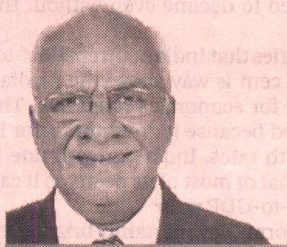


'For EOUs, wastage as per SION or 2%; else, norms must be fixed'



CHATROOM

T N C RAJAGOPALAN

We are an EOU (export oriented unit). Our items are not covered under SION (Standard Input Output Norms). The wastage is more than two per cent but we do not have any domestic sales, even of wastage. Are we still required to get the norms fixed?

As per CBEC Circular no. 12/2008-Cu dated July 24, 2008, SION should be applicable not only for waste cleared in the DTA on payment of duty but also for accounting of input consumption for manufacture of export products. For items having no SION, consumption of inputs shall be allowed subject to generation of waste, scrap and remnants up to two per cent of the input quantity. However, if any item in addition to those given in SION is required as input or where generation of waste, scrap

and remnants is beyond two per cent of the input quantity, consumption shall be allowed on the basis of self-declared norms for a period of three months till the jurisdictional Development Commissioner fixes ad hoc norms subject to an undertaking by the unit that the self-declared/ad hoc norms shall be adjusted in accordance with norms as finally fixed by the Norms Committee in DGFT for the unit. Further, a provision has also been made to consider such cases by the Board of Approval for an appropriate decision in case of difficulty in fixation of SION by the Norms Committee.

We have placed an order for machinery from a German manufacturer. We want him to use one of the components made by a French manufacturer, whom we will pay separately. So, the invoice of the German manufacturer will not include the cost of that component. How will Customs handle this transaction, as the invoice of German manufacturer for the goods he ships will be only for what he charges us?

In terms of Rule 10(1)(e) of the Customs Valuation

Rules, 2007, Customs will load any payments made as a condition of sale of the imported goods, by you to the French manufacturer, to satisfy an obligation of the supplier to the extent that such payments are not included in the invoice. So, you have to declare this payment in the declaration of value of the goods (known as GATT declaration) that you are required to furnish under Rule 11 of the said Rules.

We book orders for foreign companies in India and get commissions in foreign currency. We pay GST at 18 per cent, as the place of supply of our intermediary service is in India. How do we report this transaction?

You may report it in Table 5 or 7 of GSTR-1 return, depending on your invoice value.

Under the EPCG scheme, we had an option to pay additional customs duty (CVD) in cash and take up the export obligation only on the basis of the basic customs duty saved, provided no Cenvat Credit of the CVD was taken (Para 5.01 (e) of FTP). Is a similar provision available in the GST regime?

No. That Para 5.01 (e) was also deleted through notification 33/2017 dated October 13, 2017.