision of the treaty now approved by the Cabinet, capital gains will be taxed in India for entities resident in Cyprus, subject to double tax relief. In other words, India will have the right to tax capital gains arising in India. The provisions in the earlier treaty for residence-based taxation were leading to distortion of financial and real investment flows by artificial diversion of various investments from their true countries of origin, for the sake of avoiding tax.

Negotiations with Singapore are also underway for similar changes.

#### **4 Job Work**

As per Proviso in Schedule 1 the "supply to job worker is not treated as supply of goods" and hence not subject to levy of GST. However the issues pertaining to return of goods from job worker to Principal's unit should be simplified in line with the procedure as per Excise notification 214/86. Further, the supply from job worker back to the Principal unit even 'if not a completed product' should also not be treated as supply of goods and GST should not be levied. However materials if any that of job worker is used by him in execution of the job work should be subject to GST levy by raising a separate invoice. In case the job worker is not having input services or opting not to claim credit for input service, should be exempt from GST levy where the principal undertakes to pay the tax at the time of his supply of final product.

#### **4 Exemption from GST for Foreign Agency Commission**

Foreign agents play an important role in getting export orders. Their services are utilised by majority of the exporters and they charge commission which is mentioned in the shipping bills. They are paid as and when the export price realised. They have their offices located abroad and their services are rendered outside India.

Under Service Tax Act, Foreign agency commission is exempted from levy of service tax by way of Rule 9(c) of Place of Provision of Service Rules, where in case of intermediary services (including foreign agents) the place of service is location of service provider.

Under GST which is consumption based levy it may be subject to tax. Hence specific exemption for commission paid to foreign agents be given.

#### **4 Rebate**

Since the entire GST is system driven provision be made allowing exporter conversion of CGST credit and SGST credit not utilised/ to be utilised for intra state supply to IGST. The transfer be done by means of a contra document for the transfer tax amount and corresponding value, wherein the exporter will be both the supplier and receiver. The IGST credit ledger be debited to the extent of IGST payable on value of exports. The debit

*Contd.. 184*

## WEEKLY INDEX OF CHANGES

### Excise ATF for Regional Connectivity Cut to 2% from 8%

#### 4 Scheme Extended to All Operators including Cargo

32-CE In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.12/2012-Central Excise dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide G.S.R.163(E) dated the

17th March, 2012, namely:-

In the said notification, in the Table, - (A) in the opening paragraph, after the sixth proviso, the following proviso shall be **inserted**, namely:-

“Provided also that nothing contained in this notification shall apply to the goods specified against serial number 77 of the said Table after the 25th day of August, 2019;”;

(B) for **serial number 77** and entries relating thereto, the following serial number and entries shall be substituted, namely :-

(1)	(2)	(3)	(4)	(5)
"77	2710	19 20	Aviation Turbine Fuel drawn by operators or cargo operators from the Regional Connectivity Scheme (RCS) airports	2% -".

[F.No.354/102/2015-TRU (Pt.-1)]

### No More Gifts from Ship Captains for Customs at Inward Entry Point, Says Board

#### 4 Rummaging Guidelines with Feedback Form to Check Corruption in Customs Notified

[CBEC Instruction No. 25 dated 23rd August 2016]

Sub: Boarding and Rummaging of vessels, aircrafts and vehicles.

References have been received in the Board alleging lackadaisical approach of Customs officers in rummaging and examination of vessels which come to berth at various Indian ports. The references also allege illegal gratification in the form of gifts and cash.

**2.** Attention is invited to the detailed guidelines prescribed in Customs Preventive Manual, 1987 regarding boarding and rummaging of vessels. Over the years many changes have taken place in the sphere of Customs administration in the background of changed economic scenario and increasing volume of trade. There has been a manifold increase in the number and movement of vessels and aircrafts. This has been accompanied by a more transparent and accountable work environment based on information technology which aims to better channelize scarce resources through risk management and at the same time endeavours to reduce transaction costs and promotes ease of doing business.

**3.** Needless to say that rummaging of vessels berthing at the ports/aircrafts landing at airports/vehicles crossing land customs stations is an effective method to prevent any attempt to smuggle prohibited and restricted goods into the country and hence supervisory officers need to pay adequate attention to this important preventive function. With an enhanced fleet of vessels and aircrafts to be dealt with limited human resources, rummaging exercises will prove to be effective when they are carried on sound risk management principles. While the prevailing rummaging practices need not be diluted, a full detailed rummage should be carried out on vessels/aircrafts/vehicles where risk analysis, reliable information etc. suggests the necessity for such. This will also help in reducing harassment, alleged complaints and enhance ease of doing business.

**4.** Rummaging parameters may be decided by the jurisdictional Principal Commissioner/ Com-

missioner with utmost confidentiality. Some of the probable parameters could be: ships/aircrafts arriving from sensitive ports/airports having higher risk profiles; composition of crew; frequency of visit of ship; random selection; passenger/cargo vessel; etc. While deciding these, the Principal Commissioner / Commissioner shall keep in mind the risk elements relating to smuggling of contraband goods, perceived threat to national economy and security and recent experiences of rummaging and their outcome. These parameters shall be reviewed once in every quarter based on fresh inputs received from rummaging exercises, intelligence, trends in smuggling etc. However, if specific intelligence / information is received regarding smuggling etc., detailed rummaging shall be carried out without fail.

