

ELCINA POLICY CAPSULE – 16th Sep to 30th Sep 2024

1. **Circular No. 16 /2024-Customs dated 17th September 2024: Implementation of Automation in the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022 for EOUs**

The Central Board of Indirect Taxes & Customs (CBIC) has issued Circular No. 16/2024-Customs dated 17th September 2024. This circular addresses the implementation of automation related to the Customs (Import of Goods at Concessional Rate of Duty or for Specified End Use) Rules, 2022, specifically for Export-Oriented Units (EOUs).

In reference to previous communications—Circular No. 11/2024-Customs dated 25.08.2024 and Circular No. 13/2024-Customs dated 04.09.2024—the Board has acknowledged the concerns raised by various EOUs and the Export Promotion Council for EOUs and SEZs. Stakeholders have reported challenges in the registration process, generation of Importer Identification Number (IIN) details, and the utilization of continuity bonds, which have resulted in delays in goods clearance.

To address these issues, the Board has decided to implement Circular No. 11/2024-Customs for EOUs, effective 25.09.2024. A suitable Public Notice will be issued to provide further guidance.

For more details, members are advised to refer to the official CBIC website regarding Circular No. 16/2024-Customs dated 17th September 2024.

2. **Circular No. 17/2024-Customs Date: 18th September 2024: Amendment of Circular 07/2024-Customs to Ease the Automated Exchange Rate Publication Process**

The Central Board of Indirect Taxes & Customs (CBIC) has issued Circular No. 17/2024-Customs, amending Circular 07/2024-Customs regarding the automated exchange rate module, effective from 4th July 2024. The following amendments aim to streamline the process and ensure proper actions during contingencies:

a. **New Provision for Holidays:**

- **Paragraph 4.1:** If a due date (1st or 3rd Thursday) falls on a holiday, the latest exchange rates received from SBI will be published on the TCEGATE website on that due date.

b. **Integration and Publication of Rates:**

- **Paragraph 7(iii):** If the due date falls on a public holiday or if there are errors in API integration or incomplete messages received at ICEGATE, the last/latest SBI rates will be published on the ICEGATE website and integrated into the ICES system by 6 PM on that day, effective from 00:00 hrs the following day.
- c. **Automated Alerts for Non-Integration:**
 - **Paragraph 7(iv):** If the exchange rates fail to integrate into ICES by 6 PM on the due date or due to a $\pm 5\%$ variation in foreign currency rates, an automated mail and SMS alert will notify Nodal officers. The rates will then be updated manually in the ICES system by the Nodal officer at ICD (Patparganj) before 00:00 hrs on the same day.
- d. **Deletion of Point (v):**
 - Point (v) of Paragraph 7 has been deleted to simplify the process.

For further details, members are advised to refer to the official CBIC website regarding Circular No. 17/2024-Customs dated 18th September 2024.

3. **RBI Circular No. RBI/2024-25/76 dated 20 September 2024 : RBI Circular on Interest Equalization Scheme (IES) - Interest Equalization Scheme on Pre and Post Shipment Rupee Export Credit**

The Reserve Bank of India (RBI) has issued Circular No. RBI/2024-25/76, providing updates on the Interest Equalization Scheme for Pre and Post Shipment Rupee Export Credit, following Government of India (GoI) Trade Notices.

Key Highlights:

- a. **Extension of the Scheme:** The Interest Equalization Scheme has been extended from **September 1, 2024, to September 30, 2024**, specifically for MSME Manufacturer exporters.
- b. **Modification of the Scheme:**
 - **Annual Net Subvention Cap:** The net subvention amount is capped at **₹10 Crore per Importer-Exporter Code (IEC)** for the financial year starting April 1, 2024. A cap of **₹5 Crore per IEC** is imposed for MSME Manufacturer exporters until September 30, 2024.
 - For **non-MSME Manufacturer and Merchant Exporters**, the cap is set at **₹2.5 Crore per IEC** until June 30, 2024.
- c. **Existing Provisions:**

All other provisions related to the scheme, as per previous RBI instructions, remain unchanged.

