

### ***The Government permits export of goods without payment of IGST only on letter of undertaking***

Rule 96A provides that in case of export of goods or services without payment of GST, the exporter has to furnish a bond or letter of undertaking (LUT) in Form RFD-11. This is also required in case of provision of goods or services to SEZ units/ developer. The Government had issued notification no. 16/2017-Central Tax dated 07 July, 2017 to provide for the cases where the exports were permitted to be made under LUT. Considering the various difficulties faced by the small exporters in furnishing bond with requisite bank guarantee, the Government has issued notification no. 37/2017, superseding notification no. 16/2017, allowing facility to export goods under LUT to all the exporters. The Government has also issued circular no. 8/8/2017-GST dated 4 October, 2017, superseding the previous circular nos. 2/2/2017, 4/4/2017 and 5/5/2017 issued on this subject. The key highlights are as under:

- All the exporters intending to export goods or services without payment of IGST can now furnish a LUT. However, persons who have been prosecuted under GST laws or any existing laws in force, where the amount of tax evaded exceeds INR 25 million are not eligible to submit LUT.
- The LUT is required to be furnished on the letterhead of the registered person, in duplicate, for a financial year in the annexure to Form GST RFD-11. The LUT would need to be executed by the working partner, the Managing Director or the Company Secretary or the proprietor or by any person authorised by such specified persons.
- Where the exporter fails to export goods or to receive payment for services exported in convertible foreign exchange within prescribed period and does not pay the IGST with interest on such transactions within fifteen days of such prescribed period, the facility of export without payment of IGST will be withdrawn till the time such amount is paid.
- The above procedure would also be applicable in case of supply of goods or services or both made without payment of IGST to a SEZ developer or a SEZ unit.

#### ***PwC Comments***

This amendment provides a major relief pertaining to blockage of funds to a number of exporters who were required to submit bonds, and bank guarantee for export of goods without payment of IGST. This is one more instance where the Government has quickly acted on the genuine concerns raised by the industry.

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With Best Regards  
PwC TRS Team

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