**5.** Further, to improve efficiency, transparency and accountability in the boarding and rummaging exercises, and to streamline the procedures, attention is invited to Public Notice No. 03/2016 and Standing Order No. 01/2016 both dated 04.07.2016 (copies enclosed) issued by the Office of the Principal Commissioner of Customs, Chennai III Commissionerate. The aforesaid Public Notice and Standing Order also address the issue of illegal gratification. The jurisdictional Principal Commissioners / Commissioners of other Customs locations may issue similar Public Notices and Standing Orders.

**6.** Though the new initiatives, as indicated above, are required to be undertaken at each Customs location, the guidelines prescribed in the Customs Preventive Manual, 1987 regarding rummaging which inter alia include the nature of goods, the areas to be searched, precautions for safeguarding the officers and the vessels/aircrafts/vehicles, official supervision, professional approach to minimise annoyance and loss, etc. will continue to be in force.

**7.** A proforma rummaging report is given in An-



nexure-I. The same may be used for rummaging exercise. The rummaging report shall be signed by the Superintendent in charge of rummaging after each rummaging exercise and counter signed by the Deputy/Assistant Commissioner in charge of rummaging. Rummaging sections shall also maintain the rummaging register as given in Annexure-II.

**8.** The above instructions shall be brought to the notice of the officers under your jurisdictions with a direction to follow these scrupulously. Any instance of deviation shall be viewed seriously.

**9.** Difficulties faced in implementation of these instructions, if any, should be brought to the notice of the Board.

F.No. 394/66/2016-Cus (AS)

Annexure -1 to Instruction No. 25/2016 dated 23.08.2016

#### Rummaging Report

- Report no..... (specify sl. no.) of ..... (specify year)
- Date:
- Name of officer in-charge of rummaging party, other team members & their designations:
- Details of the Vessel/ Aircraft/ Vehicle**
  - Name/ Regn. No.:
  - Voyage/ Flag No./ Trip:
  - Last port of Call with date:
  - Next port of call:
  - Berth at:
  - Nature of cargo:
  - Shipping agent:
- Date of berthing of vessel/landing of aircraft/arrival of vehicle:
- Date and time of rummage:**
  - Date
  - Start time
  - End time
- Name and rank of the master of the vessel/ ship's officer/ engineer on duty / captain of the aircraft who was informed before commencement of rummage.:
- Whether the officer/engineer concerned was informed before any oil tanks or water tanks, cofferdams etc. were opened. **Yes/ No**
- Whether the ship's/aircraft's officer/engineer was informed before any vital portions of machinery were opened. **Yes/No**
- Whether it was ensured that all tank covers etc. were properly refitted and closed after inspection. **Yes/No**
- The areas / parts of the ship/ aircraft / vehicle rummaged:-**
  - 
  - 
  - 
  -
- Summary of findings
- Follow up action to be taken (if any) File reference no.

Name:

Signature of the Superintendent in-charge

**Countersigned by:**

Signature with date:

Name:

Assistant I Deputy Commissioner

Annexure - II to Instruction No. 25/2016 dated 23.08.2016

### Rummaging Register

Date:  
**Details of vessel I aircraft etc.**

Name:  
Vessel no.:  
Date of rummaging:  
Rummaging report no.:  
Officer In-charge of rummaging party:  
Action taken:  
File reference no.:

### Monthly Abstract - A

No. of Rummages done:  
No. of cases where action was initiated:

### Monthly Abstract - B

Opening Balance:  
Receipt:

Disposal:  
Closing Balance:  
**Period-wise breakup of Closing Balance**

<1 month:  
>1 month but < 6 months:  
>6 months but <1 year:  
>1 year:

**Note:** 1.. 'Opening Balance' refers to number of cases detected which are pending upto the month and 'Closing Balance' refers to number of cases pending at the end of the month;  
2. 'Receipt' refers to number of cases detected during the month i.e. number of cases where action was initiated during the month (as in second column of Monthly Abstract - A above) and 'Disposal' refers to number of cases finalized I closed during the month.

## Guidelines on Storage of Hazardous Cargo and General Cargo at Customs Premises

### 4 30m Distance for Hazardous Cargo and 200m for Explosives Prescribed

*Subject: Guidelines on safety and security of premises where imported or export goods are loaded, unloaded, handled or stored.*

40-CBEC Attention is invited to the Board's  
26.08.2016 Circular No. 4/2011-Cus dt.  
(DoR) 10.1.2011, wherein, vide  
Annexure-A appended to the

circular, CBEC has prescribed comprehensive guidelines on safety and security of premises where imported or export goods are loaded, unloaded, handled or stored. It has been specifically provided that imported goods or export goods which are hazardous in nature shall be stored at the approved premises of the customs cargo service provider (CCSP) in an isolated placed duly separated from other general cargo, depending upon classification of its hazardous nature such as explosives, gases, flammable liquids, flammable solids, poisonous and infectious substances, radioactive material or any hazardous chemicals defined under respective rules.

**2.** It is further provided that the space allocated for storage of hazardous cargo within the notified premises should be of proper construction including appropriate heat or fire resistant walls, RCC roofing, flooring. Such area shall be situated at a minimum distance of 200 metres away from main office, administrative, customs office building so that the storage of hazardous cargo is in such a manner that it does not endanger the people working in the premises.

**3.** M/s. CFS Association of India had filed W.P. No.3651/2011 in the High Court of Judicature at Bombay inter-alia challenging the CBEC Circular No. 4/2011-Cus, Public Notice No. 8/2011 dated 4.2.2011 issued by the Commissioner of Customs Raigad, Maharashtra. While disposing off the said WP, the Hon'ble Bombay High Court observed:

*In the exercise of its jurisdiction under Article 226 of the Constitution, this Court has to be mindful of the fact that issues such as the maintenance of a safe distance between general and hazardous cargo are matters of scientific expertise where the Court would place a degree of deference on the decision which is taken by the Commissioner of Customs. The Commissioner of Customs is an authority which is vested with the jurisdiction and obligation to take such a decision under the Regulations of 2009. Unless there is something*

*arbitrary, the Court would not be inclined to interfere. The communication which has been issued by the Central Board of Excise and Customs on 6th April, 2011 clarifies that the matter has now been referred to the Union Ministry of Environment and Forests and to the Union Ministry of Shipping. Obviously, in such matters a decision which is once taken is capable of being altered having regard to the requirements of safety and security and after taking into account practical concerns which are expressed by trade and industry. The concerns of safety and security need continuous monitoring and evaluation. A standard once laid down is not immune to change. In our view, it would be appropriate, since a process of re-examination has been initiated by the Central Board of Excise and Customs, if the Competent Authority in that regard is left to take a considered decision after considering all the requisite facets of the case. We accordingly would expect that the concerned Ministries of the Union Government which are seized of the issue namely, the Union Ministry of Finance (Department of Revenue), the Union Ministry of Environment and Forests and the Union Ministry of Shipping will undertake a collaborative exercise and arrive at a decision, based on the views of experts and the need to maintain safety and security. Nothing arbitrary in the decisions impugned before the Court is shown. With these observations, we accordingly dispose of the Petition. No order as to costs.*

**4.** Pursuant to the decision of the High Court in the Writ Petition No. 3651/2011, a joint Technical Committee comprising of Members from MoEF, Ministry of Shipping, CBEC, Port Trust, etc., was constituted to give recommendations on the distance(s) to be maintained between the hazardous cargo and the general cargo in the customs area on one hand and between the hazardous cargo and the administrative building on the other.

**5.** The Committee has submitted its recommendations which have been accepted in the MoEF & CBEC. Accordingly, the guidelines in so far as prescribing the distance to be maintained between hazardous cargo including explosives and general cargo or administrative building in a

## Onion Prices Crash Export Support at 5% under MEIS Notified for Four Months Till 31 Dec 2016



**Effect of Public Notice:**  
MEIS rate for Onion is notified. It would be effective for exports made upto 31.12.2016.

*Subject: Merchandise Exports from India Scheme (MEIS) - Addition in Table 2 [containing ITC (HS) code wise list of products with reward rates] of Appendix 3B*

26-PN In exercise of powers  
26.08.2016 conferred under paragraph  
(DGFT) 1.03 of the Foreign Trade  
Policy 2015-2020, the

Director General of Foreign Trade hereby makes the following addition in Table 2 [containing ITC (HS) code wise list and description of goods with reward rates under MEIS] of Appendix 3B with immediate effect:

SNo.	HS code	Description	MEIS Rate-%
5055	07031010	Onions Fresh or Chilled	5

This rate will be effective for exports made upto 31.12.2016.

Customs area would be as follows:

- Among the various hazardous goods imported or exported, explosives have to be considered separately in view of the severity of hazard, safety procedure and skill etc. required in their handling and storage.
- The safe distances between buildings and hazardous cargoes other than explosives varies from **3 meters to 30 meters**, in various rules and practices, in other parts outside the country. In order to have uniformity, the distance of 30 meters is prescribed to be maintained between hazardous cargo (other than explosives) and administrative buildings. However, the distance of **200 meter** as mentioned in CBEC Circular No. 4/2011 would be observed between the hazardous cargo (explosive in nature) and the **administrative** buildings. The distance to be maintained between hazardous cargo and general cargo would be as prescribed in IMDG (International Maritime Dangerous Goods) Code for storage in port areas.
- The safe distance for storing hazardous goods including explosives on land i.e Container Depot, CCSP area. Customs notified area etc. (other than port area) for which specific rules exists shall be guided by said rules i.e Gas Cylinder Rules, 2004; the Explosive Rules, 2008; Petroleum Rules, 2002; Static and Mobile Pressure Rules, 1981 etc., as applicable.
- In case of anomaly, **between port** rules and respective **specific rules** governing storage of a particular hazardous good, the provision of specific rules shall over ride the port rules.
- The guidelines contained in Annexure-A of CBEC circular No. 4/2011 dated 10.1.2011 shall stand modified to the above extent.
- Suitable Public Notice be issued by the field formations.

F.No.450/55/2008-Cus IV (Pt. III)

## DGFT Finally Releases Red Sanders Wood Export Quota of 9698.095 MTs (8498 MTs for AP + 1200 MTs for DRI)

- 4 Violates its Own Undertaking to Madras High Court in 2007, No Further Export will be Allowed in Log form, Only Value Add Handicrafts Allowed
- 4 Conservation of Bio Resources Abandoned for China Exports
- 4 20 Wood Cutters Killed in Forest Dept Encounter Last Year, Smuggling Alleged
- 4 Annual World Demand in China and Japan only 2000 tonnes
- 4 More Time to AP Govt to use Export Quota upto 30 April 2017

*Subject: Export of Red Sanders wood by Government of Andhra Pradesh & Directorate of Revenue Intelligence (DRI) - Revision of quantity allocation to Govt. of Andhra Pradesh and extension of time for export by Govt. of Andhra Pradesh and DRI.*

24-Ntfn In exercise of powers conferred  
29.08.2016 by Section 5 of the Foreign  
(DGFT) Trade (Development &  
Regulation) Act, 1992 read with  
Para 1.02 of the Foreign Trade Policy, 2015-  
2020, the Central Government hereby makes  
the following amendments in Notification No.  
47 (RE-2013)/2009-2014 dated 24.10.2013  
read with Notification No. 6 dated 06.05.2015  
and Public Notice No. 42 (RE-2013)/2009-2014  
dated 03.12.2013.

