

Federation of Indian Export Organisations

Step wise guide for “Risky Exporters”

A sizable number of exporters have been classified as “risky exporters” based on some matrix adopted by the Directorate of System. This has caused liquidity problem at their end beside delays in clearance of their export consignments. With a view to address the concern of genuine exporters, Government has provided some relaxation from time to time and also fixed timelines to complete the process of verification.

With a view to update members in the matter, FIEO decided to bring a stepwise guideline for exporters.

The step wise process is as follows-

Identification of Risky Exporters:

1. The automated system identifies the risky exporters based on a pre-defined criteria and grounds. The list of the exporters is then sent by the Directorate General (Systems) to the concerned Chief Commissioner of the Central Tax and Risk Management Centre of Customs (RMCC) departments, respectively.
2. RMCC shall insert alerts for all such risky exporters and make 100% examination mandatory of export consignments relating to those risky exporters. Also, alert shall be placed to suspend IGST refunds in such cases.

Subsequent Actions by Customs:

3. The custom officers will also verify the export consignments of the risky exporters once the RMCC alerts them. The consignment will be given a clearance only when the declared shipping bill and the results of the examination tallies with each other. The requirement of 100% physical examination of each export consignment shall be gradually relaxed provided no irregularity was noticed in earlier examinations of export consignments of

export entities in terms of Circular No. 16/2019-Customs dated 17.06.2019.

4. Wherever the examination has validated the declaration made in the shipping bill, RMCC may review the risk assessment and gradually taper down the percentage of physical examination. Suitable alerts based on re-evaluated risk may accordingly be inserted in the system by RMCC in such cases.
5. Even after receiving a clearance from the customs officer, the GST refund for the taxes paid on those shipping bills shall be suspended by the Deputy Commissioner or the Assistant Commissioner of the Customs department who is dealing with the IGST refund at the port from where the exports were made. This is done until the eligibility to avail GST Refund is verified by the GST officer in the jurisdiction.

Action by the Exporter:

6. ***The exporter on being informed in this regard or on his own volition should fill in information in the format attached as Annexure 'A' and submit the same to their jurisdictional CGST authorities for verification by them. If required, the jurisdictional authority may seek further additional information for verification. However, the jurisdictional authorities must adhere to timelines prescribed for verification.***

Subsequent Actions by GST Authorities:

7. The GST Officer in the jurisdiction, will verify each and every export consignment transacted by the exporter. He will also check whether the IGST was paid on such exports or not and whether exporter has availed eligible ITC on such payments for verifying the true and fairness of the GST Refund claimed by such exporters.
8. Verification shall be completed by jurisdiction CGST office within 14 working days of furnishing of information in

proforma by the exporter. If the verification is not completed within this period, the jurisdiction officer will bring it the notice of a nodal cell to be constituted in the jurisdictional Pr. Chief Commissioner/Chief Commissioner Office.

9. After a period of 14 working days from the date of submission of details in the prescribed format, the exporter may also escalate the matter to the Jurisdictional Pr. Chief Circular Commissioner/Chief Commissioner of Central Tax by sending an email to the Chief Commissioner concerned.
10. The Jurisdictional Pr. Chief Commissioner/ Chief Commissioner of Central Tax should take appropriate action to get the verification completed within next 7 working days.
11. In case, any refund remains pending for more than one month, the exporter may register his grievance at www.cbic.gov.in/issue by giving all relevant details like GSTIN, IEC, Shipping Bill No., Port of Export & CGST formation where the details in prescribed format had been submitted etc. All such grievances shall be examined by a Committee headed by Member GST, CBIC for resolution of the issue.
12. Verification of the claimed GST refund and all other related and completed aspects are to be done in accordance with the Standard Operating Procedure laid and prescribed in GST laws and rules.
13. A report on the said verification is to be furnished to the Chief Commissioner by the officer conducting the verification process. The report must clearly specify whether the paid IGST and taxes and the refund claims are applicable or not as per the law.
14. The Chief Commissioner of Central Tax compiles the reports of all the cases and forwards them to the RMCC and concerned export port of customs within 5 working days of receiving such report.

