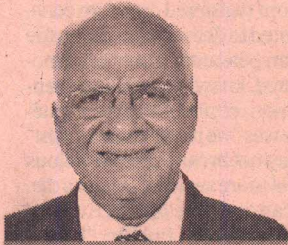


'CGST Act disallows input tax credit for 9 entries, but exceptions exist'



CHATROOM

T N C RAJAGOPALAN

For which goods and services is input tax credit (ITC) not permitted?

Section 17(5) of the Central Goods and Services Tax Act, 2017 lists nine entries in respect of which ITC will not be available. These include motor vehicles and other conveyances, food and beverages, outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, rent-a-cab, life insurance and health insurance, travel benefits extended to employees on vacation, works contract services when supplied for construction of an immovable property, goods or services or both received by a taxable person for construction of an immovable property and so on. You may carefully go through the actual provi-

sions as there are many qualifications and exceptions in the entries (a) to (i) of Section 17(5).

Our foreign buyer is unable to take delivery of the goods we exported owing to financial difficulties. Instead of bringing the goods back to India, can we divert them to another buyer in another country from the foreign port itself?

Yes. As per Para C.18 of the RBI FED Master Direction no. 16/2015-16 dated January 1, 2016 (as amended till now), you can do so provided the reduction in value, if any, involved does not exceed 25 per cent of the invoice value and the realisation of export proceeds is not delayed beyond the period of nine months from the date of export. Your bank can allow reduction in value without any limit, if you satisfy all the conditions stipulated in Para C.17 of the said Master Directions, which includes your satisfactory track record in the export business for the past three years.

Last July, we paid IGST and sent goods for export, but the shipping bill was wrongly filed as "export under LUT".

On our request for amendment of the shipping

bill, the Customs have issued post-shipment amendment certificate under Section 149 of Customs Act, 1962 but it says that correction as requested could not be carried out in EDI in the EDI System. We have filed GSTR-1 and GSTR-3B as per our invoice, i.e. under payment of IGST. The shipping bill status says "Not ready". How can we get refund of IGST paid?

I suggest you follow the procedures given in CBEC Circular no. 5/2018-Cus dated February 23, 2018. It prescribes an alternate procedure for processing refund claims where there are mismatches between the shipping bill details in the Customs EDI system and the GSTR-1 details in the GST Network.

What benefits are expected as a result of the introduction of the e-way bill?

According to CBEC, the benefits expected are: (i) physical interface to pave the way for digital interface, resulting in elimination of state boundary check-posts; (ii) faster movement of goods; and (iii) improved turnaround time of trucks and help for the logistics industry by increasing the average distances travelled, and reducing travel time as well as costs.