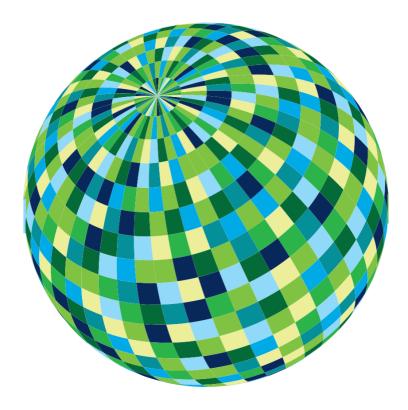
Issue 6: April–June 2021

# Deloitte.



## India Global Trade Advisory Newsletter

# Delivering clarity

- Comprehensive Economic Cooperation and Partnership Agreement (CECPA) between India & Mauritius
  - India and Mauritius signed the CECPA on 22 February 2021
    which has come into force from 1 April 2021. This CECPA is
    the first trade Agreement signed by India with a country in
    Africa
  - The Agreement is a limited agreement, which covers Trade in Goods, Rules of Origin, Trade in Services, Technical Barriers to Trade (TBT), Sanitary and Phytosanitary (SPS) measures, Dispute Settlement, Movement of Natural Persons, Telecom, Financial Services, Customs Procedures and Cooperation in other Areas.
  - The CECPA between India and Mauritius covers 310 export items from India, including food stuff and beverages (80 lines), agricultural products (25 lines), textile and textile articles (27 lines), base metals and articles thereof (32 lines), electricals and electronic item (13 lines), plastics and chemicals (20 lines), wood and articles thereof (15 lines), and others. Mauritius will benefit from preferential market access

- into India for its 615 products, including frozen fish, speciality sugar, biscuits, fresh fruits, juices, mineral water, beer, alcoholic drinks, soaps, bags, medical and surgical equipment, and apparel.
- Central Board of Indirect Taxes & Customs (CBIC) has issued tariff notification and the Rules of Origin (ROO) in respect to the aforesaid trade agreement which has also come into force from 1 April 2021.

(Notification No. 38/2021 - Customs (N.T.) dated 31 March 2021 & Notification No. 25/2021 - Customs dated 31 March 2021)

### What's next?

With the signing of the trade agreement between the two countries, several products from both countries will enjoy the benefit of greater market access at concessional duties. Further, trade agreement would also help in providing impetus to exports from India to the Mauritius.

#### II. Discussion with UK to enhance Trade relations

- Customs Cooperation and Mutual Administrative Assistance in Customs Matters
  - a) The Cabinet, chaired by Prime Minister, has approved the signing and ratification of an Agreement between the Government of Republic of India and the Government of the United Kingdom of Great Britain and Northern Ireland
  - b) The objective of this agreement includes:
    - To provide legal framework for sharing of information and intelligence between the Customs authorities of the two countries
    - Help in the proper application of Customs laws, prevention and investigation of Customs offences
    - Facilitation of legitimate trade

#### Enhanced Trade Partnership (ETP)

- a) The ETP is part of an ambitious 'Roadmap 2030' adopted at the Virtual Summit, happened between PM of India & UK, to elevate bilateral ties to a 'Comprehensive Strategic Partnership'. Target is to double the bilateral trade by 2030
- b) As part of the ETP, India and the UK agreed on a roadmap to negotiate a comprehensive and balanced FTA, including consideration of an Interim Trade Agreement for delivering early gains.

### What's next?

There are active discussions undergoing between Government of India and Government of UK to enhance trade relations and it is very likely that a trade agreement between the two countries shall be signed soon. Indian and UK companies should keep a watch on the development in this front.

#### III. COVID -19 related measures taken by Central Government

The second wave of COVID-19 has been very challenging for India. There was immense pressure on healthcare sector and there were shortages of medical supplies and hence the import of medical supplies from outside India seemed the only option to meet the surge in demand for medical equipment and other related supplies. Considering the same, CBIC swung into action and took several measures to ensure timely clearance of goods and also provided relief from Customs duty on several medical products/supplies. Some of the measures taken are mentioned below:

#### A. Measures by Customs Authorities

- Exemption of customs duty on import of specified medical supplies
  - a. Import of Remdesivir Active Pharmaceutical Ingredients (falling under Chapter 29), Beta Cyclodextrin falling under Chapter 29 used in manufacture of Remdesivir, subject to the condition that the importer follows the procedure set out in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 [IGCR], injection Remdesivir (falling under Chapter 30) and Inflammatory Diagnostic kits

(falling under Chapter 3822) exempted from Basic Customs Duty (BCD) till 31 October 2021.