15. It may kindly be noted that all verification will be carried out by the Central Tax Authorities (CGST) irrespective of the fact that the tax payer s under administrative control of Centre or State/UTs.
16. RMCC based on the report decides to either take out the exporter from the list of "Risky exporters" or continues to keep him in such list.
17. The custom formation takes further necessary action Two situations arise here for passing the claim of GST Refund-
 - **Cases where no malpractices have been reported:** The refund is processed by the customs officer at the port of export to an extent properly verified by the taxation department.
 - **Cases where malpractices have been reported:** The GST Refund is not processed by the customs officer in such cases.

Encl: Annexure A

Annexure A

The details to be provided by the exporter for verification:

I. GST related data:

1. GSTIN –
2. Please provide the following details if the proprietor/director/partner of this entity is also associated with other entities.

S No	Name of Director/Partner/Proprietor	Name of the other Entity Associated with	PAN (DIN if Director)	GSTIN	Registration status (Active / Inactive)
1					
2					
3					

3. Turnover of previous Financial Year -
(For New Entity till date Current Financial Year Turnover, if any)

4. Details of GST liability–

S No	Return Type	Declared aggregate liability for Previous Financial Year	Declared aggregate liability for Current Financial Year
1	GSTR 3B		
2	GSTR 1		

5. Details of ITC :

FY	ITC available in GSTR-2A	ITC availed in GSTR-3B	Mismatch	Details of payment or reversal of mismatched ITC
2017-18				
2018-19				
2019-20				

6. Details of refund claimed in previous Financial Year and current Financial Year-

S No	GSTIN	Type of Refund	ARN No. and Date	Amount		Authority from which refund claimed
				Claimed	Sanctioned	

7. Summary of E way Bills generated for relevant period.

S No	Supplies	No of E way Bill generated	HSNs	Taxable Amount
1	Inward			
2	Outward			

II. Financial Data

1. Bank Account details including the bank accounts of proprietor/partner/directors–

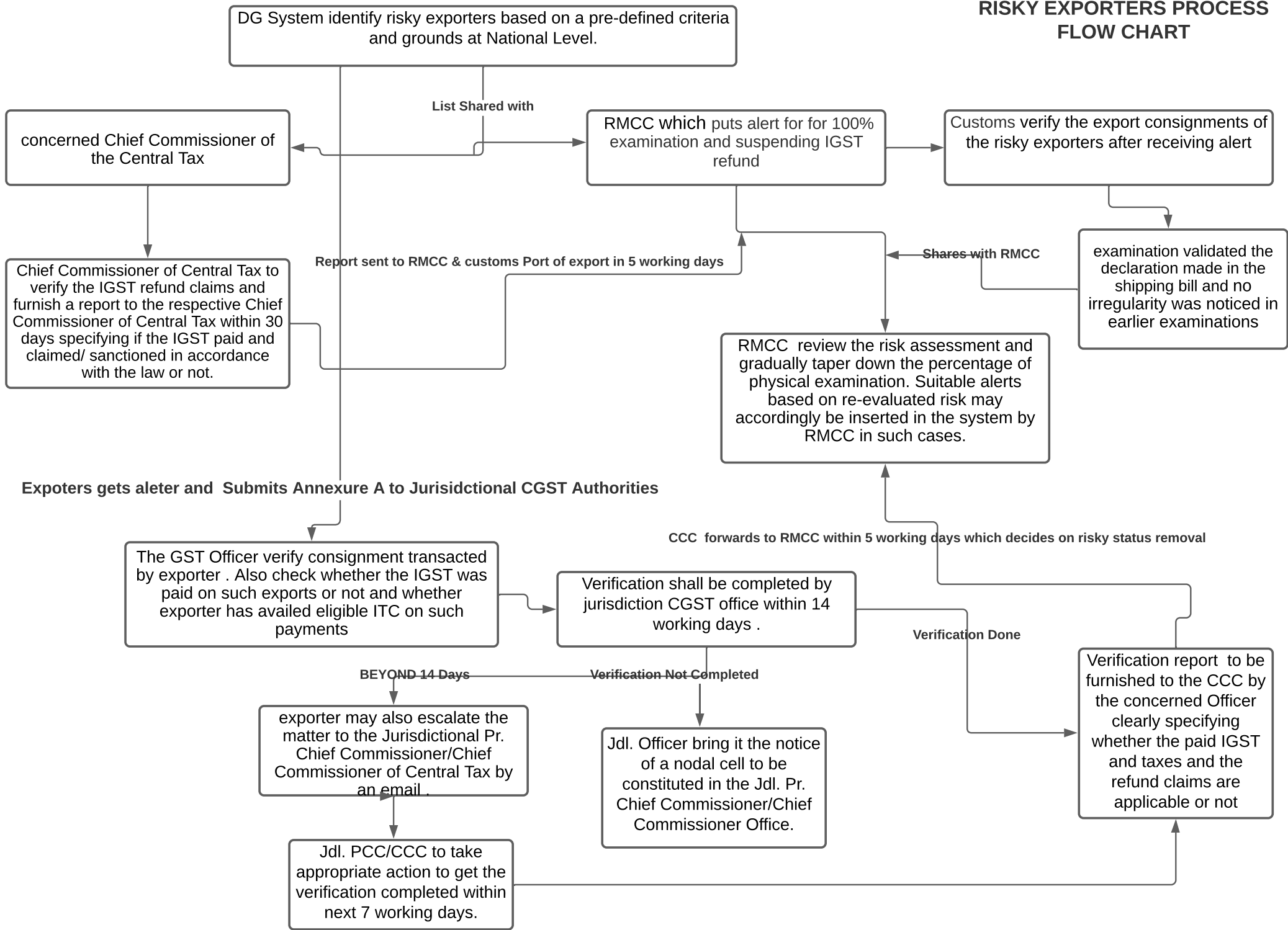
S. No.	Account Number	IFSC Code	Account Type	Name of Account Holder	PAN of Account Holder	Date of opening of Bank Account

