



India Global Trade Advisory Newsletter

Delivering clarity

COVID-19 related measures taken by the central government

The COVID-19 outbreak posed unprecedented challenges for every country, and has adversely affected global trade and business. It has brought global business to a halt and the times ahead will be challenging for every nation.

The pandemic has presented fresh challenges for the Indian economy too. To deal with the impact of COVID-19, the central government took a slew of trade facilitation measures to minimise its impact on business and overcome disruption in international supply chain. Some major measures taken by the government are mentioned below.

Measures by customs authorities

- **Special drive for refund and drawback:** The customs authorities started a special refund and drawback disposal drive to provide immediate relief and liquidity to business entities. Under the drive, the Central Board of Indirect Taxes

and Customs (CBIC) strived to process and dispose of refunds and drawback claims pending as on 7 April 2020. The special drive was in place until 30 April 2020. (Instruction no. 03/2020 - Customs dated 09 April 2020)

- **Exemption to specified products in the wake of COVID-19:** Exemption of import duty and health cess on artificial respiration or other therapeutic respiration apparatus (of chapter heading 9018 or 9019), face masks, and surgical masks (of chapter 63 or any other chapter), personal protection equipment (of chapter 62 or any other chapter), COVID-19 testing kits (of chapter 30, 38 or any other chapter), and inputs for manufacturing these items have been provided until 30 September 2020, subject to specified conditions. (Notification no. 20/2020 - Customs dated 09 April 2020)
- **Facility to submit undertaking in lieu of bond:** A specified category of importers, such as authorised economic operators (AEO), manufacturers/actual user importers, and status holders, were granted the facility to submit an undertaking in lieu of the bond. This is prescribed in some cases, such as

provisional assessment of duty or warehousing of goods, subject to fulfilment of specified conditions. Further, the importer availing this facility has to ensure that undertaking furnished in lieu of the bond is replaced with a proper bond by 30 June 2020. (Circular no. 26/2020 - Customs dated 29 May 2020)

- **Electronic communication of e-gate pass, bill of entry, shipping bill, and let export order:** To reduce interface between authorities and importers/exporters/customs brokers, and move towards paperless customs processes, CBIC enabled electronic communication of the PDF-based final out-of-charge copy of bill of entry and the e-gate pass to importers/customs brokers. Earlier, physical signing of the final out-of-charge copy of BOE was insisted at customs locations. A similar facility has been started for a shipping bill and let export order. (Circular 19/2020 – Customs dated 13 April 2020 and Circular no. 30/2020 – Customs dated 22 June 2020)
- **Personal hearing through video conferencing:** On account of the COVID-19 outbreak, the facility to have personal hearing through video conferencing has been started for proceedings under Customs Act 1962. (Instruction F. no. 390/Misc/3/2019-JC dated 27 April 2020)
- **Extension of validity of AEO certificate:** Extension of validity of AEO certificates expiring during 1 March 2020 to 30 September 2020 until 30 September 2020 (Circular no. 31/2020 – Customs dated 30 June 2020).
- **Extension of time limit for proceedings under Customs Act:** The time limit for completion of proceedings and filing of any appeal under the Customs Act 1962 was extended until 30 June 2020 through a tax ordinance. [The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance 2020 dated 31 March 2020]

Measures by Directorate General of Foreign Trade (DGFT)

- The following timelines/validities have been extended:

Purpose	Extended date	Reference
Registration-cum-membership certificate (RCMC) expired on or before 31 March 2020	30 September 2020	Trade notice no. 60/2019 dated 31 March 2020
Duty Credit Scrips (MEIS and SEIS) issued between 1 March 2018 and 30 June 2018	30 September 2020	
Application for filing SEIS claim of FY 2016-17	Last date with 10% late cut will be 30 June 2020	Public notice 08/2015-2020 dated 01 June 2020
Application for filing SEIS claim of FY 2017-18	5% late cut applicable until 30 June 2020 and 10% late cut applicable if submitted before 31 March 2021	
Steel Import Monitoring System (SIMS) registration number obtained until 31 March 2020	Issuance date + 135 days	Notification no. 58/2015-20 dated 31 March 2020

- **Electronic issuance of Certificate of Origin (CoO):** Expansion of facility for electronic filing and issuance of CoO for exports from under the following Free Trade Agreements (FTA):
 - ASEAN - India Free Trade Agreement (AIFTA)
 - India Japan Comprehensive Economic Partnership Agreement (IJCPEA)
 - SAARC Preferential Trading Agreement (SAPTA)
 - South Asian Free Trade Area (SAFTA)
 - Asia Pacific Trade Agreement (APTA)
 - India Sri Lanka Free Trade Agreement (ISLFTA)

Earlier, the said facility was available only under some FTAs, such as India Chile Free Trade Preferential Trade Agreement, and exports to Nepal under SAFTA or SAPTA (Trade notice no. 01/2020-21 dated 7 April 2020).