# (Notification No. 27/2021 – Customs dated 20 April 2021 & Notification No. 29/2021 – Customs dated 30 April 2021)

b) Import of oxygen, oxygen related equipment, COVID-19 vaccines, Amphotericin B, ventilator, specified products used in the treatment of COVID 19 and parts of specified goods used in manufacture of equipment related to oxygen (subject to IGCR) exempted from BCD and whole of Health Cess till 31 August 2021.

# (Notification No. 28/2021 – Customs dated 24 April 2021 & Notification No. 31/2021 – Customs dated 31 May 2021)

c) Integrated Goods & Service Tax (IGST) rate on Oxygen Concentrator (falling under Chapter 9804), imported for personal use reduced from 28% to 12% till 30 June 2021. This has been withdrawn now and based on recommendation of GST council, GST rate has been brought down to 5% w.e.f 14 June 2021, which applies on imported goods also.

(Notification No. 30/2021 – Customs dated 1 May 2021 & Notification No. 33/2021 – Customs dated 14 June 2021 & Notification No. 05/2021 – Integrated Tax (Rate) dated 14 June 2021)

d) Ad hoc exemption on import of medical products/
supplies as covered in Notification No. 27/2021 –
Customs & Notification 28/2021 – Customs from whole
of IGST till 31 August 2021. The exemption is available
when medical supplies/products are imported free of
cost for the purpose of COVID-19 relief by a State ate
Government or, any entity, relief agency or statutory
body, authorised in this regard by any State Government
and subject to fulfilment of other conditions.

# (Ad hoc Exemption Order No. 4/2021-Customs dated 3 May 2021 & Ad hoc Exemption Order No. 5/2021-Customs dated 31 May 2021)

e) Exemption on import of medical products/supplies as covered in Notification No. 27/2021 – Customs & Notification 28/2021 – Customs from whole of IGST till 31 August 2021. The exemption is available when imported good are donated to the Central Government or State Government or, on recommendation of State authority, to any relief agency, entity or statutory body (hereinafter referred as "relief agency") for free distribution and subject to fulfilment of other conditions.

(Notification No. 32/2021 – Customs dated 31 May 2021)

• Expedited Customs Clearance for import consignments relating to COVID-19: Due to scourge in COVID-19, all customs formations were sensitised that import of critical raw materials, life saving drugs etc. should be given high priority for Customs clearance so that the medical supplies reach the intended users/beneficiaries in time for effective fight against the pandemic.

(Instruction No. 07/2021 – Customs dated 24 April 2021)

• Special drive for disposal of refund and drawback: The customs authorities started a special refund and drawback

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disposal drive to provide immediate relief and liquidity to business entities. Under the drive, CBIC strived to process and dispose of refunds and drawback claims pending as on 14 May 2021. The special drive was in place until 31 May 2021. Similar special drive was also undertaken by CBIC in 2020 to help business overcome liquidity crunch.

(Instruction No. 10/2021 – Customs dated 13 May 2021)

• Facility to submit undertaking in lieu of bond: Similar to last year, CBIC issued the facility to submit an undertaking in lieu of bond for customs clearance of goods. Under the said facility, 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 for clearance of goods. Further, the importer availing this facility had to ensure that undertaking furnished in lieu of the bond is replaced with a proper bond by 15 July 2021.

(Circular no. 09/2021 - Customs dated 8 May 2021)

• Extension of validity of AEO certificate: Extension of validity of AEO certificates expiring during 1 April 2021 to 31 May 2021 until 30 June 2021.

(Circular no. 11/2021 - Customs dated 24 May 2021).

- B. Measures by Directorate General of Foreign Trade (DGFT)
  - Operationalization of DGFT "COVID-19 Helpdesk": The DGFT have set-up the COVID-19 helpdesk to monitor the export and imports and to address the difficulties faced by trade stakeholders in light of the surge of COVID-19 cases. The 'COVID-19 Helpdesk' would look into issues relating to Department of Commerce/DGFT, Import and Export Licensing Issues, Customs clearance delays and complexities arising thereon, Import/Export documentation issues, Banking matters etc. It also collects and collate trade related issues concerning other Ministries/Departments/Agencies of Central Government and State Governments and will co-ordinate to seek their support and provide possible resolution(s).