For further details, stakeholders should refer to the official RBI website and the related Trade Notices.

4. **Public Notice No. 24/2024-25-DGFT dated 20th September 2024: DGFT Amends EPCG Scheme to Enhance Ease of Doing Business-** Amendment in Chapter 5 of the Handbook of Procedures (HBP) 2023 regarding the EPCG Scheme

The Directorate General of Foreign Trade (DGFT) has issued **Public Notice No. 24/2024-25-DGFT**, amending Chapter 5 of the Handbook of Procedures (HBP) 2023 to reduce compliance burdens for authorization holders under the **Export Promotion Capital Goods (EPCG) Scheme**.

Key Amendments:

- a. **Annual Reporting Requirement:**
 - Previously, exporters had to submit an annual report on export obligation fulfillment by **June 30** each year.
 - The revised provision allows for submission only after the first **block period of four years**, with continuous reporting until the expiry of the valid export obligation period.
- b. **Reporting Format:**
 - The online report must include detailed information such as **shipping bill or invoice numbers** and is required to be certified by a **Chartered Accountant, Cost Accountant, or Company Secretary** to verify compliance with export obligations.
- c. **Rationale for Changes:**
 - These modifications aim to streamline the process for exporters, facilitating better adherence to obligations while minimizing the administrative burden associated with annual reporting.

The DGFT emphasizes that these changes are part of its ongoing efforts to improve the business environment in India.

For more details, members are advised to refer to the official DGFT website regarding Public Notice No. 24/2024-25-DGFT dated 20th September 2024.

5. **DGFT Policy Circular No. 07/2024-25 dated 24th September 2024:** Implementation of DGFT Notifications on IT Hardware Imports

The **Directorate General of Foreign Trade (DGFT)** has issued **Policy Circular No. 07/2024-25**, addressing the procedure for implementing previously announced notifications regarding the import of specified IT hardware.

Key Points:

a. **Import Restrictions Clarified:**

- **DGFT Notification No. 23/2023** (dated August 3, 2023), **No. 26/2023** (August 4, 2023), and **No. 38/2023** (October 19, 2023) restrict the import of certain IT hardware.
- These restrictions are part of an effort to manage imports effectively.

b. **Validity of Import Authorisations:**

- Importers can apply for Import Authorisations, which will now be valid until **December 31, 2024**.
- Existing Import Authorisations issued before **September 30, 2024**, will also remain valid until **December 31, 2024**.

c. **Future Authorisation Requirements:**

- Importers will need to apply for fresh authorisations for the period starting **January 1, 2025**. Detailed guidance on this process will be provided shortly.

d. **Applicability of Previous Provisions:**

- All other provisions outlined in **Policy Circular No. 06/2023-24** (dated October 19, 2023) remain applicable.

This circular aims to streamline the process for importers while ensuring compliance with the established regulations regarding IT hardware imports.

For more details, members are advised to refer to the official DGFT website regarding Public Notice No. 24/2024-25-DGFT dated 20th September 2024.

6. **DGFT Notification No. 32/2024-25-DGFT dated 30th September 2024:** Extension of RoDTEP Scheme for Exports from DTA Units and AA/EOU/SEZ Units

Key Highlights:

a. **Extension of RoDTEP Scheme:**

- The **RoDTEP Scheme** for exports from **Domestic Tariff Area (DTA) Units** is extended until **September 30, 2025**.
- The scheme for **Advance Authorization holders, Export Oriented Units (EOUs)**, and **Special Economic Zones (SEZ) Units** is extended until **December 31, 2024**.

b. **Budgetary Framework Compliance:**

- To remain within the approved budget for the scheme, necessary adjustments will be made to the benefits of the scheme. This includes:
 - Revisions or deletions of eligible RoDTEP export items.
 - Changes in rates and per unit value caps.
- These modifications will be enacted as required per the budgetary guidelines outlined in the **Foreign Trade Policy 2023**.
- c. **New RoDTEP Rates:**
 - New RoDTEP rates will be implemented starting **October 10, 2024**, based on the recommendations of the RoDTEP Committee.
 - For exports made between **October 1, 2024**, and **October 9, 2024**, the existing rates from **Notification No. 70/2023** (dated March 8, 2024) will continue to apply.
- d. **Accessing the Updated Information:**
 - The revised Appendices **4R** (for DTA units) and **4RE** (for AA holders, EOUs, and SEZ units), detailing eligible RoDTEP export items, rates, and applicable per unit value caps, are available on the DGFT portal: dgft.gov.in under the link **Regulations > RoDTEP**.

