

FTP 2015-20 and Customs Update

Snapshot

Validity of Foreign Trade Policy 2015-2020 and Handbook of Procedures extended up to September 30, 2021

Exemption to EOU, STP, etc. from payment of IGST and Compensation Cess on imports extended for another year

Requirement to update IEC once in a year introduced. Failing to comply will lead to deactivation of IEC

The Finance Act 2021 provides that BOE has to be filed one day prior to the arrival of the consignment. The time limit for filing of Bill of Entry for imports made through various modes has been prescribed

MBL/MAWB can be filed after filing of the advance BOE

Validity of FTP 2015-2020 and Handbook of Procedures extended along with certain exemptions

Notification No 60/2015-2021 and Public notice 48/2015-2020 dated March 31, 2021

The Foreign Trade Policy 2015-2020 ('FTP') was announced in 2015 along with Handbook of Procedures ('HBP') and was valid till March 2020. The validity of the said FTP was earlier extended for one year in view of the spread of Pandemic.

The said FTP has now been further extended up to September 30, 2021. Certain specific extensions with respect to various provisions of the FTP and the HBP are as follows:

- The exemption from payment of Integrated Goods and Services Tax ('IGST') and Compensation Cess in case of imports against Advance Authorisations ('AA') and Export Promotion Capital Goods ('EPCG') Schemes has been extended up to March 31, 2022.
- Status holder certificate issued under the FTP shall be valid up to 5 years from the date of the application or September 30, 2021, whichever later.
- Norms ratified by any Norms Committee in respect of any Advance authorization shall be valid up to September 30, 2021, or for a period of 3 years from the date of ratification, whichever is later.

KCM Comments

The various incentives provided by the Government to the exporters were challenged by certain countries before World Trade Organisation ('WTO') on the grounds that such incentives were inconsistent with certain provisions of WTO's Agreement on Subsidies and Countervailing Measures. Accordingly, it is expected that the Government shall come up with a thoroughly overhauled FTP which is compliant with the WTO norms.

It is in this connection that the Government, on 1 January 2021, announced that exports made from 1 January 2021 would be eligible for the benefits of Remission of Duties and Taxes on Export Products ('RoDTEP'). However, apart from a few procedural aspects, the important modalities such as rates of benefits, conditions, exclusions, etc. are yet to be notified.

The trade was eagerly waiting for a revamped FTP that would give more clarity on the RoDTEP scheme. However, it seems that the Government needs more time to come up with a policy that on one hand gives a boost to the exports and on the other hand is compliant with the WTO norms.

Further, one must note that unlike the extension of the FTP announced by the Government last year due to pandemic, the current extension does not provide specific reliefs such as extension in the period of Export Obligations, filing of claims under MEIS and SEIS and only extends. These shall be governed as per the normal provisions as contained in the FTP read with the extensions announced last year.

Exemption from payment of IGST and Cess in case of EOU / etc. extended for another year

Notification No. 19/2021 - Customs dated on March 30, 2021

The exemption from payment of IGST and Compensation Cess as available to Export Oriented Undertaking ('EOU'), Software Technology Park ('STP'), Electronic Hardware Technology Park ('EHTP') has been extended for another year i.e. up to March 31, 2021.

Yearly updation /modification requirement, Import-Exporter Code (IEC)

Notification No. 58/2015-2020 dated on February 12, 2021

- The DGFT had earlier introduced the facility of making applications for issuance as well as modification of existing Importer Exporter Code in electronic form ('e-IEC') on the DGFT website.
- The DGFT has now mandated all IEC holders to update the details of e-IEC compulsorily during the period April-June every year.
- Even if there are no changes, a confirmation in this regard has to be given online.
- The IEC shall be de-activated if no update or confirmation has been made during the above period. De-activated IEC, however, can be activated once updation is made.
- Further, an IEC may be flagged for scrutiny and the may also be de-activated if the IEC holder does not take necessary action on the issues flagged.

