



WEEKLY TRADE UPDATE

Foreign Trade Update

Directorate General of Foreign Trade Updates

A. Revamp of the Global Authorization for Intra-Company Transfer (GAICT) of SCOMET items/software/technology.

The Directorate General of Foreign Trade vide Public Notice No. 14/2015-2020 dated June 13, 2022, revamped the process for issue of Global Authorisation for Intra-Company Transfer (GAICT) of SCOMET items, as follows:

1. GAICT policy is now applicable for the export, along with the earlier re-export, of items, including specific software and technology under SCOMET Category 8. Re-export is subject to the condition that there is no change in classification due to the service carried out by the Indian exporter.
2. The policy includes items/software/technology to be exported/re-exported based on a Master Service Agreement / Contract between the Indian parent company/Indian subsidiary of a foreign company and foreign subsidiary of Indian company/foreign parent company of an Indian subsidiary for carrying out certain services but not limited to design, encryption, research, development, delivery, validation, calibration, testing, related services, etc. The list of services mentioned is illustrative, not exhaustive and the final decision to approve a GAICT authorization lies with the relevant authority.
3. Export/ re-export is allowed to only the following countries: Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Republic of Korea, Romania, Russian Federation, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom, United States.
4. Items excluded under SCOMET Category 8 for export/ re-export under GAICT policy have also been notified.
5. The forms for application (ANF 2O(b), ANF 2O(c), and End-Use Certificate proforma Appendix 2S (iv)) are also revised.
6. Items under Category 0, 1B, 1C 3A401, 5, and 6, which were expressly excluded, have been included in the eligible items under the GAICT policy.
7. The applicant exporter may now be an Indian parent exporter company exporting to its foreign subsidiaries, in addition to the erstwhile included Indian subsidiary of a foreign company exporting to its foreign parent or parent's foreign subsidiary companies.
8. The process for third-party involvement in the supply chain has also been clarified, where the third party must also be from the aforementioned countries. It may be noted, however, that the IMWG may, on a case-to-case basis, allow supply chain entities to be from countries other than the aforementioned countries. Additionally, documentary proof must

also be submitted that establishes the contractual agreement between foreign or Indian parent/ subsidiary with the supply chain third party.

9. The policy clarifies the requirements the Internal Compliance Programme must adhere to, including that it must be certified/ approved by the Compliance Manager of the company or certified by any governmental agency such as the Authorized Economic Operator scheme, etc. The Indian subsidiary company may also demonstrate compliance with the ICP of the foreign parent company.
10. An Undertaking must be filed on the letterhead of the firm duly signed and stamped by the authorized signatory:
 - a. To allow on-site inspection, if required by the DGFT or authorized representatives of the Government of India;
 - b. The applicant exporter declares that the exported items would be used for the purposes for which it is intended by the foreign subsidiary of the Indian company/ foreign parent company/ another subsidiary of a foreign parent company, as the case may be;
 - c. The applicant exporter declares that subsequent to the issue of export authorization, if the licensee has been notified in writing by DGFT or if it knows or has reason to believe that an item may be intended for military end-use, the exporter would not be eligible for GAICT for export of that/those item(s) and would apply separately to DGFT for a fresh authorization in terms of a regular policy (catch-all).
11. An exporter must also ensure that the original End User Certificate is submitted in the prescribed format within 30 days of filing the application and in case of subsequent exports, within 30 days of delivery at the destination point and that they have an Agreement/purchase order, an excerpt of contract from the entity (consignee) receiving the items which state the export is for a permitted use.
12. Granting of export authorizations to UNSC sanctioned destinations or countries and to an exporter who has come to adverse notice previously has been expressly prohibited.
13. If the exporter wishes to include or amend items (including software and technology) or new/ existing companies in the supply chain, prior permission from DGFT is obtained.
14. The IMWG has reserved the right to relax any provision of the policy, if required, in exceptional cases.

Public Notice is available at:

<https://content.dgft.gov.in/Website/dgftprod/43d855b9-3799-4095-b9ea-f39c357b2732/English%20PN%20GAICT.pdf>

B. Amendments made to Export Promotion Capital Goods Scheme to reduce Compliance Burden and enhance Ease of doing Business.

The Directorate General of Foreign Trade vide Public Notice No. 13/2015-2020 dated June 09, 2022 has made amendments applicable to Export Promotion Capital Goods authorizations issued under FTP-2015-20. It has extended the last date for filing of annual returns under Para 5.15 of

HBP 2015-20 along with a clarification that imposition of penalty of Rs.5000/- for late filing of annual returns is applicable from 2022-23.

Public Notice is available at:

<https://content.dgft.gov.in/Website/dgftprod/c4a9f674-0a45-4d62-a1ee-51b5d022c03d/PN%2013%202015-20%20DT.%2009%20June%202022.pdf>

C. Guidelines For Applicants under ANF-4F of Handbook of Procedures 2015-2020 have been amended.

The Directorate General of Foreign Trade vide Public Notice No. 11/2015-2020 dated June 07, 2022 has amended Para 2 (b)(i) of the 'Guidelines For Applicants' under ANF-4F of Handbook of Procedures 2015-2020 to simplify the procedure and reduce the compliance burden for applying Export Obligation Discharge Certificate (EODC) in deemed exports.

Public Notice is available at:

<https://content.dgft.gov.in/Website/dgftprod/42034a90-388b-484b-ab05-3b445406b382/PN%2011%20English%20pdf.pdf>

D. Relaxation in provision of submission of Bill of Export.

The Directorate General of Foreign Trade vide Policy Circular No. 39/2015-20 dated June 07, 2022 has relaxed the provision of submission of 'Bill of Export' as an evidence of export obligation discharge for supplies made to SEZ units in case of Advance Authorisation.

Notification is available at:

<https://content.dgft.gov.in/Website/dgftprod/87727eab-910a-47a9-a8e3-2ff1965a514e/Policy%20Circular%20No.%2039-2015-20.pdf>

E. Alignment of new RoDTEP schedule with the Finance Act, 2022.

The Central Government vide Notification No.12/2015-2020-DGFT dated June 01, 2022 has consequent to Finance Act, 2022, made certain changes in the Customs Tariff Schedule which shall take effect from May 01, 2022. Accordingly, after alignment, a new RoDTEP schedule (Appendix 4R) is being notified for implementation with effect from May 01, 2022.

Notification is available at:

<https://content.dgft.gov.in/Website/dgftprod/39ce6c85-d8a7-43c8-9b78-ff08919121e6/Notification%20No%2012%20dt%2001%2006%202022%20-%20English.pdf>

Central Board of Indirect Taxes and Customs Updates

Government of India and the United Arab Emirates signed the India-UAE Comprehensive Economic Partnership Agreement (CEPA) on 18 February 2022, and the agreement officially entered into force on May 01, 2022.

A. CBIC notification gives effect to first tranche of Comprehensive Economic Partnership Agreement (CEPA) between India and UAE

The Central Board of Indirect Taxes and Customs has issued Customs Notification No. 22/2022-Customs dated April 30, 2022 for the operationalization of the India-UAE CEPA from May 01, 2022.

- The Custom Notification is applicable to goods falling under Chapter 54-63.
- The Central Government acting in public interest may exempt, goods from so much of the duty of customs leviable or Agriculture Infrastructure and Development Cess (AIDC) leviable under section 124 of the Finance Act, 2021 or customs leviable thereon under the said First Schedule, as is in excess of the amount calculated at the rate specified in the corresponding entry in the column provided in the notification.
- Exemption shall be available only if importer proves to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, that the goods in respect of which the benefit of this exemption is claimed are originating from the UAE.

Notification is available at:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-tarr2022/cs22-2022.pdf>

B. CBIC notifies Customs Tariff (Determination of Origin of Goods under the Comprehensive Economic Partnership Agreement between India and the United Arab Emirates) Rules, 2022.

The Central government has vide Notification No. 39/2022-Customs (N.T.) dated April 30, 2022 issued the Customs Tariff (Determination of Origin of Goods under the Comprehensive Economic Partnership Agreement between India and the United Arab Emirates) Rules, 2022. This came into force on May 1, 2022.

- Origin Criteria-
 - (1) The product shall be deemed to be originating in a Party and shall be eligible for preferential treatment provided it:
 - (i) is wholly obtained or produced in the territory of the Party as per rule 4; or
 - (ii) has undergone sufficient working or production as per the Product Specific Rules.
 - (2) The producer or manufacturer has the option to use either of the following two methods of computing the value addition criteria in the Product Specific Rules:
 - (a) Value Addition = [(FOB value or Ex-Works price) – (Value of NOM)] / [FOB value or Ex-Works price] or

(b) Value Addition = [Cost of originating material + direct labour cost + direct overhead cost] / [FOB value or Ex-Works price]

- The Rules prescribe for de-minimis criteria, minimal or insufficient operations or processes, non-qualifying operations, bilateral cumulation, accounting segregation etc., for origin determination.
- The Rules prescribe Certificate of Origin (CoO) and certification procedures, issuance, presentation and verification of CoO, maintenance and preservation of records, consultation and data interchange by the notified authorities and restoration or suspension of benefits and penal implications on non-compliance.
- The Parties shall, within two years of the date of entry into force of these rules, develop an electronic system for origin information exchange to ensure the effective and efficient implementation of these rules on transmission of electronic Certificate of Origin.