This notification extends the RoDTEP scheme for specific exporters, emphasizing adherence to budgetary limits while updating the rates and export item eligibility to enhance compliance and effectiveness.

For more details, members are advised to refer to the official DGFT website regarding DGFT Notification No. 32/2024-25-DGFT dated 30th September 2024.

7. CBIC Circular No. 19/2024-Customs Dated: 30th September 2024: Digitization of Customs Bonded Warehouse Procedures related to obtaining Warehouse License, Bond to Bond Movement of Warehoused Goods, and Uploading of Monthly Returns.

The Circular No. 19/2024-Customs issued by the Central Board of Indirect Taxes and Customs (CBIC) introduces the digitization of Customs Bonded Warehouse procedures through a new Warehouse Module on ICEGATE. This system aims to enhance ease of doing business by enabling online processes related to bonded warehouses.

Key Features of the Warehouse Module:

1. Online Application for Warehouse License:
 - Applicants/Industry can now submit applications for Public, Private, and Special Customs Bonded Warehouse licenses through the ICEGATE portal.

Customs officers can raise queries online, and applicants can respond via the same platform.

2. Bond to Bond Movement of Warehoused Goods:
 - The module allows online submission of requests to transfer warehoused goods from one warehouse to another or to another owner. It tracks ownership and location changes through a digital workflow, facilitating transparency and monitoring throughout the process.
 - Physical forms will still be required to monitor goods movement until full integration of the online system.
3. Monthly Returns Filing:
 - The Warehouse Module enables uploading scanned copies of Form-A (for goods received, stored, or removed) and Form-B (for goods with expiring warehousing periods) as prescribed under previous Customs circulars.

This digitization effort aims to streamline warehousing processes, enhance traceability of goods, and reduce manual intervention.

For more details, members are advised to refer to the official CBIC website regarding Circular No. 19/2024-Customs Dated: 30th September 2024.

8. Key Highlights from the 54th GST Council Meeting

The 54th GST Council meeting, held on 9th September 2024, proposed several important changes in GST rates and trade facilitation measures. These changes will become effective following the issuance of relevant notifications and circulars by CBIC. Key recommendations include:

➤ GST Rate Changes

- **Educational Services:** Affiliation services by educational boards to government schools will be exempted, while universities' services to constituent colleges will attract 18% GST.
- **Cancer Drugs:** GST on Trastuzumab Deruxtecan, Osimertinib, and Durvalumab reduced from 12% to 5%.
- **Car Seats:** GST on car seats will increase from 18% to 28%.
- **Snack Products:** GST on certain snack products reduced from 18% to 12%.
- **Air Travel:** Passenger transport by helicopter seat-sharing will attract 5% GST, while chartered helicopters remain at 18%.

➤ **Key Trade Facilitation Measures**

- **B2C E-invoicing:** Introduction of e-invoicing for B2C transactions to improve business efficiency.
- **Simplified IGST Refunds:** Changes to rules for faster and simpler IGST refunds on exports.
- **Invoice Management System:** A new system to manage invoice acceptance and ITC claims will be rolled out.
- **Waiver on Penalties:** Interest and penalty waivers for certain tax demands for FYs 2017-18, 2018-19, and 2019-20 starting 1st November 2024.

These changes and clarifications are expected to streamline tax processes and potentially reduce costs for electronics manufacturers in India.

For more details, members are advised to refer to the official notification at CBIC website regarding the 54th GST Council Meeting dated 9th September 2024.