**2.** Para 2(i) of the Notification No. 47 (RE-2013)/2009-2014 dated 24.10.2013 is substituted as under:

"2(i) Government of Andhra Pradesh is hereby permitted to export 8498.095 MT of Red Sanders wood in log form / value added form either by itself or through any entity / entities so authorized by them for the purpose."

**3.** Para 4 of the Notification No. 47 (RE-2013)/2009-2014 dated 24.10.2013 is substituted as under:

"4. Government of Andhra Pradesh and Directorate of Revenue Intelligence (DRI) shall finalize the modalities, including allocation of quantities to their respective authorized entities for export of the respective quantities of Red Sanders wood and shall complete the whole process of export latest by 30th April, 2017. This shall be subject to such orders as passed by the Hon'ble High Court of Madras or such submissions as made before the Hon'ble High Court of Madras in WP No. 29273 of 2007 or such orders as passed by any other court, if any."

**4.** Para 5 of Notification No. 47 dated 24.10.2013 is amended to read as under:

"5. Prohibition on export of red sanders wood has been relaxed for export of 9698.095 MT (8498.095 MT for Govt. of Andhra Pradesh + 1200 MT for DRI) of red sanders wood".

**5.** Other provisions of Notification No. 47 (RE-2013)/2009-2014 dated 24.10.2013 will remain unchanged.

**6.** Public Notice No. 42 (RE-2013)/2009-2014 dated 03.12.2013 is superseded.

**7.** Exports already made by Govt. of Andhra Pradesh under Notification No. 47 (RE-2013)/2009-2014 dated 24.10.2013 as well as those made under Public Notice No. 42 (RE-2013)/2009-2014 dated 03.12.2013 will be subsumed under the revised quantity of 8498.095 MT being allocated to the Govt. of Andhra Pradesh under the present Notification.

### **8. Effect of this notification:**

(i) The total quantity of Red Sanders wood in any form, bulk or value added, permitted to the Government of Andhra Pradesh for export stands revised to 8498.095 MT which subsumes the quantity of exports already made by the Govt. of Andhra Pradesh under the Notification No. 47 (RE-2013)/2009-2014 dated 24.10.2013 and under Public Notice No. 42 (RE-2013)/2009-2014 dated 03.12.2013.

(ii) Public Notice No. 42 (RE-2013)/2009-2014 dated 03.12.2013 is superseded.

(iii) Time upto 30.04.2017 has been allowed to the Government of Andhra Pradesh & Directorate of Revenue Intelligence (DRI) to finalize the modalities and complete the process of export of respective allocated quantity of Red Sanders wood.



## Board Issues Revised Guidelines for Disposal of Confiscated Goods

- 4 Uniform 10% Rebate on Sale thru NCCF and Kendriya Bhandar upto Rs. 5 Lakhs, e-auction thereafter through MSTC

*Subject: Revised guidelines for disposal of confiscated goods.*

**[Ref: CBEC Circular No. 39 dated 26 Aug 2016]**

The following instructions are issued with regard to disposal of confiscated goods through **NCCF/Kendriya Bhandar** and other Consumer cooperatives:-

4 Sale through **Army Canteen/CSD**: There shall be no change in the criteria adopted by the field formations in respect of disposal through Army Canteen/CSD and therefore, the existing instructions contained in Circular No. 11/2012-Cus dated 12.4.2012 shall continue to be followed in

such cases.

4 Sale through **NCCF/KB/Consumer Cooperatives**: Any lot of confiscated/seized consumer goods, which is ripe for disposal and whose value does **not exceed Rs. Five lakh**, shall be offered to NCCF/KB/Other Central Government Employees Consumer Cooperative Society/ Multi-State Consumer Cooperative Societies/State Consumer Cooperatives, **at a uniform rebate/discount of 10%**, subject to the following conditions:-

- (a) They should be functional for at least 10 preceding years and should submit Income-Tax returns and VAT/ST returns showing their activities in sale of goods to the consumers and that appropriate taxes have been duly paid and relevant laws/rules and regulations are complied with.
- (b) Only those Co-operative Societies or National/State level Cooperative Federations that are duly verified and certified as genuine, every year by an officer not below the rank of AC/DC, and those that have been duly registered under Multi-State Cooperative Societies Act, 2002 or concerned State Cooperatives Act, should be permitted to purchase the confiscated/seized goods. The genuineness of co-operative societies/federation may also be verified through concerned Commissionerates or other field formations of this department, wherever required.
- (c) They should be obliged to sell such seized/confiscated goods directly to bonafide consumers.
- (d) No pick and choose of items would be allowed.
- (e) Seized/confiscated consumer goods shall be offered on first come first served basis.
- (f) Complete accounts may be called for scrutiny by the department as and when necessary, to ensure that the seized/confiscated goods, which are sensitive to smuggling are not misused; or to verify that their disposal has not been made to a single party/ individual; or to ensure that sale has not been made to any persons where in purchase vouchers etc., had been misused by unscrupulous elements in legitimizing smuggling.