# The trade stakeholders may submit their query or issue on the DGFT website, by following the below steps-

- i. Navigate to the DGFT Website (https://dgft.gov.in)
   → Services → DGFT Helpdesk Service
- 'Create New Request' and select the Category as 'Covid-19'
- Select the suitable sub-category, enter the other relevant details and submit.

Alternatively, the queries or issues may send to email id: dgftedi@nic.in with the subject header: Covid-19 Helpdesk or call at Toll Free No 1800-111-550

(Trade Notice No. 02/2015-20, dated 26 April 2021)

 Relaxation of import of oxygen concentrators purchases from e-commerce portals through post or courier when imported as gift: Ministry of Commerce has amended the Para 2.25 of FTP 2015-2020 for import of oxygen concentrators as gift through post or courier and also allowed the impot of oxygen concentrators even if purchased from e-commerce portals. The said relaxation or exemption for oxygen concentrators is allowed only for a period till 31 July 2021 for personal use.

(Notification No. 04/2015-20, dated 30 April 2021)

### What's next?

The second wave of COVID 19 was a surprise for the industry and the Government. The aforesaid measures were required to facilitate trade and to strengthen the healthcare sector and the country in its fight against COVID-19 pandemic.

#### IV. Other changes in customs and Foreign Trade Policy (FTP) 2015-2020

#### General trade facilitation measures

Clarification on amendment introduced in IGCR vide Union Budget: In the Union Budget 2021-22, the Government had introduced various amendments in the IGCR which was made effective vide notification dated 1 February 2021. One of the major amendments in IGCR was with respect to allowing job work of materials imported under concessional rate of duty and 100% outsourcing for manufacture of goods on job-work. CBIC issued a Circular in order to provide clarity to the process to be followed for sending goods on job work and other requirements considering the revised provisions in the IGCR.

(Circular No. 10/2021 - Customs dated 17 May 2021)

Customs (Verification of Identity and Compliance)
Regulations, 2021: CBIC has notified the Customs
(Verification of Identity and Compliance) Regulations, 2021
for verification of identity of importer / exporter / customs
broker with a view to protecting the interest of revenue or
preventing smuggling. Only new importer/exporter need to
provide documents under these regulations and existing
ones need to provide only if specifically warranted by
Customs. These regulations shall come into force from date
to be notified.

(Notification No. 41/2021 -Customs (N.T) dated 5 April 2021)

 Relaxation in late cut for Merchandise Export from India scheme (MEIS) application for exports made during FY 2019-2020: The Ministry of Commerce has made the amendment in Chapter 3 of the Handbook of Procedures, 2015-2020 dealing with the MEIS scheme and inserted para at the end of para 3.15 (a) in relation to filing of MEIS application for FY 2019-2020 without any late cut up to 30.09.2021. However, the application submitted after 30.09.2021 would attract late cut provisions under FTP.

(Public Notice No. 53/2015-20, dated 9 April 2021)

 Extension of validity of Registration cum Membership Certificate (RCMC) beyond 31 March 2021: DGFT has decided to extent the validity of RCMC till 30 September 2021. Further instructed the Regional authorities of DGFT

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not to insist on valid RCMC (where the same has expired on or before 31 March 2021) from the applicants for any incentive/ authorizations till 30 September 2021.

(Trade Notice No. 04/2021-2022, dated 10 May 2021)

### What's next?

The above mentioned trade facilitation measures will help in smooth flow of business operations. Also, the extension of period for MEIS without late cut was a necessary & justified step since this delay was not due to any action of exporters.

# Step towards digitisation of compliance plus procedure under FTP

 New online IT module for export authorization for restricted items (Non-SCOMET)

Taking another step towards digitisation and revamp of IT infrastructures, the DGFT has now introduced a new online module for filing of electronic, paperless applications for export authorizations of restricted items (non-SCOMET) with effect from 17 May 2021. Further, all amendment/re-validation of export authorization

requests to be submitted online.

