



राजस्थान सरकार

वाणिज्यिक कर विभाग

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No. F.17 (134) ACCT/ GST/ 2018/ 3247

Date- 19-04-2018

GST Circular No. 04/ 2018

All Joint Commissioner (Adm.),
Commercial Taxes Department,
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Subject: Clarification on issues related to furnishing of Bond/Letter of Undertaking for exports.

In view of the difficulties being faced by the exporters in submission of bonds/Letter of Undertaking (LUT for short) for exporting goods or services or both without payment of integrated tax, Notification No. 37/2017 – Central Tax dated 4th October, 2017 has been issued which extends the facility of LUT to all exporters under rule 96A of the Central Goods and Services Tax Rules, 2017 (hereafter referred to as “the CGST Rules”) subject to certain conditions and safeguards. This notification has been issued in supersession of Notification No. 16/2017 – Central Tax dated 7th July, 2017 except as respects things done or omitted to be done before such supersession.

2. GST Circular No. 01/2017 dated 14th July, 2017, was issued for providing clarity on the procedure to be followed for export under bond/LUT. The functionality to submit the LUT, online in Form GST RFD-11, on the common portal has been provided to taxpayers from 24th February, 2018. In view of the developments in this regard, the above circular now require revision and a fresh circular on this matter is warranted. Accordingly, to ensure uniformity in the procedure in this regard, in exercise of its powers conferred under section 168 (1) of the Rajasthan Goods and Services Tax Act, 2017 following clarifications are issued:

a) **Eligibility to export under LUT:** The facility of export under LUT has been now extended to all registered persons who intend to supply goods or services for export without payment of integrated tax except those who have been prosecuted for any offence under the CGST Act or the Integrated Goods and Services Tax Act, 2017 or any of the existing laws and the amount of tax evaded in such cases exceeds two hundred and fifty lakh rupees unlike Notification No. 16/2017-Central Tax dated 7th July, 2017 which extended the facility of export under LUT to status holder as specified in paragraph 5 of the Foreign Trade Policy 2015-2020 and to persons receiving a minimum foreign inward remittance of 10% of the export turnover in the preceding financial year, which was not less than Rs. one crore.

b) **Validity of LUT:** The LUT shall be valid for the whole financial year, in which it is tendered. However, in case the goods are not exported within the time specified in sub-rule (1) of rule 96A of the RGST Rules and the registered person fails to pay the amount mentioned in the said sub-rule, the facility of export under LUT will be deemed to have been withdrawn. If the amount mentioned in the said sub-rule is paid subsequently, the



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facility of export under LUT shall be restored. As a result, exports, during the period from when the facility to export under LUT is withdrawn till the time the same is restored, shall be either on payment of the applicable integrated tax or under bond with bank guarantee.

c) Form for LUT: The registered person (exporters) shall fill and submit FORM GST RFD-11 on the common portal. An LUT shall be deemed to be accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online.

d) Documents for LUT: No document needs to be physically submitted to the jurisdictional office for acceptance of LUT.

e) Acceptance of LUT/bond: An LUT shall be deemed to have been accepted as soon as an acknowledgement for the same, bearing the Application Reference Number (ARN), is generated online. If it is discovered that an exporter, whose LUT has been so accepted, was ineligible to furnish an LUT in place of bond as per Notification No. 37/2017-Central Tax, then the exporter's LUT will be liable for rejection. In case of rejection, the LUT shall be deemed to have been rejected ab initio.

f) Bank guarantee: Since the facility of export under LUT has been extended to all registered persons, bond will be required to be furnished by those persons who have been prosecuted for cases involving an amount exceeding Rupees two hundred and fifty lakhs. A bond, in all cases, shall be accompanied by a bank guarantee of 15% of the bond amount.

g) Clarification regarding running bond: The exporters shall furnish a running bond where the bond amount would cover the amount of self-assessed estimated tax liability on the export. The exporter shall ensure that the outstanding integrated tax liability on exports is within the bond amount. In case the bond amount is insufficient to cover the said liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability. The onus of maintaining the debit / credit entries of integrated tax in the running bond will lie with the exporter. The record of such entries shall be furnished to the State tax officer, as and when required.

h) Realization of export proceeds in Indian Rupee: Attention is invited to para A (v) Part I of RBI Master Circular No. 14/2015-16 dated 01st July, 2015 (updated as on 05th November, 2015), which states that "*there is no restriction on invoicing of export contracts in Indian Rupees in terms of the Rules, Regulations, Notifications and Directions framed under the Foreign Exchange Management Act, 1999. Further, in terms of Para 2.52 of the Foreign Trade Policy (2015-2020), all export contracts and invoices shall be denominated either in freely convertible currency or Indian rupees but export proceeds shall be realized in freely convertible currency. However, export proceeds against specific exports may also be realized in rupees, provided it is through a freely convertible Vostro account of a non-resident bank situated in any country other than a member country of Asian Clearing Union (ACU) or Nepal or Bhutan*".



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Accordingly, it is clarified that the acceptance of LUT for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with the applicable RBI guidelines. It may also be noted that the supply of services to SEZ developer or SEZ unit under LUT will also be permissible on the same lines. The supply of services, however, to Nepal or Bhutan will be deemed to be export of services only if the payment for such services is received by the supplier in convertible foreign exchange.

i) Jurisdictional officer: In exercise of the powers conferred by sub-section (3) of section 5 of the RGST Act, it is hereby stated that the LUT/Bond shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter shall furnish the LUT/bond before the tax authorities, whom the taxpayer has been assigned according to the order issued for division of taxpayers in the State.

3. GST Circular No. 01/2017 dated 14-07-2017 is hereby rescinded except as respects things already done or omitted to be done.

4. All Joint Commissioner (Adm.) are directed to map the role of viewing LUT/ Bond in the backend system, to the jurisdictional Deputy/Assistant Commissioner of their respective zones. It is further directed to ensure compliance of these directions and make aware the business community in this regard.

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(Alok Gupta)
Commissioner
State Tax,
Rajasthan, Jaipur.

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Date- 19-04-2018

Copy to following for information and necessary action:

1. Chief Commissioner, CGST & Central Excise, Jaipur Zone, Jaipur.
2. PS to CCT.
3. Joint Secretary, Finance (Tax) Department, Jaipur.
4. All Addl. Commissioners, CTD, Headquarter, Jaipur.
5. All Joint Commissioners (Adm.).
6. JC (IT) for uploading it on Department's website www.rajtax.gov.in and on the Web Portal RajVista/ TCS, CTD, Jaipur.
7. Asst. Director, Public Relations, CTD, Jaipur for publicity.
8. Guard File.

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(Ketan Sharma)
Additional Commissioner (GST)
Rajasthan, Jaipur.