

GJEPC Launches first Open House under series “THE DIALOGUE – A New Beginning”

Topic: IGST charged on Re-import consignments at Jaipur port
2nd September 2018 | Jaipur

Speakers at the Session:

- Shri S.C. Agarwal, Commissioner of Customs, Jaipur

Objective of the Session:

The session was organised by the The Gem & Jewellery Export Promotion Council (GJEPC), Jaipur Region to address and put forward the concerns of the industry to Customs on the levy of IGST on re-import consignments which were exported for participation in an overseas exhibition or for display abroad or on consignment basis.

Key Highlights of the Session:

- The Regional Director of Council's Jaipur office, Shri Sanjay Singh launched the first Open house under the series “THE DIALOGUE – a new beginning”. The Regional office of the Council at Jaipur has coined the series for raising issues faced by the industry with various stake holders with an objective to facilitate interaction and searching resolution.
- The Commissioner of Customs, Shri S.C. Agarwal apprised the members that the Notification no. 45/2017-Customs dated 30th June 2018 which seeks to grant exemption to re-import of goods contains a condition no. 1(d) due to which the IGST is being levied by Customs at Jaipur port on goods getting re-imported which were exported earlier on LUT/Bond without payment of IGST.
- The member exporters raised their concerns on charging of IGST at the time of reimport on the goods which were exported earlier for participation in an overseas exhibition or on export promotion tour for display abroad.
- The members further informed that some of the gems & jewellery so exported gets sold whereas majority of the goods which are unsold gets re-imported back in India. For the above referred purposes, the exporters carry huge inventories in anticipation of getting orders as they are not sure what buyer is looking for.
- The re-import of the gems & jewellery, exported earlier for the above referred purpose is cleared by Customs after verifying that it is the same gems & jewellery which was exported earlier. Such verification is based on the detailed packing list giving product specifications, product pictures etc.
- In present GST regime, the exports of gems & jewellery can be made either with payment of GST or without payment of GST i.e. under LUT/ Bond whether such exports are for “Outright Sale Basis” or on “Sale or Return Basis” for Export promotion Tour abroad, for display at an Overseas Exhibition or on Consignment basis.

- The practice followed by most of the exporters for exporting goods for display at an overseas exhibition or export promotion tour abroad, is that they export the goods without payment of IGST under Bond/ LUT. The exporters are not claiming refund of accumulated ITC on inputs with respect to exported gems & jewellery due to the fact that they do not have any accumulated ITC available on their inventories as most of them were in composition scheme of State VAT in pre-GST regime. Therefore, levying IGST at the time of re-import would block huge amount of working capital of these exporters on their own goods which are not even sold.
- Further, the goods exported for display at an overseas exhibition or for export promotion tour is not a supply due to following facts:
 - a. The said goods move for the purpose of display for seeking an approval of buyer.
 - b. The Consignor & Consignee are same i.e. from an exporter in India to Self in Overseas.
- Till recently, the return of the unsold gems & jewellery into India from exhibition, export promotion tour were being dealt under entry number 5 of the Customs Notification No. 45/2017-Cus dated 30th June 2017 ('the Notification') and were not charged IGST at the time of its re-import. However, such benefit is now being denied on the premise that since the original exports were made without payment of GST under bond/ LUT, the re-imports would be covered under entry number 1(d) of the Notification. This effectively is burdening the exporters with levy of GST on their own inventory, without any subsequent supply having been made thereby leading to working capital blockade for exporters till the time final sale is effected which sometimes can be prolonged for years.
- A corresponding undertaking may be obtained from the exporter at the time of re-import to the affect that any export related benefits have not been claimed as regards the re-imported goods.
- The Commissioner of Customs said that the suggestions received would be analyzed by him post which the decision to provide an interim relief to the industry can be conveyed.

Glimpses of the interactive Session:



