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Circular No. 149/18/2011-ST

Dated: 16th December 2011.

Subject: Service Tax Refund to exporters through the Indian Customs EDI System (ICES) - regarding.

So far Service Tax Refund (STR) was made available to exporters (other than SEZ Units/Developers) on specified services used for export of goods covered in Notification 17/2009-ST dated 07.07.2009 (as amended) subject to certain conditions. In this connection, Honourable Finance Minister, had stated in his Budget Speech that

“There have been considerable difficulties in the sanction of refunds, relating to tax paid on services used for export of goods. I propose to shortly introduce a scheme for the refund of these taxes on the lines of drawback of duties in a far more simplified and expeditious manner”.

2. Accordingly, Government has proposed to introduce a simplified scheme for electronic refund of service tax to exporters, on the lines of duty drawback. With the introduction of this new scheme, exporters now have a choice: either they can opt for electronic refund through ICES system, which is based on the ‘schedule of rates’ or they can opt for refund on the basis of documents, by approaching the Central Excise/Service Tax formations.

3. To obtain benefit under the new electronic STR scheme, which is based on the ‘schedule of rates’, an exporter: (i) should have a bank account and also a central excise registration or service tax code number and the same should be registered with Customs ICES 1.5 using ‘Annexure –A’ Form;(ii) should declare his option to avail STR on the electronic shipping bill while presenting the same to the proper officer of Customs.

4. In the ‘schedule of rates’, to be notified shortly, rates are specified for goods of a class or description. An exporter, who wishes to obtain electronic STR, should express his option by mentioning in the shipping bill, chapter/subheading number at the first two digits or four digit levels specified in the schedule of rates, as applicable to the export goods declared in the shipping bill. This chapter/sub heading number should tally with RITC code mentioned in the Shipping Bill against the export goods. Eligible refund amount of service tax paid on the specified services used for export of goods declared in the shipping bill will be calculated electronically by the ICES system, by applying the rate specified in the schedule against the said goods, as a percentage of the FOB value.

5. Exporters who do not like to obtain electronic STR on the basis of ‘schedule of rates’, but wish to opt for claiming STR on the basis of documents, through the Central Excise/Service Tax field formations should declare chapter/subheading number as 9801 in the electronic Shipping Bill. Minimum STR will be Rupees Fifty for an electronic shipping bill. An exporter who wants to get the chapter/sub heading number amended, for any reason, can get the same carried out through the ICES service centre by filing an amendment request; amendment request can also be filed

through ICEGATE using Remote EDI System(RES) software. Exporters can track the status of their refund claim and details of refund amount through ICEGATE Document Tracking and Touch Screen Enquiry.

6. STR amount processed under the ICES will be disbursed through the branch of the authorized bank at each customs location. The STR amount in respect of individual exporters will be credited directly to the bank account of the exporter, in the authorized bank branch at a Custom location or to any core banking enabled banking account of the exporter, in any branch/bank anywhere in the country (through the NEFT/RTGS). For this purpose, the exporters are required to register with Customs, the Indian Financial Service Code (IFSC) of the bank branch in which s/he wishes to receive the STR amount, the core banking enabled account number, bank name and address, using 'Annexure-A'. The procedure for registration of bank account is the same as existing procedure for registration of bank account for receiving drawback amount. Form for registration of bank account, namely, 'Annexure-A' is enclosed to this Circular, for the convenience of the exporters.

7. Duly filled in 'Annexure-A' form enclosed in this Circular (along with self-certified photocopy of central excise registration or service tax code number), should be submitted to the Designated Superintendent in the Customs Houses/Customs formations, as soon as possible, to get benefit of the electronic refund scheme. (Merchant Exporters, who require a service tax code, can use Form A-2 provided in the Notification 17/2009-ST and obtain the same from jurisdictional central excise or service tax by following the procedure prescribed in the notification). In respect of exporters who already have their bank accounts registered for receiving drawback amount, no new/separate account will be necessary for receiving service tax refund; but they should register their central excise registration or service tax code number with Customs ICES using Annexure-A Form, if they wish to opt for electronic STR. An exporter availing drawback scheme cannot have separate bank accounts for drawback and service tax refund.

8. A new head of accounts under Major Head "0044- Service Tax" has been opened, namely 00441082 for booking of consolidated electronic refunds.

9. Chief Commissioners/ Commissioners are requested to cause wide publicity to the new electronic STR scheme among exporters. Necessary steps may be taken to disseminate information regarding the salient features of the new electronic STR scheme to the Industry and Trade Bodies/ Chambers / Exporters / CHA Associations. In major Custom Houses, special arrangements may be made to receive the duly filled in 'Annexure-A' forms from the exporters. Systems Managers may make necessary arrangements to verify the Annexure -A forms and upload the details in the ICES. This circular is also being posted on the CBEC website, www.cbec.gov.in and www.icegate.gov.in for the information of all stakeholders.

10. Trade Notices/Facility Circulars may be issued by the service tax/central excise and service tax/customs commissionerates. Hindi version will follow.

(J. M. Kennedy)
Director (TRU)

PART- A

BANK ACCOUNT REGISTRATION FOR E-STR

I.E.C. Number :

IFS Code :

Bank Account Number :

Bank Name & Address :

.....

Certificate from the bank

Certified that the above particulars are correct.

Signature
(Bank Branch Manager along with official seal)

PART-B

Central Excise Registration/Service Tax Code Number

In case, Service Tax Refund (STR) is to be claimed electronically through ICES 1.5, on the basis of 'schedule of rates', please provide following details:

Central Excise Registration Number:.....

OR

Service Tax Code Number:.....

Declaration

I declare that the above particulars mentioned in Part A and B are correct.

Signature
Exporter/ Authorized Representative