4 Sale through **e-auction/auction cum tender**: Any lot of confiscated/seized goods of all types and confiscated/seized consumer goods whose value exceeds Rs. Five lakhs shall not be sold directly to the aforesaid cooperative Societies/Federation and shall be sold by e-auction or auction-cum-tender basis. In such e-auction or auction-cum-tender process, all stakeholders/persons including NCCF/KB/other Central Government employees consumer cooperatives/ Multi-State/State cooperatives or National/State level Cooperative Federations can also participate, subject to the fulfilment of conditions as prescribed vide Board's Circular No.50/2005-Customs dated 1.12.2005 and reflected in Circulars No. 12/2006-Customs dated 20.2.2006 and 11/2012-Customs dated 12.4.2012. However, No discount/rebate shall be available to any organization/Cooperative for the goods disposed through E-Auction/Auction-cum-Tender.

4 Board had earlier appointed a Task Force to examine the various issues arising out of the audit review, and to suggest effective measures to put in place a permanent mechanism for expeditious disposal of cargo including confiscated/seized goods. Based on the recommendations of a Task Force, Board had streamlined the procedure for disposal of goods which inter-alia include its approval for setting up of a centralized e-auction portal by engaging the services of **M/S. MSTC Ltd. Mumbai**, a PSU under the Ministry of Steel. This e-auction procedure had been in force for quite some time and it had facilitated expeditious disposal of goods by the field formations. Detailed instructions and guidelines on this procedure are already available in MSTC website, which specifically hosts e-auctions for Customs and Central Excise department

regularly. It is hereby reiterated that E-auction or auction-cum-tender prescribed vide Board's Circular No.50/2005-Customs dated 1.12.2005 and reiterated in Circulars No. 12/2006-Customs dated 20.2.2006 and 11/2012-Customs dated 12.4.2012, may continue to be utilised in respect of confiscated/seized goods.

The above instructions may be followed by all the Customs field formations with immediate effect. These instructions may be brought to the notice of all concerned immediately through appropriate Public Notice.

*F.No.711/01/2006-Cus(AS)/Pt.*

### **Bonded Premises for Warehousing in EOU Amended to Delete "Bonding"** *[Ref: Excise Notification No. 31 dated 24 Aug 2016]*

Further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) **No. 22/2003- Central Excise dated the 31st March, 2003.**

2. In the said notification, -

- (i) in the opening paragraph, in condition (7), in clause (iv) for the words "**bonded premises**" the words "**premises of the unit**" shall be substituted;
- (ii) in paragraph (2a), the words "**and following the rewarehousing procedure**" shall be **omitted**;
- (iii) in paragraph (2b), the words "**and following the rewarehousing procedure**" and "**and by following the rewarehousing procedure**" shall be omitted;
- (iv) in paragraph 4, for the words "**bonded**

**premises**" the words "**premises of the unit**" shall be substituted;

(v) in paragraph 5, for condition (vii), the following condition shall be substituted, namely: -

"(vii) the unit shall be required to have a premises for secure storage of goods procured duty free under this notification and the final products manufactured or produced therefrom and the details of the premises shall be declared to the said officer.";

(vi) in paragraph 8, the words "**or to debond**", "**or debonding**", "**debonding or**" and "**as the case may be**" wherever they occur shall be **omitted**.

*[F. No. 484/03/2015(Pt. II) – LC]*

### **Setting up of CFS by Vizag Municipal Corporation**

114-Cus(NT) In exercise of the powers 26.08.2016 conferred by sub-section (1) (DoR) of section 4 of the Customs Act, 1962 (52 of 1962), the

Central Board of Excise and Customs, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.78/2014-Customs (N.T.) dated the 16th September, 2014 published vide G.S.R. No. 655[E], dated the 16th September, 2014 namely:-

2. In the said notification, in the Table, against serial number 23, for the entry in column 2, the following entry shall be substituted namely:- "Port of Visakhapatnam, Gangavaram port, Visakhapatnam International Airport, Container Freight Station at Bayyavaram Village, Kasimkota Mandal, Visakhapatnam District, Visakhapatnam, Special Economic Zone and the areas under the Greater Visakhapatnam Municipal Corporation of Visakhapatnam in the state of Andhra Pradesh".  
*F.No.437/48/2014-Cus IV]*

### **Bank Guarantee Condition for Transshipment**

115-Cus(NT) In exercise of the powers 26.08.2016 conferred by sub-section (2) of (DoR) section 141 read with section 157 of the Customs Act, 1962

(52 of 1962), the Central Board of Excise and Customs hereby makes the following regulations to further amend the Handling of Cargo in Customs Areas Regulations, 2009, namely:-

- 1. (1) These regulations may be called the Handling of Cargo in Customs Areas (Amendment) Regulations, 2016.
- (2) They shall come into force on the date of their publication in the Official Gazette.
- 2. In the Handling of Cargo in Customs Areas

Regulations, 2009 (hereinafter referred to as 'the said regulations'), in regulation 5, namely:-

a) in sub-regulation (3), for the word "**thirty**", the word "**ten**" shall be substituted:

b) in **sub-regulation (4)**, the following proviso shall be **inserted**, namely:-

"Provided that the condition of furnishing of bank guarantee shall not be applicable to ports notified under the Major Ports Act, 1962 (38 of 1963) or to the Central Government or State Governments or their undertakings or to the customs cargo service provider authorised under Authorised Economic Operator Programme."

