

S.MURUGAPPAN

ADVOCATE, HIGH COURT

ASSISTED BY:

K.NANCY, B.COM., B.L. (HONS.),
M.S.HARSHA PRABHU, L.L.M.

CONSULTANTS:

GST, CUSTOMS, FOREIGN TRADE LAWS,
FOREIGN EXCHANGE MANAGEMENT ACT.

OPINION

1. **QUERIST:**

M/s. Aquamatrix System (P) Ltd.,
New No.11/2, Old No.21, 1st Floor,
L-Block, 26th Street, Anna Nagar East,
Chennai – 600 102.

2. **FACTS:**

Querist is a manufacturer and supplier of sewage treatment plants. Also, for assembling this plant, the querist procures goods from various third parties. It is also stated that the querist exports these sewage treatment plants to countries abroad.

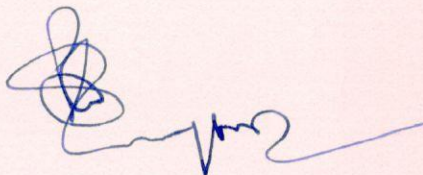
3. **QUERY:**

In this connection, the querist would like to know whether without payment of IGST, in respect of these goods, which are mostly procured from third parties, and without execution of LUT / Bond, these items can be exported.

4. **OPINION:**

- 4.1 During the discussions, it was informed by the querist that the various components needed for assembling the sewage treatment plant are procured from various sources and there may be more than 40 vendors. It is also indicated that the components of a plant may be despatched to the buyers abroad as partial shipments.
- 4.2 If the querist does not want to execute any LUT / bond for exporting these items or pay IGST at applicable rates and then claim refund of IGST paid, one option available will be to follow a specific procedure contemplated in Notification 41/2017-IGST (Rate) dated 23.10.2017. A copy of this notification is attached as Annexure-I to this opinion. In terms of this notification, the querist can procure the goods from the third-party vendors upon payment of only 0.1% IGST. However, such an exemption will be available, subject to following the conditions prescribed in the above notification by the suppliers of these goods as well as the querist.

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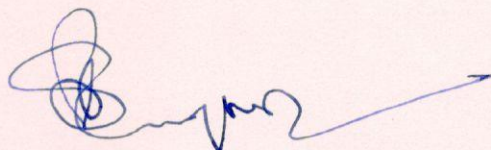
A-2, Srivatsam, 58, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017.

Email: smurugappan53@yahoo.com

Website: www.smurugappan.com

Phone: 044-28340431

- 4.3 It may be seen that the conditions imposed mainly are, (1) the goods procured should be exported within 90 days from the date of the tax invoice issued by the registered supplier, (2) the querist should be registered with the Export Promotion Council relevant to their product, (3) the querist should place the order on the suppliers for procuring these goods at concessional rate and copy of that order should be made available to the jurisdictional tax officer of the supplier and (4) the goods should move from the supplier's premises directly to the port / airport etc. There are further conditions incorporated in the above notification and a perusal of the notification aforesaid will clearly indicate the requirements.
- 4.4 It is to be noted that if the goods procured from different sources / third- party vendors are to be aggregated before actual export, then, the querist should comply with Condition No.(vii) indicated in the above notification.
- 4.5 The shipping documents should refer to the tax invoices of the registered suppliers and also after export, the querist should provide copies of the shipping bills and other export documents along with proof of Export General Manifest (EGM) / Export Report to their suppliers as well as the jurisdictional officers of such suppliers.
- 4.6 Subject to complying with all the conditions provided in the notification, the querist can get these goods exported by procuring them upon payment of 0.1% IGST by their suppliers. If suppliers are located within the same State, then, CGST notification will be applicable, which imposes similar conditions and the relevant Notification is 40/2017-Central Tax (Rate) dated 23.10.2017. A copy of this notification also is attached as Annexure-II to this opinion.



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Disclaimer:- The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.