What's next?

The previously mentioned measures taken by the government were the need of the hour. Through these measures, the government has addressed concerns of the trade and industry. These measures can help businesses to spring back to their feet.

Other changes in Customs and FTP 2015-2020

General trade facilitation measures

- **Extension of validity of FTP 2015-20:** Some central government schemes under FTP for export of goods are facing dispute at WTO forum, and India is in appeal against order passed by WTO asking it to discontinue the said schemes. To provide continuity in the policy regime, the current FTP, valid until 31 March 2020, has been extended until 31 March 2021. Similar extension is made in the related procedures, by extending the validity of Hand Book of Procedures. (Notification no. 57/2015-2020 dated 31 March 2020 and public notice 67/2015-2020 dated 31 March 2020)
- The following timelines/validities have been extended:

Purpose	Extended date	Reference
Exemption from payment of IGST and compensation cess on the imports made under Advance Authorisation (AA)/Export Promotion Capital Goods (EPCG) scheme/Export Oriented Undertaking (EOU) scheme, etc.	31 March 2021	Notification no. 18/2020 – Customs dated 30 March 2020
Time limit for making imports under various duty-free import authorisations (AA/DFIA/EPCG) expiring between 1 February 2020 and 31 July 2020	Automatic extension for another six months from the date of expiry	Notification no. 57/2015-2020 dated 31.03.2020 and public notice 67/2015-2020 dated 31 March 2020
Letter of permission/letter of intent as granted to EOUs/STPs/EHTPs/BTPs	31 December 2020	Public notice 67/2015-2020 dated 31 March 2020

- **Information about phishing incidents:** DGFT has warned traders that certain vested interests/persons are using multiple websites and email IDs resembling official DGFT website and email, respectively, for misleading exporters/importers. The industry should be careful while handling such phishing incidents and should report these to appropriate authorities. (Trade Notice 14/2020-2021 dated 11 June 2020)

What's next?

Most of these updates are result of the extension of the FTP and its procedures by the Government of India. India was asked to withdraw export incentive schemes, such as EPCG, AA, and EOUs, as a result of a dispute raised by the USA at a WTO forum. However, India had filed an appeal before the WTO's appellate body. Due to non-functioning of the appellate body, the appeal has been kept in suspension. In view of the current COVID-19 situation, the government took a decision of extending the schemes under FTP for another year, i.e., benefit to importers/exporters under the scheme shall continue for another year until 31 March 2021.

Export policy

- The government has amended the export policy for the following items or products:

Product	Existing policy	New policy	Reference
Hydroxychloroquine and formulations made from hydroxychloroquine	Prohibited	Free	Notification no. 13/2015-2020, dated 18 June 2020
Specified diagnostic kits, such as VTM kits and reagents, RT-PCR kits and reagents, and silicon columns	Free	Restricted	Notification no. 09/2015-2020, dated 10 June 2020
Alcohol-based hand sanitizer exported in any form other than 'in containers with dispenser pumps'	Prohibited	Free	Notification no. 08/2015-2020, dated 01 June 2020
Paracetamol and formulations made from paracetamol (including FDCs)	Restricted	Free	Notification no. 07/2015-2020, dated 28 May 2020

What's next?

Following the COVID-19 outbreak, the government had issued various notifications to prohibit or restrict the export of specified products that could help combat the impact of COVID-19 in India. Now, as things are returning to normal, the government is easing restrictions on the export of such products and only keeping essential products in the prohibited or restricted category.

Import policy

- **Change in policy of specified new pneumatic tyres:** The government has amended the import policy for new pneumatic tyres under various sub categories of ITC HS code 4011 from **"free"** to **"restricted"** effective from 12 June 2020. (Notification no. 12/2015-2020 dated 12 June 2020)

What's next?

Substantial import of tyres from China was harming the Indian industry. This measure will restrict the import of tyres from the said country and help the domestic industry.

