

Centre clears GST anomaly

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The indirect tax department has settled the issue of double taxation under the Goods and Services Tax (GST) on imported goods kept in bonded warehouses and later cleared from there, which is a common trade practice in the country.

An earlier circular raised an issue of imposition of the Integrated GST (IGST) twice on such transactions. If a company imports goods and keeps these in a Customs-bonded warehouse, it has to pay IGST. And, again, when the goods are cleared for final sale.

Devashish Polymers took the matter to the high court (HC) here; it is still there. However, the Central Board of Indirect Taxes and Customs has issued a circular now



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that IGST will be levied and collected only at the time of final clearance of warehoused goods for home consumption. Meaning, it will now be imposed at the time of filing the ex-

bond bill of entry.

Aditya Mody of Devashish Polymers said, "Hopefully, this should now benefit many players who were facing hardship due to this provision."

Abhishek Rastogi, counsel for the petitioner and partner in Khaitan & Co, said the circular showed the government was actively taking steps to remove almost all issues raised before high courts through writ petitions.

Sources in the company said it was now likely to withdraw the petition from the high court, with the issue having been settled. However, the circular is effective from April 1 this year, raising doubts over tax issues prior to that date.

The sale of goods while being deposited in a Customs-bonded warehouse is a common trade practice, whereby the importer files an Into Bond Bill of Entry, and stores

the goods in a Customs-bonded warehouse, the Board said. The goods are then supplied to another person who then files an Ex Bond Bill of Entry for clearing the said goods from the Customs-bonded warehouse for home consumption.

According to provisions in the GST laws, IGST would be levied and collected in accordance with the provisions of the Customs Tariff Act, the Board added.

Thus, in the case of supply of warehoused goods, the point of levy would be the point at which the duty is collected under Section 12 of the Customs Act, 1962, which is at the time of clearance of such goods.

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Abhishek Jain, partner, EY, said, there were still ambiguity on supplies made prior to April.