*[F. No. 450/114/2015-Cus IV]*

### **India Hosts Meet on Trade Stats**

"Accurate, reliable and timely information plays an important role for effective decision making in almost every aspect of human endeavor. It is an essential ingredient for decisions makers and Policy planners", said D.V. Sadananda Gowda, while inaugurating the 8th Meeting of Heads of SAARC Statistical Organizations (SAARCSTAT) in New Delhi on 29 August.

India is hosting the three-day meeting and del-

egates from SAARC Member States and other international organizations viz., FAO, PARIS 21, and ADB attended the Meet. The theme of this Meeting is "Trade Statistics – Merchandise & Services".

SAARC Members countries will review the implementation of International Merchandise Trade Statistics (IMTS) 2010 and Manual on Statistics of International Trade in Services (MSITS) 2010.

### **DGFT Grievance Redressal Committee**

*Subject: Constitution of Grievance Redressal Committee*

14-TN Para 9.08 of HBP, 2015-2020  
24.08.2016 provides for a grievance  
(DGFT) committee at the level of  
DGFT, HQ and at the Zonal

RAs for speedy redressal of grievances of trade and industry pertaining to the Foreign Trade Policy (FTP) and the related procedure. Accordingly, it has been decided to constitute the above Grievance Committee at the level of HQs and Zonal RAs. The Grievance Committee at HQ shall endeavour to meet once in every quarter and once in every month at the Zonal RAs.

The Grievance committee shall have the following terms of references:

1. To review grievance cases pending beyond reasonable time with RA/HQ for speedy disposal.

2. To review resolution of sector specific grievances brought forth by members or obtained from other sources.

3. To suggest reform in policy & procedure.

Composition of the re-constituted grievance committee will be as under:

**At HQs:**

- (1) DGFT- Chairperson
- (2) All Addl. DGFTs in HQ - Members
- (3) All Joint DGFTs in HQ - Members
- (4) Dy. DGFTs in HQ looking after Policy work- Members
- (5) President/DG, FIEO - Member
- (6) Chairman/ED of AEPC, CHEMEXCIL, CAPEXIL, CLE, EEPC, EPCH, PEPC, SRTPC, GJEPC - Members
- (7) Any other official from a department/ organisation from which grievance is received, on invitation - Special invitee

**At Zonal RAs:**

- (1) Zonal Addl. DC-Chairperson
- (2) All Addl. DGs/ Joint DGs / officers concerned in zone - Members
- (3) Regional ED of FIEO - Members
- (4) Regional ED of AEPC, CHEMEXCIL, CAPEXIL, CLE, EEPC, EPCH, PEPC, SRTPC, GJEPC - Members
- (5) Any other official from a department/ organisation from which grievance is received, on invitation - Special invitee

This issues with the approval of competent Authority.

Reducing Asymmetry in Trade data amongst SAARC countries is one of the topics for discussion in this Meeting. Reducing asymmetry in bilateral trade data is an issue which requires serious attention from the data compilers. Although India has taken up the issues of data reconciliation with a few countries like China, Brazil, Vietnam, Philippines, South Korea, Japan, South Africa, Sri Lanka but much more needs to be done to bring down the asymmetry to an acceptable level especially in the SAARC Region.

## Business Suggests Seven Point Formula to G20

The International Chamber of Commerce has put forward a set of business recommendations to help leaders of the world's major economies prepare for discussions on the world's most pressing economic policy challenges at next month's G20 Summit taking place Hangzhou, China.

From climate change and energy to taxation and trade, the recommendations cover seven areas not covered by the 20 principle 2016 policy recommendations developed by the Business -20 (B20), and to which ICC significantly contributed and fully endorses.

### Taxation

- 0 Achieve coordinated and consistent implementation of the G20/OECD BEPS Action Plan, ensuring that all countries - not just OECD states - work together towards a consistent international tax landscape.
- 0 Continue efforts to align investment and tax policies to facilitate greater consistency internationally and incentivize cross-border trade, investment, jobs and economic growth.
- 0 Ensure effective dispute resolution mechanisms are in place to mitigate double taxation cases and associated tax disputes.
- 0 Maintain the confidentiality of commercially-sensitive business information in CbC tax reports and ensure that all countries and jurisdictions implement the global standards, including new tax transparency measures related to the automatic exchange of financial account information between national tax offices.

### Trade finance

- 0 Ensure equitable, risk-aligned and consistent regulatory treatment of trade finance to enable the engagement of developing and frontier economies.
- 0 Advance and multiply the positive impact of trade financing and trade, by actively enabling the deployment of FinTech solutions and propositions in international commerce.

### Trade

- 0 Call on WTO members to continue to refrain from taxing electronic commerce, and create conditions for the further development of the global digital economy.
- 0 Initiate sectoral negotiations at WTO that can make a significant contribution to economic growth by reducing the cost of trading.
- 0 Make concrete progress on the liberalization of trade in services through alternative negotiating approaches, including plurilateral approaches such as the Trade in Services Agreement (TiSA), with the ultimate aim of transferring results into the WTO. It is estimated that removing barriers to global exports of tradable services could generate world trade gains of US\$1.0 trillion and global employment gains of almost 9 million jobs.
- 0 Encourage more countries to join the recently announced plurilateral initiative to eliminate tariffs on environmental goods, expand product coverage using the widest possible definition of green goods and eliminate unilaterally-imposed environmental rules that are trade-restrictive or create barriers

to trade. A meaningful WTO agreement in liberalizing trade on environmental goods, even on a plurilateral basis, could deliver US\$10.3 billion of additional exports and augment employment gains by 256,000 jobs.