Export control related updates

Changes in Special Chemicals, Organisms, Materials, Equipment, and Technologies (SCOMET list)

- Over the past few years, India has significantly revamped its dual-use product list (i.e., SCOMET list) to align it with various Multi-lateral Export Control Regimes (MECR) being followed worldwide.
- In relation to the SCOMET list, the industry has been continuously filing representations before DGFT to address various issues and amend the categories to clarify issues due to language in various entries.
- The government has amended the list of SCOMET items, i.e., appendix 3 to schedule - 2 of ITC (HS) classification of export and import items, 2018. Changes have been in various entries throughout the list and meaning of specified terms have also been clarified.
- For the industry's convenience, the transition period of 30 days is provided and the amendments are effective after 30 days from the date of issuance of this notification. However, changes to the Annexure on Scheduled Chemicals, as at SL. No. 63 to 66 of the Annexure to the notification, shall come into force with immediate effect (Notification no. 10/2015-2020, dated 11 June 2020)

What's next?

In this regard, we would like to inform that DGFT has done the substantial amendments in the SCOMET list. The industry has 30 days to carry out the changes in existing processes and comply with the amended requirement.

Step towards digitalisation of compliance plus procedures under Customs and FTP

First phase of implementation of faceless assessment

- The CBIC has decided to roll out a faceless assessment scheme in a phased manner across India.
- To begin with, the CBIC has implemented the faceless assessment vide its recent notifications with effect from 8 June 2020. The non-facilitated BOEs for import of articles under **chapter 84 and chapter 85 at any customs stations at Bengaluru or Chennai customs zone** shall be assigned to Faceless Assessment Group (FAGs) for assessment at Bangalore/Chennai. (Circular no. 28/2020 – Customs dated 5 June 2020)

What's next?

The scheme of faceless assessment shall be launched across India by 31 December 2020. In the next few months, this process will be implemented across India and assessment of specified chapter goods imported anywhere in India will be assessed by designated FAGs. This is an opportunity for business to look at its internal systems and plan to have in-house customs clearance function. Companies can update its Customs and Trade Compliance team to work with news processes, and achieve a smooth clearance of goods.

DGFT to launch new platform for trade – Go live on 13 July 2020

- As a part of the digital India programme and for ease of doing business, DGFT plans to launch a new platform for digital delivery of IEC-related services. The platform is scheduled to go live on 13 July 2020. The new platform will become accessible through the existing DGFT website (www.dgft.gov.in). This initiative to revamp the services delivery mechanism to promote and facilitate foreign trade shall be implemented in phases. In the first phase, the website will be catering to services related to the IEC issuance, modification, amendments, etc. In the next phase, similar other online modules relating to Advance Authorization, EPCG, and Export Obligation Discharge Certificate will be rolled out. (Trade Notice No 16/2020-21 dated 25 June 2020)

What's next?

DGFT launched a new platform for IEC-related services as a part of the digital India programme and for ease of doing business in India. Such initiatives by the Government will help importers/exporters in interacting with DGFT office, and tracking status of various applications easily.

Information about country of origin by sellers made mandatory on GeM to promote Make in India

- The Government e-Market (GeM) portal was launched in August 2016 for online purchase of goods and services by central government ministries and departments. GeM, the government procurement portal, has made it mandatory for sellers to mention "country of origin" on products they wish to sell through the platform. This move is in line with the government's efforts of promoting the Make in India and Self-reliant India. (<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1633511>)

What's next?

The portal launch is in line with the government's vision of promoting the use of domestically originated goods. This may help curb import of products that are available in the country.

News on levy of ADD

- **Levy of ADD on a flat-rolled product of steel, plated, or coated with alloy of aluminium and zinc:** The central government has imposed the definitive ADD on 'flat rolled product of steel, plated or coated with alloy of aluminium and zinc', originating in or exported from China PR, Vietnam, and Korea RP for a period of five years from the date of imposition of the provisional ADD, i.e., 15 October 2019 (except for the period starting from 15 April 2020 up to 22 June 2020). [Notification no. 16/2020 - Customs (ADD), dated 23 June 2020]
- **Continuation of ADD on flexible slab stock polyol:** The central government has decided to continue with the ADD for another five years on "Flexible Slab stock Polyol" originating in or exported from Singapore. This duty is levied in pursuance to the sunset review initiated by Directorate General of Trade Remedies (DGTR). [Notification no. 14/2020-Customs (ADD), dated 9 June 2020]
- **Extension of ADD on hot-rolled flat products of stainless steel of ASTM Grade 304 with all its variants:** The central government has extended the validity of applicability of ADD on "Hot Rolled Flat Products of Stainless Steel of ASTM Grade 304 with all its variants", originating in or exported from China PR, Malaysia, and the Republic of Korea until 4 December 2020. [Notification no. 11/2020-Customs (ADD), dated 3 June 2020]

What's next?

Most of the times, the government levy ADD on the basis of representations from the industry. It may levy ADD on more products in the next few months.

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