

1. Merchant Exports Under GST

Under GST, a taxable supply means “a supply of goods/services or both which is levied to tax as per provisions of Section 2(108) of the CGST Act.” Also, as per provisions of Section 7(5) of the IGST Act, where a supplier is located in India, and the place of supply is outside India, it is treated as inter-state supply. Thus, by reading the provisions of both the sections, it can be concluded that merchant exports are liable to GST as the merchant exporter is located in India, and makes a supply to a place outside India. Thus, merchant exporters are compulsorily required to obtain registration under GST.

2. Procedure to be Followed for Merchant Exports

Under the GST regime, the procedure of exports has been simplified. There are two alternatives available:

1. Make an export under bond/LUT, and then the unutilised input tax credit can be claimed as refund.
2. Make an export by paying off IGST and then claim a refund. But, this option is only available if the exporter has not opted for the Special Relief Scheme of buying goods at 0.1% GST.

Further, the shipping bill is the only document required to be filed with the Customs. Once the shipping bill is filed, it is treated as an application for a refund.

3. Conditions for Availing the Concessional Rate Under Merchant Exports

The government has provided special relief to the merchant exporters by way of reducing the GST rate to 0.1% for purchasing goods from domestic suppliers. But, he needs to fulfil the below conditions for availing such concessional rate relief:

1. The tax invoice for the procured goods should clearly state the GST rate at 0.1%.
2. Such goods should be exported within 90 days of the issue of a tax invoice.
3. The GSTIN and the tax invoice number of the supplier should be mentioned on the shipping bill.
4. Such Merchant Exporters should be registered with an Export Promotion Council/Commodity Board.
5. A copy of the order placed at the concessional rate shall be provided to the jurisdictional tax officer of the registered supplier.
6. Such goods shall be directly moved to the place from where it shall be transferred to the port/ICD/Airport/LCS. This condition prevails even if the goods are purchased from multiple registered suppliers.
7. On export of goods, a copy of the shipping bill/bill of export along with the proof of EGM and export report shall be filed with the registered supplier as well as its jurisdictional tax officer.
8. The merchant exporter should export goods under LUT/bond but not with the payment of tax (IGST).

Further, if the merchant exporter fails to export the goods within 90 days from the date of issue of tax invoice, then the registered supplier cannot avail the benefit of the concessional tax rate.