### Investment

- 0 Include dispute resolution mechanisms in all investment agreements to ensure investors have direct access to effective and independent dispute settlement.
- 0 Avoid sectoral discriminations in the negotiation of investment treaties, which have a direct impact on the inflow of FDI.
- 0 Devote greater attention to state-owned enterprises (SOEs), which can enjoy a range of preferential benefits and compete with the private sector in investment and trade areas.
- 0 Refrain from abusing "national security" provisions in agreements and treaties for protectionist purposes. Such procedures should be applied in a transparent, fair and non-discriminatory manner if they are to be exceptionally used.
- 0 Avoid forced localization provisions which have negative repercussions on both the investor and on the host country's attractiveness as an investment destination.

### Energy

- 0 Encourage the utilization of broad energy mix-including conventional fuels such as coal, gas, gas liquids and oil; nuclear power; and renewables such as bioenergy, geothermal, hydro, solar and wind-to drive sustainable development and help alleviate environmental or other sustainability challenges associated with any one form of energy.
- 0 Manage the long-term transition to secure and sustainable global energy systems by establishing stable regulatory frameworks that incentivize energy investment, ensure long-term energy security, and promote sustainable energy delivery and consumption.
- 0 Accelerate energy R&D investment for innovative energy technologies, and strengthen and encourage the expansion of well-trained scientists, engineers and technicians necessary to expand energy-related R&D.
- 0 Continue to promote and support energy efficiency across industries, including establishing government efficiency standards and promoting energy-efficient behaviours and devices by energy consumers through education, regulation and incentives.
- 0 Improve the global governance framework for energy policy, starting with establishing formal business representation in the G20

energy-related working groups. G20 Leaders should also: (i) encourage the completion of the International Energy Forum Joint Oil Data Initiative (JODI) work on oil, gas and coal information and (ii) reform current institutions (e.g., International Energy Agency, International Energy Forum), including increasing collaboration among countries and international energy-oriented organizations.

- 0 Increase access to clean, modern forms of energy in accordance with SDG 7, with emphasis on Africa and the Asia-Pacific region, including support for (i) the UN SE4All initiatives and its High-Impact Opportunity (HIO) partners (including energy efficiency in district energy, green building, transportation, lighting and appliances); (ii) efforts by international organizations to improve energy access in developing countries (e.g., the African Development Bank's New Deal on Energy for Africa).

### Climate change

- 0 Support and prioritize the development of common rules of the COP21 Paris Agreement on Climate Change to measure, report, and verify commitments. Credibility and predictability will be essential for the long-term success of the Agreement and are vital considerations for private sector planning and investments.
- 0 Promote market-based instruments to achieve the least economic cost emission reduction targets and include them in relevant considerations, documents and strategies at UN and national levels including Nationally Determined Contributions (NDCs) and other national climate policies where appropriate.
- 0 Support global carbon pricing as a policy framework, such as through building upon and extending the G7 Carbon Pricing initiative.
- 0 Generate funding and financial risk-mitigation mechanisms for necessary R&D, deployment and infrastructure.
- 0 Implement mechanisms that rationally incentivize emissions reductions and climate adaptation.

### Anti-corruption

- 0 Strengthen anti-corruption capacity-building by (i) promoting usage of self-regulatory codes and standards; (ii) supporting and scaling-up anti-corruption and compliance training; (iii) enhancing efforts to engage SMEs; and (iv) working together with the private sector to build capacity for high-level reporting mechanisms in G20 members.
- 0 Strengthen enforcement of existing anti-corruption frameworks, with particular focus on enforcing the UNCAC through improved monitoring, peer review processes and partnering with the business community.

## India and Mauritius DTAA to Tax Capital Gains in India from Next Year

The Protocol for amendment of the Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains between India and Mauritius was signed by both countries on 10th May, 2016. It entered into force in India on 19th July, 2016 and has been notified in the Official Gazette on 11th August, 2016.

The Protocol provides for source-based taxation of capital gains arising from alienation of shares acquired on or after 1st April, 2017 in a company resident in India with effect from financial year 2017-18. Simultaneously, investments made before 1st April, 2017 have been grandfathered and will not be subject to capital gains taxation in India. Where such capital gains arise during

the transition period from 1st April, 2017 to 31st March, 2019, the tax rate will be limited to 50% of the domestic tax rate of India. Taxation in India at full domestic tax rate will take place from financial year 2019-20 onwards.

The benefit of 50% reduction in tax rate during the transition period shall be subject to the Limitation of Benefits Article, whereby a resident of Mauritius (including a shell / conduit company) will not be entitled to benefit of 50% reduction in tax rate, if it fails the main purpose test and bonafide business test. A resident is deemed to be a shell / conduit company, if its total expenditure on operations in Mauritius is less than Rs. 2,700,000 (Mauritian Rupees 1,500,000) in the immediately preceding 12 months.

The Protocol further provides for source-based taxation of interest income of banks, whereby interest arising in India to Mauritian resident banks will be subject to withholding tax in India at the

rate of 7.5% in respect of debt claims or loans made after 31st March, 2017. However, interest income of Mauritian resident banks in respect of debt-claims existing on or before 31st March, 2017 shall be exempt from tax in India as per existing provisions in the Convention.

The Protocol also provides for updating of the Exchange of Information Article as per the international standard, provision for assistance in collection of taxes, source-based taxation of other income, amongst other changes.