(Trade notice no. 03/2021-2022 dated 10 May 2021)

#### Online E-EPCG Committee module

Introduction of a new module related to the online e-EPCG Committee to accept the applications seeking relaxation in Policy/ Procedure in terms of para 2.58 of FTP 2015-20. All the applications seeking relaxations in Policy/Procedure shall be accepted through online only and no manual submission of applications for the same shall be allowed.

(Trade notice no. 05/2021-22 dated 19 May 2021)

### What's next?

Initiation of digitization and revamping of IT infrastructure shall bring consistency and transparency to the system, simplify tracking/monitoring the issue for fast disposal, and enhance the ease of doing business.

#### Import policy

The Government has amended the import policy for the following items (products):

rodu	ct	Existing policy	New policy	Existing policy condition	Revised policy condition	Reference
•	Electrical or electric devices for repelling insects (for example mosquitos or other similar kind of insects) (85167920)	Free	Free		Import of mosquito killer racket is <b>"prohibited"</b> if C.I.F. value is below Rs. 121/- per racket	Notification No. 02/2015-20, dated 26 April 2021
•	Others (85167990)					
•	Electronic integrated circuits:-  Processors and controllers, whether or not combined with memories, converters, logic circuits, amplifiers, clock and timing circuits, or other circuits (85423100)	Free	Free subject to compulsory registration under Chip Imports Monitoring System (CHIMS)		Subject to Policy condition 6 of Chapter 85	Notification No. 05/2015-20, dated 10 May 2021 (effective from 1 August 2021)
•	Electronic integrated circuits:					
	- Memories (85423200)					
•	Electronic integrated circuits:					

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Product	Existing policy	New policy	Existing policy condition	Revised policy condition Reference
- Amplifiers (85423300)				
• Electronic integrated circuits:				
- Others (85423900)				
• Parts				
(85429000)				

#### **Export policy**

The Government has amended the export policy for the following items (products):

Item or Product	Existing policy	New policy	Reference
Injection Remdesivir (300490) and Remdesivir Active Pharmaceutical Ingredients (293499)	Prohibited (11.04.2021 to 13.06.2021)	Restricted (from 14.06.2021)	Notification No. 08/2015-20, dated 14 June 2021
Amphotericin-B Injection (30049029/30049099)	Free	Restricted	Notification No. 07/2015-20, dated 1 June 2021

## What's next?

The change related to import policy on electronic integrated circuits requires the importer to submit import information before imports and report it on the CHIMS portal. The change in export policy of specified medical supplies was the urgent need of the hour.

### News on levy of Anti-Dumping Duty (ADD)

• Levy of definitive ADD: The central government has imposed the definitive ADD on the following products:

Product	Originating or Exporting Country	Effective period	Reference
Flexible slabstock polyol	Saudi Arabia and United Arab Emirates	For a period of five years from the date of issuance of this notification, i.e., 05 April 2021	Notification No. 20/2021 – customs (ADD), dated 5 April 2021
Normal Butanol or N- Butyl alcohol	European Union, Singapore, Malaysia, South Africa and United States of America	For a period of five years from the date of issuance of this notification, i.e., 12 April 2021	Notification No. 21/2021 – customs (ADD), dated 12 April 2021
Methyl Acetoacetate	Republic of China	For a period of five years from the date of issuance of this notification, i.e., 29 May 2021	Notification No. 31/2021 – customs (ADD), dated 29 May 2021

### What's next?

The Government commonly levies ADD on the basis of representations from the industry. It may levy ADD on more products over the next few months.

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Global trade is a multi-faceted area that requires a high degree of pragmatic support. Our Global Trade Advisory practitioners have a diverse background, including legal, accounting, auditing, technology, customs, excise, and import/export compliance. Amongst professional service providers, we are market leaders in delivering import and export compliance, planning, and automation projects.

With more than 600 GTA professionals in over 100 countries, Deloitte provides clients with local country insight while keeping global operations in mind.

We have specialised in global trade automation projects with a dedicated team of more than 100 practitioners focusing on the implementation of Global Trade Management (GTM) solutions.

Our team works together across borders and functions to provide strategic, cost-effective, and end-to-end global trade services. Our GTA specialists include lawyers, brokers, export control and compliance specialists, system architects, and integrators who collectively bring a unique mix of functional, technical, and operational know-how.

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