



TEXPROCIL

THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
(Sponsored By Government of INDIA)

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**E Serve No. 7 of 2018
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Circular No.EPS/65/2017-18

To: Members of the Council

**Sub: Advisory on Supplies of export goods by manufacturers to
merchant exporters and Refund of Accumulated Input Tax Credit
(in case of Inverted Duty structure)**

Dear Member,

The Council has received representations from its members seeking clarification on various aspects related to supplies of export goods by the manufacturers to the merchant exporters and the procedure to be followed in the case to refund of accumulated Input Tax Credit.

In this regard, please be advised as under:

The GST Council, in its 22nd meeting held on 6.10.2017, had decided to allow supplies of taxable goods by the manufacturers to the merchant exporters at a GST rate of 0.10%. CBEC has issued Notification No. 41/2017 -Integrated Tax (Rate) dated 23.10.2017 to implement this decision for inter-state supplies of goods for exports - Copy enclosed [\(click here\)](#). CBEC has also issued another Notification No. 40/2017- Central Tax (Rate) dated 23.10.2017 for intra-state supplies - Copy enclosed [\(click here\)](#).

The supplies of export goods by the manufacturers to the merchant exporters are subject to the fulfilment of certain conditions as per Annexure - I which is enclosed herewith [\(click here\)](#).

Further, Section 54(3) of the CGST Act, 2017 allows refund of unutilized input tax credit where the credit has accumulated on account of inverted duty structure. (Inverted duty structure refers to a situation when the rate of tax on inputs are higher than the rate of output supplies).

The formula to be used to calculate the amount of refund of accumulated input tax credit along with the procedure to be followed to file application for the refund of accumulated input tax credit are enclosed herewith [\(click here\)](#) - Annexure -II .

We would request you to please take a note of the above and do the needful.

In case, you need any further clarification in this regard, please feel free to contact us.

Thanking you,

A. Ravi Kumar
Joint Director

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