

Highlights of CBEC Clarification on LUT / Bond for exports under GST

August 12, 2017

CBEC vide. Circular 5/5/2017 – GST dated August 11, 2017 has issued clarification on submission of new LUT / Bond for exports as prescribed after implementation of GST.

- Only such exporter who has received a remittance of Rs. 1 crore or 10% of export turnover, whichever is higher, in previous financial year (FY) is eligible for LUT facility, however, such condition is inapplicable to a status holder specified in paragraphs 3.20 and 3.21 of Foreign Trade Policy 2015-2020.
- Bonds shall be furnished on non-judicial stamp paper, while LUTs can be submitted on letterhead containing signature and seal of person or authorized person.
- LUT/bond being a pre requirement for export, including supplies to a SEZ developer/SEZ unit, should be processed on top most priority and be accepted within a period of 3 working days from date of submission along with complete documents by exporter.
- CT-1 Form holds no relevance under GST since transaction between manufacturer and merchant exporter is not exempted even on submission of LUT/bond.
- Zero rating of exports, including supplies to SEZ, is allowed only with respect to supply by actual exporter under LUT/bond or payment of IGST, further, zero rating is inapplicable to EOU supplies as there is no special dispensation for them.

401, Satyam Cineplexes, Ranjit Nagar,
New Delhi - 110008
Phone No. : 011-45178061
Email: delhi@bsalaw.in

C-20/1 (Lower Ground Floor),
Ardee City, Near Gate-3,
Sector-52, Gurgaon - 122011
Phone No. : 0124-4275494, +91-9910044272
Email: gurgaon@bsalaw.in

Website: www.bsalaw.in

- LUT acceptance instead of a bond for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether payments is received in Indian currency or convertible foreign exchange as long as same is in accordance with RBI guidelines, however, supply of services to Nepal or Bhutan shall be deemed to be export of services only if payment is received in convertible foreign exchange.
- Exporter is at liberty to furnish bond/LUT before Central Tax Authority or State Tax Authority till administrative mechanism for assigning taxpayers to respective authority is implemented.
- Documents submitted as proof of fulfilling LUT conditions shall be accepted and self-declaration shall be accepted unless there is specific information otherwise.
- Instructions issued vide circular dated July 7 and this circular shall apply to all exports made on or after July 1, 2017

***Disclaimer:** Information in this document is for educational purpose only. Bhasin Sethi & Associates assumes no responsibility of any mistakes which, despite of all precautions, may be found therein. The material contained in this document does not constitute any professional advice that may be required before acting on any matter.*

401, Satyam Cineplexes, Ranjit Nagar,
New Delhi - 110008
Phone No. : 011-45178061
Email: delhi@bsalaw.in

C-20/1 (Lower Ground Floor),
Ardee City, Near Gate-3,
Sector-52, Gurgaon - 122011
Phone No. : 0124-4275494, +91-9910044272
Email: gurgaon@bsalaw.in