

'No duty on imported inputs if export goods produced in bonded warehouse'



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We refer to your recent article 'For a change, a useful and needed circular'. We import the majority of our raw materials, process them and export the final product. We want to take a private bonded warehouse licence along with manufacturing licence, so that we can save import duty as duty drawback rate is not sufficient. SION is not fixed for our product. EOU is also not feasible for us. Do we have to pay import duty at the time of clearance of goods for export from a private bonded warehouse?

No. The CBIC Circular no. 38/2018-Customs dated October 18, 2018 clarifies that "to the extent that the resultant product manufactured or worked upon in a bonded

warehouse is exported, the licensee shall have to file a shipping bill and follow the procedure prescribed under the Warehoused Goods (Removal) Regulations 2016 for transport of goods from the warehouse to the customs station of export. A GST invoice shall also be issued for such removal. In such a case, no duty is required to be paid in respect of the imported goods contained in the resultant product as per the provisions of section 69 of the Customs Act, 1962".

Could we use input tax credit for items like business mobile, air conditioners and all other electronic items for office use and basically for business purposes?

Yes. Section 16 (1) of the CGST Act, 2017 allows you to take credit of GST paid on any inputs used or intended to be used in the course or furtherance of business, subject to prescribed conditions.

We generated an e-way bill upon dispatch of goods against an invoice. The validity of e-way bill was 24 hours. After 24 hours of shipment, i.e. after the expiry of the validity of the e-way bill, the buyer informed that

HSN code on invoice and e-way bill is not correct. Immediately, we sent the revised invoice with same number to the buyer. We also generated a new e-way bill with the same invoice number and sent it to the buyer. Is it in order? Please advise correct procedure and quote related provisions.

The issue of revised invoice is in order, if it meets the requirements under Section 31 of the CGST Act, 2017 and Rule 53 of the CGST Rules, 2017. Regarding the e-way bill, I believe the goods reached the destination within the validity of the original e-way bill. In that case, it was neither necessary nor in order for you to generate another e-way bill merely on the grounds that the HSN code mentioned was incorrect. Error in 4 or 6 digit level of HSN where the first 2 digits of HSN are correct and the rate of tax mentioned is correct is a condonable lapse, as per CBIC Circular no. 64/38/2018-GST, dated September 14, 2018. With effect from November 16, 2018, GSTN has enabled e-way bill system not to allow the consignor/supplier, consignee or transporter to generate duplicate e-way bills against the same invoice.