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GOVERNMENT OF INDIA  
MINISTRY OF FINANCE : DEPARTMENT OF REVENUE  
OFFICE OF THE PRINCIPAL CHIEF COMMISSIONER OF GST & CENTRAL EXCISE  
TAMILNADU & PUDUCHERRY  
No.26/1, MAHATHMA GANDHI ROAD, CHENNAI - 600 034

C.No. IV/16/268/2017- Pr.CCO (GST-3)

Date: 9.10.2017

### GST TRADE NOTICE NO.031/2017

Sub: **GST** - Central Tax Notification No.37/2017-Central Tax dated 04.10.2017 and Circular No.8/8/2017-GST dated 04.10.2017 - **Facility of furnishing Letter of Undertaking extended to all exporters** except those who have been prosecuted in a case involving revenue exceeding Rs.2.50 Crores & **related procedures** - Communication thereof - Reg.

\* \* \* \* \*

Please refer to this Office GST Trade Notices No.006/2017 dated 06.07.2017, No.007/2017 dated 11.07.2017 and No.015/2017 dated 18.08.2017 and Notification No.16/2017-CT dated 07.07.2017 on furnishing of Bond / LUT by exporters.

2. The Central Board of Excise & Customs [CBEC] has issued **Notification No.37/2017-CT dated 04.10.2017** in supersession of Notification No.16/2017-CT dated 07.07.2017 and a consolidated **Circular No.8/8/2017-GST dated 04.10.2017**, thereby **rescinding the earlier Circulars**, i.e. Circulars No.2/2/2017-GST, No.4/4/2017-GST and No.5/5/2017-GST dated 05.07.2017, 07.07.2017 and 11.08.2017 respectively. The salient features are detailed hereunder:

[i] **Eligibility to export under LUT:**

**The facility of LUT in place of bond has been extended to all registered persons** who intend to supply goods or services for export without payment of IGST.

However, this facility is **not extended** to those who have been prosecuted in a case involving revenue exceeding Rs.2.50 Crores, under the CGST Act, 2017 or IGST Act, 2017 or any existing law in force. In respect of cases involving prosecution as stated above, the exporters are required to furnish a bond, which in all cases shall be accompanied by a **bank guarantee of 15%** of the bond amount.

[ii] **Validity of LUT:**

The LUT shall be valid **for the whole financial year** in which it is tendered. However, where the registered person fails to pay the IGST dues along with interest in case the goods are not exported or convertible foreign exchange not received, as the case may be, within the stipulated period as per sub-rule (1) of Rule 96A of CGST Rules, 2017, **the facility of export without payment of Integrated Tax will be deemed to be withdrawn** and the facility shall be restored only after payment of the dues with interest.

During the intervening period between the withdrawal of facility and restoration of the same, export shall be either on payment of the applicable **IGST** or under bond with bank guarantee.

[iii] **Form for LUT / Bond:**

**LUT:** The **LUT** shall be furnished on the Letter Head of the registered person in duplicate for a financial year in FORM GST RFD-11 and shall be executed by the specified persons.

**Bond:** The **bond**, wherever required, shall be furnished on non-judicial stamp paper of the value as applicable in the State in which the bond is being furnished.

[iv] **Documents for LUT:**

Self-declaration he has not been prosecuted shall be accepted as proof for fulfilling condition, unless there is any specific information otherwise. Verification, if any, may be done on post-facto basis.

[v] **Jurisdictional Officer:**

The Bond / LUT shall be accepted by the jurisdictional Deputy /Assistant Commissioner having jurisdiction **over the principal place of business** of the exporter. Further, the exporter is at liberty to furnish the Bond/LUT before Central Tax or State Tax Authorities, till administrative mechanism for assigning taxpayers is implemented.

[vi] **Time for acceptance of LUT/Bond:**

A time limit of **3 working days** has been stipulated for acceptance of LUT/Bond from the date of submission, along with self-declaration by the Exporter. If the LUT/Bond is not accepted within the stipulated period, it shall be deemed to be accepted.

[vii] **Clarification regarding running bond:**

➤ The exporters shall furnish a running bond to cover the amount of self-assessed estimated tax liability on the export. In case the bond amount is insufficient to cover the said liability in yet to be completed exports, the exporter shall furnish a fresh bond to cover such liability. Further, the onus of maintaining the debit / credit entries of integrated tax in the running bond will lie with the exporter. The record of such entries shall be furnished to the Central Tax Officer as and when required.

[viii] **Sealing by officers:**

The sealing of containers, wherever required to be carried out under the supervision of the officer, shall be done under the supervision of the Central Excise Officer having **jurisdiction over the place of business where the sealing is required to be done**, till mandatory self-sealing is operationalized and copy of the sealing report should be forwarded to the Deputy/Assistant Commissioner having jurisdiction over the principal place of business.

[ix] **Realisation of export proceeds in Indian Rupee:**

- **Supply of Goods to Nepal, Bhutan, SEZ Developer or SEZ unit** - Acceptance of LUT instead of a bond will be permissible irrespective of whether the payments are made in **Indian currency** or convertible foreign currency, as long as they are in accordance to applicable RBI guidelines.
- **Supply of Services to SEZ Developer or SEZ unit** – Acceptance of LUT is permissible on the above lines.
- **Supply of Services to Nepal and Bhutan** – Will be deemed to be export of services **only if** the payment is **received** by the supplier in **convertible foreign exchange**.



[x] **CT-1 scheme** – There is no provision for issuance of CT-1 Form under GST to purchase goods without payment of tax and the transaction between a **manufacturer and merchant exporter** is in the nature of supply and **would be subject to GST**.

[xi] **Supplies to EOUs** – Supplies to EOUs are taxable under GST like any other taxable supplies as there is no special dispensation under GST regime. However, EOUs, **to the extent of exports**, are eligible for zero rating like any other exporter.

3. This Trade Notice is being issued so as to sensitize the trade and field formations about the about the contents of the aforesaid notification and for complete details, the respective notification may please be referred in the CBEC's website [www.cbec.gov.in](http://www.cbec.gov.in).

4. All the Commissioners are requested to bring the contents of the Trade Notice to the notice of all the officers working under their charge and the assesseees falling under their respective jurisdiction.

5. The Trade & Industry Associations/Chambers of Commerce are requested to bring the contents of the Trade Notice to the notice of all their members.



**[C.P. RAO]**  
**PRINCIPAL CHIEF COMMISSIONER**

To

- i. The Principal Commissioner / Commissioner of GST and Central Excise,  
Chennai North / Chennai South / Chennai Outer / Coimbatore / Salem / Tiruchirappalli /  
Madurai / Puducherry / Chennai Audit I / Chennai Audit II / Coimbatore Audit /  
Chennai Appeals I / Chennai Appeals II / Coimbatore Appeals Commissionerates
- ii. The Commissioner of Commercial Taxes, State CT Head Office, Ezhilagam,  
No.3, Kamarajar Salai, Chepauk, Chennai-600005 [ By e-mail ]
- iii. Zonal RAC Members [ By e-mail ]

Copy to

✓ The Superintendent, Computer Section, Chennai North Commissionerate

[For uploading in website]