Notification is available at:

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt39-2022.pdf>

Trade Remedy Measures Update

The Directorate General of Trade Remedies (**DGTR**), Ministry of Commerce and Industry has recently undertaken the following measures concerning trade remedy investigations.

- **June 10, 2022**-Final findings issued in sunset review of anti-dumping duty imposed on imports of “Ammonium Nitrate” originating in or exported from Russia, Georgia and Iran.

Notification link:

https://www.dgtr.gov.in/sites/default/files/NCV_FF_AN_Sign_10-6-2022.pdf

The **Department of Revenue, Ministry of Finance** has recently undertaken the following measures.

- **June 15, 2022**- Imposition of anti-dumping duty vide Notification No. 22/2022-Customs (ADD) on imports of “Fluoro Backsheet excluding transparent backsheet” originating in or exported from China PR for a period of five years.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009345/ENG/Notifications>

- **June 08, 2021-** Amendment of Notification No. 45/2017-Customs (ADD) dated 18th September, 2017, vide Notification No. 21/2022-Cus (ADD) to extend the anti-dumping duty on “new/unused pneumatic radial tyres with or without tubes and/or flap of rubber (including tubeless tyres) having normal rim dia code above 16” used in buses and lorries/trucks” of specific specifications from China PR up to 17th December, 2022.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009343/ENG/Notifications>

- **June 07, 2022-** The Central Government vide Notification No.31/2022-Customs has amended Notification No. 50/2017-Customs dated June 30, 2017 extending the time period for furnishing the final Mega power project certificate from 120 months to 156 months and extending the period of validity of security in the form of Fixed Deposit Receipt or Bank Guarantee from 126 months to 162 months, in case of provisional mega power projects.

Notification available at:

<https://taxinformation.cbic.gov.in/view-pdf/1009340/ENG/Notifications>

- **June 03, 2022-** Extension of levy of anti-dumping duty vide Notification No. 19/2022-Cus (ADD) on import of “Toluene Di-isocyanate (TDI)” originating in or exported from China PR, Japan and Korea RP, by amending Notification No. 3/2018-Customs (ADD) dated January 23, 2018.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009339/ENG/Notifications>

- **June 02, 2022-** Imposition of Provisional Assessment vide Notification No. 03/2022-Cus (CVD) on all imports of the “Saccharin”, imported from Thailand, till the completion of anti-circumvention investigation concerning alleged circumvention of countervailing duty imposed on Saccharin from China PR.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009337/ENG/Notifications>

- **May 31, 2021-** Extension of levy of Anti-Dumping Duty vide Notification No. 18/2022-Cus (ADD) on “Jute products” originating in or exported from Nepal and Bangladesh.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009336/ENG/Notifications>

- **May 30, 2021-** Amendment of Notification No. 43/2017-Customs (ADD) dated 30th August 2017, vide Notification No. 17/2022-Cus (ADD) to extend the anti-dumping duty

on imports of “Styrene Butadiene Rubber” originating in or exported from European Union, Korea RP and Thailand, imposed till 31st October, 2022.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009300/ENG/Notifications>

- **May 24, 2022-** Imposition of anti-dumping duty vide Notification No. 16/2022-Customs (ADD) on imports of “Ceramic Tableware and kitchenware, excluding knives and toilet items” originating in or exported from China PR for a period of five years.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009315/ENG/Notifications>

- **May 24, 2022-** Amendment of Notification No. 77/2021-Customs (ADD) dated December 27, 2021 vide Notification No. 15/2022-Customs (ADD) on “D cor Paper” falling under tariff item 4805 91 00 or 4802 20 90 of the First Schedule to the Customs Tariff Act, 1975, originating in, or exported from People’s Republic of China.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009314/ENG/Notifications>

- **May 24, 2022-**The Central Government vide Notification No.30/2022-Customs has provided global Tariff Rate Quota (TRQ) of 20 LMT per FY to Crude Sunflower Oil and Crude Soyabean Oil for 2 years exempting from whole of BCD and AIDC.

Notification Link:

<https://taxinformation.cbic.gov.in/view-pdf/1009316/ENG/Notifications>

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