

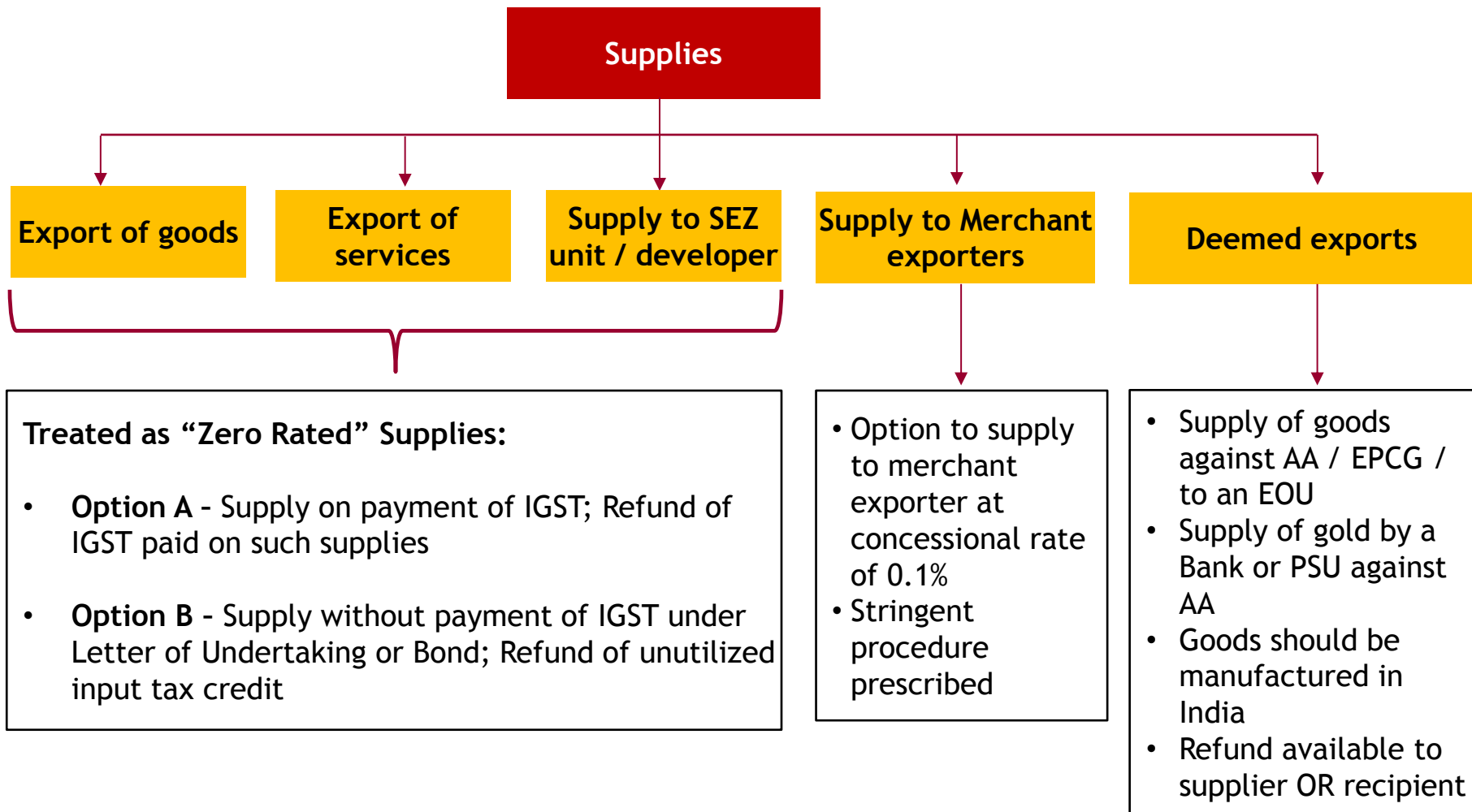


Foundation for International Taxation

Goods and Services Tax Exports & Refund Mechanism

December 2017

Type of transactions



Key issues faced so far

- ▶ **Liquidity issue** - Blockage of working capital on account of delay in grant of refunds:
 - *Goods*: Earlier, utility not provided to file refund claims; Facility introduced to file refunds basis Shipping Bills thereby resulting in grant of few refund claims
 - *Services*: Utility not provided till date; Funds blocked thereby increasing the working capital requirements
- ▶ **Textile industry struggling** - Decline in exports by 40% - Key reasons being reduction in rebates and subsidies - Worse off compared to pre-GST era by 2% - 4%
- ▶ **Procedural issues**:
 - Errors while filing returns lead to delay / rejection of refund claims - Onus on exporters to file correct details to ensure speedy processing of refund claims
 - For exporter of services, requirement of obtaining LUT introduced for the first time in GST (unlike Service tax regime) - Initial hiccups followed by corrective measure to expedite the process

Some Measures to incentivise exports

- ▶ **Measures being taken by the GST Council to simplify procedural aspects and promote exports such as facility of e-wallet to be introduced from 1 April 2018**
- ▶ **Mid-term FTP released to promote ease of doing business for exporters**
 - Facility of MEIS extended to various goods
 - Increase in benefit under MEIS and SEIS for certain goods and services such as readymade garments