

**GOVERNMENT OF TAMIL NADU
COMMERCIAL TAXES DEPARTMENT**

**OFFICE OF THE ADDITIONAL CHIEF SECRETARY /
COMMISSIONER OF COMMERCIAL TAXES**

Ezhilagam, Chepauk, Chennai 5

Present: Dr.C.Chandramouli, I.A.S.

Circular No.01/2017 TNGST
(Rc 085/2016 Taxation A1)

Dated: 11-08-2017

Subject:		Submission of Bond/Letter of Undertaking by the Exporter in respect of Exports without payment of Integrated Tax under the IGST Act.
Ref:	1.	Tamil Nadu Goods and Services Tax Act, 2017
	2.	The Integrated Goods and Services Tax Act,2017
	3.	Notification No. 4/2017 – Integrated Tax, dated the 28th June, 2017
	4.	Notification No.16/2017 dated 7 th July 2017 issued by Government of India, Ministry of finance, Department of Revenue (Central Board of Excise)
	4.	Circular No.4/2017 – GST dated 7 th July 2017 issued by Commissioner of GST (Central Board of Excise and Customs)

1. The Tamil Nadu Goods and Services Tax Act, the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017, have come into force with effect from 1st July 2017.

2. Section 16(3) of the Integrated Goods and Services Tax Act,2017 (hereinafter referred to as the “IGST Act”) provides that a registered person making zero rated supply shall be eligible to claim refund under either of the following options, namely:—

(a). he may supply goods or services or both under bond or Letter of Undertaking, subject to such conditions, safeguards and procedure as may be prescribed, without payment of integrated tax and claim refund of unutilised input tax credit; or

(b) he may supply goods or services or both, subject to such conditions, safeguards and procedure as may be prescribed, on payment of integrated tax and claim refund of such

tax paid on goods or services or both supplied, in accordance with the provisions of section 54 of the Central Goods and Services Tax Act or the rules made thereunder.

3. Whereas, in exercise of the powers conferred by sub-rule (5) of rule 96A of the Central Goods and Services Tax Rules, 2017, the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India, vide Notification No. 16/2017 – Central Tax, dated the 7th July, 2017, specified the conditions and safeguards for the registered person who intends to supply goods or services for export without payment of integrated tax, for furnishing a Letter of Undertaking in place of a Bond.

4. Whereas rule 96-A of the Central Goods and Services Tax Rules, 2017 provides that refund of integrated tax paid on export of goods or services can be availed by submission of bond or Letter of Undertaking in Form GST RFD-011.

5. Any registered persons availing the option to supply goods or services for export without payment of integrated tax is required to furnish, prior to export, a bond or a Letter of Undertaking in FORM GST RFD-11 to the jurisdictional Commissioner, binding himself to pay the tax due along with the interest specified under sub-section (1) of section 50 within a period of,-

- (a) Fifteen days after the expiry of three months from the date of issue of invoice for export, if the goods are not exported out of India: or
- (b) Fifteen days after the expiry of one year, or such further period as may be allowed by the Commissioner, from the date of issue of invoice for export, if the payment of such services is not received by the exporter in convertible foreign exchange.

6. In this background queries have been received from the Trade and Merchantile Associations stating the difficulties faced with regard to the procedure prescribed in respect of export of goods and services vis-à-vis payment of integrated tax or submission of Bond or Letter of Undertaking in place of Bond. It is noticed that the Central Board of Excise and Customs (CBEC) has issued a notification and a circular explaining the the modalities and requirement that should be fulfilled by an exporter where the export is sought without payment integrated tax.

7. In this regard attention is drawn to para (7) of the circular issued by the Central Board of Excise and Customs (CBEC) issued in the reference 4th cited wherein it is stated as follows:-

“7.It is further stated that the Bond/LUT shall be accepted by the jurisdictional Deputy/Assistant Commissioner having jurisdiction over the principal place of business of the exporter. The exporter is at liberty to furnish the bond/LUT before the Central Tax Authority or State Tax Authority till the administrative mechanism for assigning of tax payers to respective authority is implemented. However, if in a State, the Commissioner of State Tax so directs, by a general instruction, to exporter, the Bond/LUT in all cases be accepted by Central Tax officer till such time the said administrative mechanism is implemented, Central Tax officers are directed to take every step to facilitate the exporters.

8. It is relevant to note that section 4 of Integrated Goods and Services Tax Act, 2017 provides that the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are authorised to be the proper officers for the purposes of the Integrated Goods and Services Tax Act, 2017 and Notification No. 4/2017 – Integrated Tax, dated the 28th June, 2017 provides that the Central Goods and Services Tax Rules, 2017, for carrying out the provisions specified in section 20 of the Integrated Goods and Services Tax Act, 2017 shall, so far as may be, apply in relation to integrated tax as they apply in relation to central tax.

9. In this backdrop, it is hereby informed that the Bond or the letter of undertaking in place of Bond, in all cases, will be accepted by the jurisdictional Assistant Commissioners in respect of Assessment Circles and in the absence of Assistant Commissioner of State Taxes it will be accepted by the State Tax Officer of the Assessment Circle or any other officer as may be specified by the Territorial Deputy Commissioner. In respect of Large Taxpayers Unit, Chennai and Fast Track Assessment Circles, Coimbatore, Bond or the letter of undertaking in place of Bond will be accepted by respective Deputy Commissioners and in the absence of the Deputy Commissioner it will be accepted by an officer as may be specified by the respective Jurisdictional Joint Commissioners of State taxes, till the administrative mechanism for assignment of tax payers to respective authorities is implemented.

10. The following registered person shall be eligible for submission of Letter of Undertaking in place of a bond (vide Notification No.16/2016 Central Tax, dated 07-07-2017):-

- (a) a status holder as specified in paragraph 5 of the Foreign Trade Policy 2015-2020; or
- (b) who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year, and he has not been prosecuted for any offence under the Central Goods and Services Tax Act, 2017 (12 of 2017) or under any of the existing laws in case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

11. The Letter of Undertaking shall be furnished in duplicate for a financial year in the annexure to FORM GST RFD – 11 referred to in sub-rule (1) of rule 96A of the Central Goods and Services Tax Rules, 2017 and it shall be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by a person duly authorised by such working partner or Board of Directors of such company or proprietor on the letter head of the registered person.

12. This circular is certificatory in nature and cannot be made use of for interpretation of provisions of law. If any member of trade has any doubt, he may refer the matter to this office for further clarification. All the members of Trade and Industry are requested follow the procedure laid down in this regard as per law and as per the contents of this circular.

Sd/-Dr.C.Chandramouli
Additional Chief Secretary/
Commissioner of Commercial Taxes

To
All Joint Commissioners in the State
All Deputy Commissioners in the State
All Heads of Assessment Circles in the State
Copy submitted to the Additional Chief Secretary to Govt., CT & R Dept., Chennai 9.
Copy to the Additional Commissioners (Audit) (SMR) (PR) (RP) in the O/o the ACS/CCT.
Copy to the Joint Commissioner (CT) Computer System to host in the dept.website.

//Forwarded by order//


Joint Commissioner (ST) Taxation