KCM Comments

The CBIC has launched the revamped DGFT portal with a view to provide all the services online. It has

also mandated all the persons holding IEC to register on the new portal and update the details.

It is very important for all importers / exporters to keep their credentials updated on the DGFT portal to receive the communications from the DGFT portal. Also, even if there is no change in particulars, a confirmation to that effect shall have to be done every year between April to June in order to avoid the deactivation of the IEC.

Regulations in relation to filing of advance Bill of Entry ('BOE') amended

Notification No. 35 /2021-Customs (N.T.) and Circular No. 08 /2021 – Customs, dated March 29, 2021

Requirement of filing BOE as per Section 46 of the Customs Act

The CBIC has notified the following time limits for filing of BOE in different scenarios. Non-filing of Bill of entry within the said prescribed timeline shall attract a late fee.

Sr. No.	Customs Station	BOE is required to be filed latest by end of the day of arrival of the Vessel / Aircraft / Vehicle	BOE is required to be filed latest by the end of day preceding the day of arrival of the Vessel / Aircraft / Vehicle
1	Sea Port	Imports consigned from following countries: 1. Bangladesh 2. Maldives 3. Myanmar 4. Pakistan 5. Sri Lanka	Imports consigned from all other countries (even when the goods are transhipped from Bangladesh, Maldives, Myanmar, Pakistan or Sri Lanka)
2	Airport and Land Customs Station ('LCS')	All imports	None
3	Inland Container Depot ('ICD')	None	All Imports

Removal of the requirement for the filing of MBL / MAWB in Advance BOE

- Considering that a BOE is required to be filed in advance, the CBIC has decided to do away with requirement to file Master Bill of Lading ('MBL')/Master Airway Bill ('MAWB') for filing an advance BOE. In such cases, filing of House Bill of Lading ('HBL')/ House Airway Bill ('HAWB') would be sufficient at the time of filing of advance BOE.
- Further, an option shall be implemented on the ICEGATE portal for the importers to subsequently update the MBL/MAWB in the BOE. Such amendment to the BOE shall be auto approved and shall not be subject to levy of any fees.

KCM Comments

The Finance Act, 2021 has shortened the time limit to file a BOE from one day after the date of arrival of the vessel / aircraft / vehicle excluding holidays to one day prior to the date of arrival of the vessel / aircraft / vehicle even where such day is a holiday. Further, the CBIC has been given powers to prescribe a different time limit in cases where it deems fit under which the above timelines have been notified.

The present amendment with respect to filing of BOE in advance has been brought in to facilitate pre-arrival processing and assessment of BOE leading to significant decrease in the Customs clearance time. Importers should bear in mind the above criteria for filing the BOE while making imports through various channels.

This document is prepared exclusively for the benefit and use of the clients of K. C. Mehta & Co. This should not be used as a substitute for professional advice. Reasonable care has been taken for ensuring the accuracy and the authenticity of the contents of this alert. However, we do not take any responsibility for any error or omission contained therein on any account. It is recommended that the readers should take professional advice before acting on the same.

For further analysis and discussion, you may please reach out to us.

Locations

Ahmedabad

Arpit Jain

Level 11, Tower B,
Ratnaakar Nine Square,
Vastrapur,
Ahmedabad - 380 015

Phone: + 91 79 4910 2200
arpit.jain@kcmehta.com

Bengaluru

Payal Shah

19/4, Between 7th & 8th Cross,
Malleswaram,
Bengaluru - 560 003

Phone: +91 80 2356 1880
payal.shah@kcmehta.com

Mumbai

Vishal Doshi

508, The Summit Business Bay,
Nr. WEH Metro Station,
Gundavali, Andheri East,
Mumbai - 400 069

Phone: +91 22 2612 5834
vishal.doshi@kcmehta.com

Vadodara

Milin Mehta

Meghdhanush,
Race Course,
Vadodara - 390 007

Phone: +91 265 2440400
milin.mehta@kcmehta.com

Independent Member of

B K R
INTERNATIONAL