

## Export Procedures

- 1) Exports are treated as zero-rated supplies under section 16 of the IGST Act.
- 2) Input Tax Credit is available for zero-rated supplies of exports.
- 3) An exporter can claim refund under either of the following two options:
  - I. Export under bond or Letter of Undertaking without payment of IGST and claim refund of unutilized input tax credit; OR
  - II. Export on payment of IGST and claim refund of such tax.  
(Authority: Section 16(3) of IGST Act, Rule 96 & 96A of the CGST Rules & Circular No. 26/2017 dated 1/7/2017 – para 3).
    - For option I above an application for refund has to be filed electronically on the common portal after export manifest or export report is delivered.
    - For option II above no separate application is required. Shipping bill (SB) itself is deemed as an application for refund. Refund is possible only after export manifest or an export report is filed and the exporter has furnished a valid return in Form GSTR-3.
- 4) **Simultaneous availment of drawback at composite rates and refund of ITC or IGST under any of the above two options is not permissible.**
- 5) However, drawback of customs portions along with refund of ITC or IGST under any of the above two options is permissible.

## Bond/Letter of Undertaking

- 1) Bond /LUT is to be furnished in **Form GST RFD – 11** (enclosed).
- 2) The bond is to be furnished on **non-judicial stamp paper** of the value as applicable in the state in which bond is furnished.
- 3) The bond covers the amount of tax involved in the export.
- 4) Exporters can furnish a **running bond** covering the amount of tax liability estimated by the exporter himself. The value of the remaining bond can be enhanced subsequently by furnishing additional bond.
- 5) The bank guarantee shall normally not exceed 15% of the bond amount.
- 6) Commissioner can waive-off the bank guarantee or reduce the amount of the BG depending upon the track record of the exporter.
- 7) The LUT can be submitted in place of bond by:
  - I. A status holder; OR
  - II. A registered person who has received remittances of at least 10% of export turnover (but not less than rs.1crore) in preceding financial year.

- III. The registered person has not been prosecuted under CGST Act or under any existing law involving tax evasion of more than Rs. 2.5 crore.
- 8) The LUT is to be executed by the working partner, the managing director or the company secretary or the proprietor or by a person duly authorized by such working partner or board of directors of such company or proprietor on the letter head of the registered person.
  - 9) The bond/LUT is to be accepted by the jurisdictional DC/AC having jurisdiction over the principal place of business of the exporter.
  - 10) For the time being the exporter is at liberty to furnish the bond/LUT before central tax authority or state tax authority.
  - 11) The LUT shall be valid for 12 months.
  - 12) Exports are allowed under existing LUTs/bonds till 31<sup>st</sup> July 2017.
  - 13) LUTs/bonds in the revised format (Form RFD-11) have to be submitted latest by 31<sup>st</sup> July 2017.
  - 14) Bond/LUT in Form RFD-11 may be furnished manually to the jurisdictional DC/AC till the module for furnishing the same is available on the common portal.