The Protocol will tackle treaty abuse and round tripping of funds attributed to the India-Mauritius treaty, curb revenue loss, prevent double non-taxation, streamline the flow of investment and stimulate the flow of exchange of information between the two Contracting Parties. It will improve transparency in tax matters and will help curb tax evasion and tax avoidance.

Drawback where the goods had been exported under existing law, it is proposed to allow exporters to claim Drawback for shipments made during first 2 or 3 months from the appointed date and the refund made by way of Claim as existing procedures from Customs or CGST/IGST authorities. The exporter will not be allowed to take input credit of taxes on materials lying in stock, WIP or finished goods on appointed date. However input credit of GST paid on purchases post GST be allowed.

(II) Further where pending refund claims to be disposed of under earlier law "Provided that where any claim for refund is fully or partially rejected, the amount so rejected shall lapse." In the case of exporters, refund claims have been filed after debiting the claim amount in eligible CENVAT credit lying in balance. Refund claim is filed to liquidate the CENVAT credit in to cash under Rule 18 of Central Excise Rules. In existing law if refund is rejected, the exporter is allowed to take back the CENVAT because the nature of CENVAT was eligible and then is at liberty to use this credit for Domestic sales.

The same Provision is required in the new GST law as well. There are a number of disputes currently under litigation for denial of such input credits. This is a legitimate Credit available to the exporter and he only debited it to avail of the export duty pass through and rejections on technical grounds are common place. The basic credit itself is not questioned. Not allowing exporters to take credit in case they lose their pleas is amounting to a huge Burden on exporters which is totally unwarranted.

**Contd.. 178**

will be only to the extent of credit available and cannot exceed the credit available. This debit amount be refunded in cash to the exporter, for which the exporter has to submit only the proof of exports to the proper officer under IGST or provide the details of exports and the same can be verified online from Customs data. This will obviate the necessary of filing multiple applications, documents and additional man power with the departments and the exporter. The credit transferred from SGST and CGST can be recovered from respective Governments. Any wrong refund of taxes or refund in excess of credit available, be recovered as provided in the GST Act.

**4 Insertion of Explanation under Notifications**

As per Section 10 (3), for the purpose of clarifying

the scope or applicability of any notification, an explanation may be inserted within one year of issuance of the notification, which will have effect as if it had always been part of the said notification.

The power to insert an Explanation within one year of issuance of a Notification, which would apply ab initio, runs counter to the law declared by the Supreme Court in Union of India vs. Martin Lottery Agencies Ltd. [2009 (14) S.T.R. 593 (S.C.)] and SEDCO Forex International Drill Inc. vs. Commissioner of Income Tax [(2005) 12 SCC 717], which is to the effect that an Explanation does not automatically take effect retrospectively even if it is stated to be "for the removal of doubts". Hence, Section 10 (3) may kindly be withdrawn.

**4 Transition Period**

(I) In order that the exporters do not loose the

**Customs Exchange Rates**

[As on 31 Aug 2016]

Currency	Imports	Exports
<b>1 FC = IC</b>		
Australian Dollar	52.50	50.55
Bahrain Dinar	183.75	171.45
Canadian Dollar	52.95	51.30
Danish Kroner	10.35	9.95
4 EURO	76.90	74.30
Hong Kong Dollar	8.75	8.50
Kuwait Dinar	229.50	214.70
Newzeland Dollar	49.65	47.90
4 Norwegian Kroner	8.30	8.00
4 Pound Sterling	88.75	85.90
Singapore Dollar	50.75	49.10
South African Rand	4.90*	4.55*
Saudi Arabian Riyal	18.45	17.25
Swedish Kroner	8.10	7.80
Swiss Franc	70.75	68.45
UAE Dirham	18.80	17.65
4 US Dollar	67.75	66.05
Chinese Yuan	10.25	9.95
<b>100 FC = IC</b>		
4 Japanese Yen	68.10	65.80
Kenya Shilling	68.20	63.75

[F.No.468/01/2016-Cus.V]

\*w.e.f. 27.08.2016

[Ref: 112-Cus (NT) dated 18th Aug 2016]

**WIndex No. 23 – 31 August - 06 September 2016**

**DIndex Delivered Daily by Email**

**Foreign Trade Policy**

		DIndex*	WIndex
24-Ntfn/29.08.2016	DGFT Finally Releases Red Sanders Wood Export Quota of 9698.095 MTs (8498 MTs for AP + 1200 MTs for DRI)	7157	181
26-PN/26.08.2016	Onion Prices Crash Export Support at 5% under MEIS Notified for Four Months Till 31 Dec 2016	7150	180
14-TN/24.08.2016	DGFT Grievance Redressal Committee	7154	182

**Customs**

114-Cus(NT)/26.08.16	Setting up of CFS by Vizag Municipal Corporation	7153	182
115-Cus(NT)/26.08.16	Bank Guarantee Condition for Transshipment	7156	182

**Excise**

31-CE/24.08.2016	Bonded Premises for Warehousing in EOU Amended to Delete "Bonding"	7142	182
32-CE/26.08.2016	Excise ATF for Regional Connectivity Cut to 2% from 8%	7149	179

**CBEC Circular**

39-CBEC/26.08.2016	Board Issues Revised Guidelines for Disposal of Confiscated Goods	7152	181
40-CBEC/26.08.2016	Guidelines on Storage of Hazardous Cargo and General Cargo at Customs Premises	7151	180
CBEC Instruction 25/23.08.2016	No More Gifts from Ship Captains for Customs at Inward Entry Point, Says Board	7141	179

\*See details in [www.worldtradesScanner.com](http://www.worldtradesScanner.com)