2. Bank Account statement of past 6 months in respect of the bank accounts provided above.
3. BRCs/FIRC's evidencing receipt of foreign remittances against the exports made in past 1 year.
4. Bank letter for up to date KYC of all bank accounts provided above.
5. Top 5 creditors and Debtors (with GSTIN) from account(s) where refunds are proposed to be received and from which major business transactions (payments for supplies and receipts) are carried out.

III. Additional Data

1. Copy of PAN.
2. Copy of IEC
3. Certificate of Incorporation or partnership deed
4. Rent agreement of all premises along with geo-tagged photos
5. Telephone Bill of past 3 months for all premises
6. Electricity Bill of past 3 months for all premises
7. Number of employees and the statement of PF evidencing employees
8. Copy of the following schedules of the latest Income Tax Return:
 - (i) Computation of depreciation on plant and machinery under the Income-tax Act
 - (ii) Computation of depreciation on other assets under the Income-tax Act
 - (iii) Summary of depreciation on all the assets under the Income-tax Act

RISKY EXPORTERS PROCESS FLOW CHART



DG System identify risky exporters based on a pre-defined criteria and grounds at National Level.

concerned Chief Commissioner of the Central Tax

RMCC which puts alert for for 100% examination and suspending IGST refund

Customs verify the export consignments of the risky exporters after receiving alert

Chief Commissioner of Central Tax to verify the IGST refund claims and furnish a report to the respective Chief Commissioner of Central Tax within 30 days specifying if the IGST paid and claimed/ sanctioned in accordance with the law or not.

Report sent to RMCC & customs Port of export in 5 working days

examination validated the declaration made in the shipping bill and no irregularity was noticed in earlier examinations

RMCC review the risk assessment and gradually taper down the percentage of physical examination. Suitable alerts based on re-evaluated risk may accordingly be inserted in the system by RMCC in such cases.

Shares with RMCC

Expoters gets aleter and Submits Annexure A to Jurisidctional CGST Authorities

The GST Officer verify consignment transacted by exporter . Also check whether the IGST was paid on such exports or not and whether exporter has availed eligible ITC on such payments

CCC forwards to RMCC within 5 working days which decides on risky status removal

Verification shall be completed by jurisdiction CGST office within 14 working days .

Verification Done

Verification report to be furnished to the CCC by the concerned Officer clearly specifying whether the paid IGST and taxes and the refund claims are applicable or not

BEYOND 14 Days

Verification Not Completed

exporter may also escalate the matter to the Jurisdictional Pr. Chief Commissioner/Chief Commissioner of Central Tax by an email .

Jdl. Officer bring it the notice of a nodal cell to be constituted in the Jdl. Pr. Chief Commissioner/Chief Commissioner Office.

Jdl. PCC/CCC to take appropriate action to get the verification completed within next 7 working days.