



GST Rollout and significant changes in Customs

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Twenty years of experience in Indirect Tax practice, specialist in Structuring & Planning and tax optimization under Indirect Tax. Lead eastern India Indirect Tax Practice of Ernst & Young in past.

With the implementation of new indirect tax regime from 1st July, 2017 Integrated Goods and Service Tax (IGST), 2017 needs to be levied on all the imports made.

In this regards, certain changes are incorporated in the customs law and procedure followed by the changes in the EDI system so as to effectively implement the IGST Act, 2017 from 1st July, 2017 onwards. The major changes can broadly be categorised as:

✓ **Levy of Integrated GST and Compensation cess on imports**

With effect from 1st July, 2017, all the imported goods shall attract IGST and (compensation cess, wherever applicable) in addition to the customs duties such as Basic Customs Duty. However, the levy of SAD and CVD shall cease to exist on imported goods other than those on which Central Excise Duty/ VAT continues to be levied even in the new regime

Any article which is imported shall be liable to integrated tax at such rate not exceeding forty percent.

The integrated tax on the imported items shall be calculated on the aggregate value of imported articles as per the valuation provisions of Customs Act, 1962 and any duty of customs chargeable on that article as per the Customs Act, 1962.

Any article which is imported into India shall in addition be liable to GST Compensation cess at such rate as it is leviable under the GST Compensation Cess Act, 2017.

The compensation cess on the imported items shall be calculated on the aggregate value of imported articles as per the valuation provisions of Customs Act, 1962 and any duty of customs chargeable on that article as per the Customs Act, 1962.

✓ **Amendments in the bill of entry and shipping bill forms:**

The Bill of entry, Shipping bill and Courier Regulations and Forms have been modified both under manual and EDI and are available on the official website of CBEC. Information in the Bill of Entry will be reconciled with the returns filed on the GSTN to get the credit of the IGST.

In case of imports, the importers have to declare their GSTIN on the Bill of Entry in order to claim the credit of the IGST paid on the imported goods. Importers not registered, with the GSTN will be required to declare their PAN along with state code as per the census of India.

Changes have been incorporated in the Bill of Entry forms to capture details like GSTIN, PAN, state code etc. of the importer. In case of Courier, GSTIN for GST registered consignees or PAN for non GST registered consignees, as applicable, has to be quoted in the Bill of Entry filed by the courier agency, wherever goods are subject to IGST.

In case of Exports, the exporters would have to quote the shipping bill and export invoice details in the GST return which shall be validated with the customs EDI system. The confirmation of the export details by customs shall be made once the Export General Manifest is filed. The exporter shall be granted refund of the IGST paid on the exported goods based on the validation by the custom EDI system.

For the time being, importers/ exporters are advised to declare GSTIN, PAN and IEC while filing document for import/export of goods.

✓ **Procedure to be followed in respect of manual filling of Bill of Entry and Shipping Bills**

All validation related to IGST refund or flow of IGST credit are to be done electronically between Customs EDI and GSTN, therefore all the required data is to be captured electronically for import and export whether or not through EDI location. For this purpose Board has issued necessary instructions and envisaged adequate systems.

In case of non EDI locations, the Director of Systems is designing a utility system where basic consignment data can be uploaded digitally post clearance. Such system shall be web based with additional off line functionality. A non EDI location may have a nodal officer in each location to ensure all data are uploaded on the same date.



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