



## दि प्लास्टिक्स एक्सपोर्ट प्रमोशन कौन्सिल

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### THE PLASTICS EXPORT PROMOTION COUNCIL

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14<sup>th</sup> August 2017

To,

All Members of Plexconcil /

COA Members

Dear Sir,

**Sub : Clarity on submission of bond without BG on submission of RCMC, Eligibility to export under LUT & Other issues**

**Ref.: Circular No. 5/5/2017 – GST dated the 11th August, 2017**

As members already aware about CBEC's various instructions and guideline on export under Bond/LUT through notification no.16/2017 07.07.2017, Circular no. 4/4/2017-GST 07.07.2017 & Circular no. 2/2/2017-GST dated 04.07.2017.

However, In response to several representation from trade/industry regarding clarity on BG/LUT, GST Policy wing has issued circular no. 5/5/2017- GST dated 11.08.2017 on the issues related to RCMC instead of Bank Guarantee, eligibility to export under LUT, Form of LUT, transactions with EOUs, Forward inward remittance in Indian Rupees etc.

Some of the major points from the circular are highlighted below :-

**(1) Eligibility to export under LUT :**

- i. Only such exporters are eligible to LUT facilities who have received a remittance of Rs. one crore or 10% of export turnover, whichever is a higher amount, in the previous financial year.
- ii. Status holder will also be able to utilise the facility of LUT subject to he satisfied the condition of turnover (as mentioned in sr.no.1).

**(2) Form of LUT :**

Bonds to be print on non-judicial stamp paper and LUT on company's letter head with sign & seal.

**(3) Time of acceptance of LUT/Bond :**

Within three days from the date of application alongwith complete documents.

**(4) Purchases from manufacturer & Form CT1 :**

Merchant exporter purchase of goods from local manufacturer will be under GST. The Zero rating of exports, including supplies to SEZ is allowed only with respect by the actual exporter under LUT/bond or payment of IGST.

**(5) Transaction with EOUs :**

Supplies to EOUs are taxable under GST just like other taxable suppliers. Export of EOU unit will treated as zero rating like other exporter.

**(6) Forward inward remittance in Indian Rupee :**

i. It is clarified that acceptance of LUT instead of a bond for supplies of goods to Nepal or Bhutan or SEZ developer or SEZ unit will be permissible irrespective of whether the payments are made in Indian currency or convertible foreign exchange as long as they are in accordance with applicable RBI guidelines.

ii. It may also be noted that supply of services to SEZ developer or SEZ unit will also be permissible on the same lines.

iii. The supply of services, however, to Nepal or Bhutan will be deemed to be export of services only if the payment for such services is received by the supplier in convertible foreign exchange.

**(7) Bank guarantee:**

Earlier as per Cir. No. 4/4/2017 07.07.2017 BG should normally not exceed 15% of the bond amount. However, the Commissioner may waive off the requirement to furnish bank guarantee taking into account the facts and circumstances of each case. Commissioner. It is expected that provision would be implemented liberally. Some of the instances of liberal interpretations are as follows:

i. an exporter registered with recognized Export Promotion Council can be allowed to submit bond without bank guarantee on submission of a self-attested copy of the proof of registration with a recognized Export Promotion Council.

ii. Single PAN registered in different states can be allowed to submit bond without BG if amount of inward foreign remittances received Rs. 1 crore or more and it also maybe 10% or more of total export turnover.

**(8) Jurisdictional officer :**

Earlier Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. Exporter can furnish the bond/LUT before Central or State Tax Authority till the administrative mechanism for assigning of taxpayers to respective authority is implemented. Central Tax officers shall facilitate all exporters whether or not the exporter was registered with the Central Government in the earlier regime.

**(9) Documents for LUT:**

i. A self-declaration by the exporter to the effect that he has not been prosecuted should suffice for the purposes of notification No. 16/2017 - Central tax dated 7th July, 2017. Verification, if any, may be done on post facto basis.

ii. Similarly, Status holder exporters have been given the facility of LUT under the said notification and a self-attested copy of the proof of Status should be sufficient.

Above instructions applicable to any export made on or after the 1st July 2017.

Members are requested to take a note of this circular and for complete circular please click on below link .....<http://www.cbec.gov.in/resources//htdocs-cbec/gst/circularno-5-gst.pdf>

In case of any difficulty, please call or write at [bharti@plexconcil.org](mailto:bharti@plexconcil.org)

With best regards,

Yours sincerely,

**Sribash Dasmohapatra**

**Executive Director**