

# TEXPROCIL

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## **Extend Transitional Provision for Duty Drawback till 31.3.2018, Chairman, TEXPROCIL**

Exporters are facing problems during the initial days of the implementation of the new Indirect Tax regime GST. “The major area of concern for the exporters is the inordinate delay in the refund of GST”, said Shri Ujwal Lahoti, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL). Exporters who had shipped their goods in the month of July are yet to receive their refunds of the Input Tax Credits or the IGST paid on export goods. This has caused serious working capital problems for a large number of exporters and has in fact threatened the very survival of many of the exporters. Since there are no exemptions available at any stage under the GST law for exports, Shri Lahoti urged the Government to grant the refunds of GST on exports immediately after the Export General Manifest (EGM) is filed instead of the current requirement of linking the refunds to the filing of the monthly returns.

Exporters are also bearing the burden of embedded state taxes on the export products. Presently, the ROSL (Rebate of State Levies) Scheme provides for refund of state levies on export products in the case of Garments and Made ups. However, the scheme does not cover embedded state levies from the fibre stage to the Made ups stage. This is due to the fact that the Drawback Committee which has been constituted by the Government to recommend ROSL rates does not have the mandate to examine the incidence of embedded taxes on Made ups which is estimated to be approximately 2%. Shri Lahoti urged the Government to provide the necessary mandate to the Drawback Committee to examine the embedded state levies and recommend suitable ROSL rates for Made ups.

Since the delay in the refund of GST on exports combined with other factors like low demand from major export markets, strengthening Rupee against the U.S. Dollar and the likely reduction in the export benefits under the GST regime are causing serious problems and uncertainty for the exporters, Shri Lahoti urged the Government to extend the transitional provision for the All Industry Rates of Duty Drawback (AIR) and ROSL from September 30, 2017 to March 31, 2018.

Under GST, merchant exporters who contribute about 60% of the textiles exports, are at a distinct disadvantage compared to the manufacturer exporters as they are unable to get goods meant for exports from the manufacturers without payment of GST. There is no enabling document prescribed so far by the Government under which goods can be cleared by a manufacturer without charging IGST meant for exports by a merchant exporter against Bond/LUT, pointed out Shri Lahoti. TEXPROCIL has represented to the Government to introduce a mechanism under which merchant exporters are allowed to get goods from the manufacturers without payment of GST for exports, said the Chairman, TEXPROCIL.