

# EXPORT PROMOTION COUNCIL FOR EOUs & SEZs

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## **EPCES CIRCULAR NO. 311**

In order to keep all our members updated with the latest announcements and amendments made in Law, we present to you a brief of updates that could be relevant for you all.

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### **Notification No. 32/2018- Central Tax dated 10<sup>th</sup> August, 2018**

Due date of filing monthly GSTR-1 returns for the period from July 2018 to March 2019 by a registered person having aggregate turnover above INR 1.5 crore in FY 2017-18 or 2018-19 has been extended to 11th of each subsequent month.

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### **Notification No. 33/2018 – Central Tax dated 10<sup>th</sup> August, 2018**

Due date for filing quarterly GSTR-1 returns for the period from July 2018 to March 2019 by a registered person having aggregate turnover upto INR 1.5 crore in FY 2017-18 or 2018-19 have been notified as below:

S.No.	Tax Period	Due date
1	July - Sept 2018	31-Oct-2018
2	Oct - Dec 2018	31-Jan-2019
3	Jan - Mar 2019	30-Apr-2019

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### **Notification No. 34/2018– Central Tax dated 10<sup>th</sup> August, 2018**

Due date of filing monthly GSTR-3B return for the period from July 2018 to March 2019 by all registered persons has been notified as 20th of each subsequent month. Further, it has also been notified that liability towards payment of tax, interest, penalty or fee pertaining to each month shall be deposited on or before the due date of filing GSTR-3B of the said month.

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### **Circular No. 27/2018 – Customs dated 14<sup>th</sup> August, 2018**

Vide the captioned circular, CBIC has issued a clarification regarding bank guarantee requirement for bond executed by EOUs.

As the EOUs have already been executing B-17 bond, hence it was clarified earlier vide Circular no. 29/2017- Customs dated 17.07.2017, that the said B-17 bond will serve the requirement of continuity bond as required under Customs(Import of Goods at Concessional Rate of Duty) Rules, 2017 and there is no requirement to submit a separate continuity bond by EOUs.

As B-17 bond is serving the purpose of continuity bond for EOUs, hence various circulars issued by the Board extending the facility of exemption from furnishing bank guarantee/ surety by EOUs will continue to hold good, as these circulars are in line with Para 6.12 of the Foreign Trade Policy which lays down the conditions for EOUs to be exempted from furnishing of bank guarantee.

In view of above, it is reiterated that waiver of bank guarantee/ surety to EOUs would continue to be governed by various circulars issued by CBIC with regard to B-17 bonds executed by EOUs and will not be guided by the Circular no. 48/2017-Customs dated 08.12.2017 which governs the general importers and not the EOUs.

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## Judicial Pronouncements

- **AHMEDABAD CESTAT:Meridian ImpexVs CCE & ST** - The assessee is a 100 % EOU, engaged in the manufacture of Brass articles - During the period in dispute, it imported Brass Metal Scrap containing other impurities, without payment of duty as per Notification No. 52/2003 Cus - An SCN was issued on grounds that since segregation of imported brass scraps into foundry and non-foundry did not result into manufacture, as per Circular No 62 of 2001, consequently the clearance of non-foundry scrap in DTA on payment of applicable excise duty is in contravention of Notification No. 53/2003-Cus - Therefore, applicable import duty would be recoverable from assessee - The Revenue opined that the assessee exceeded the use of laid down norms of scrap in the segregation activity or in the manufacture of brass articles, contrary to the norms fixed by the Norms Committee - Therefore, the Revenue initiated recovery proceedings for applicable import duty foregone on the excess quantity - On appeal, the Commr. (A) confirmed the demand. Held - The issue at hand is whether the activity of segregation of imported mixed brass scrap into foundry and non-foundry grade, amounts to manufacture - This issue is covered by the recent Circular of Board (Circular 2001 not applicable) dated 10/05/2016 - It clarifies on the issue of segregation of impurity like iron, steel, rubber, plastic, dust from honey grade brass scrap imported, in the context of Rule 3(5) of CCR 2004 & is applicable to the case at hand - The process of segregation of imported mixed brass scrap, into foundry and non-foundry grade by weeding out the impurities so as to make it suitable to feed into the furnace for manufacture brass ingots, and then finished goods - This process is connected to the manufacture of brass articles - Besides, this Tribunal in the case of Singh scrap Processor Ltd. vs CCE held that the process of removal of impurity results into manufacture - With respect to payment of duty on the excess use or consumption scrap material in the manufacture of finished goods - The excess quantity of scrap generated during the activity of segregation or manufacture of the brass articles cleared on payment of applicable excise duty in DTA as per the permission of Development commissioner, is covered by clause(3) of the Exemption Notification 50/2003 Cus. as amended - Hence, the order-in-appeal passed on the same lines are upheld and the Orders contrary are set aside.
- **KARNATAKAAAR - COFFEE DAY GLOBAL LIMITED** - The appellant company is engaged in supply of non-alcoholic beverages to SEZ units using coffee vending machines. Whether supply of non-alcoholic beverages to SEZ units using coffee vending machines is in the nature of zero rated supply as defined under Section 16 of the IGST Act 2017. The applicants' contention is that any supply of goods or services to SEZ units is zero-rated - the term 'any supply' is not used anywhere in the statute. Therefore, the interpretation of the applicant is not correct - Though the IGST Act, in Section 16(1)(b) does not categorically say that the supplies of goods and services should be for authorized operations, it is implicit therein when it says that the supplies are for the SEZ Developer or SEZ Unit.

Therefore, the litmus test for any supply to be termed as zero-rated supply is to ascertain essentially whether it is for authorized operations or not - The applicant has not made out a case that the activity undertaken by them is certified as an authorized operation by the proper officer of the SEZ. Thus, the activity undertaken by the applicant does not qualify to be a zero-rated supply - The supply of non-alcoholic beverages / ingredients to such beverages, to SEZ units using coffee vending machines by the applicant, do not qualify as zero rated supply, as defined under Section 16 of the IGST Act, 2017.

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Hope the newsletter was useful for you all.

In case of any queries, feel free to connect with the council.

This issues with the approval of Oftg.Chairman EPCES.