

GST and JOHNNY- UPDATE No.12



This Papa-:

When goods are exported on payment of IGST, the valuation of goods on which IGST is levied on sum total of supply of cost of goods and the transportation charges incurred to export the goods (being considered as composite supply as per section 2(30) of CGST Act 2017) and accordingly tax is paid by us.

When it comes to refund of the IGST paid, the customs portal allows the same. But this portal accepts valuation of goods as cost portion only and does not include transportation cost incurred in its value. Hence, the IGST paid on cost of goods is allowed as refund and IGST paid on transportation cost is not allowed. In earlier regime of Excise, the excise duty paid and not refunded on export was allowed as credit. But the new system does not allow either refund in cash or in credit. The reason for non-inclusion of transportation charges in value is that custom follow the drawback system which is allowed on FOB value of goods. An example will clarify the same. If we have exported goods worth Rs.100000 and the transportation cost incurred is Rs. 10000 then IGST payable @ 18% is Rs. 19800. But the customs portal will take value of goods exported as Rs. 100000 and not 110000 thereby not accepting transportation cost. It will refund of only Rs. 18000 is received. For the remaining Rs.1800 neither refund is received nor the credit is given by the department. **POOR EXPORTER DOES NOT KNOW WHERE HIS HARD EARNED MONEY HAS GONE.** This is being faced by exporters from last 2.5 years but no solution is received till date. **EVEN GOOGLE CANNOT SOLVE THIS ISSUE:)**

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