

CBIC notifies procedures for e-commerce exports through foreign post offices

Summary

The Central Board of Indirect Taxes and Customs (CBIC or Board) has recently notified¹ the regulations for e-commerce exports by Foreign Post Offices (FPOs). These regulations shall come into force with effect from 21 June 2018. CBIC has also issued a Circular² laying down the guidelines and detailed procedures for export of goods through FPOs and issued certain clarifications for personal imports.

Salient features

- In order to facilitate and boost India's exports via e-commerce, especially in the small and medium enterprises (SME) sector, all Import Export Code (IEC) holders are now permitted to export goods through FPOs. The forms required to be presented to the Customs Officer at the FPOs for this purpose have been notified by CBIC.
- Such exports will be eligible for zero rating under GST. Those who do not wish to avail zero rate or who fall under the exempt or non-taxable category are also allowed to export under the same procedures.
- In the absence of an Electronic Data Interchange (EDI) system at FPOs, the Postal Bill of Export (PBE) for e-commerce exports will be processed manually for the time being. However, for the purpose of GST, data will be captured and uploaded through an offline utility.
- Exports under the Merchandise Export from India Scheme³ (MEIS) through FPOs will be as per the existing procedure for e-commerce exports under MEIS, which is currently available at FPOs in Delhi, Mumbai and Chennai.
- E-commerce exports not involving MEIS may be done through any notified FPOs as per the procedures prescribed in the Circular.

¹ Exports by Post Regulations, 2018 issued vide Notification No. 48/2018-Customs (N.T.) dated 4 June 2018

² Circular No. 14/2018-Customs dated 4 June 2018;

³ MEIS – Incentive scheme under foreign trade policy for merchandise exporters, Circular No. 36/2016-Customs dated 29 July 2016

Procedure for export through FPO

- Any exporter holding a valid IEC shall be permitted to export goods by filing a PBE in the form⁴ prescribed under the Export by Post Regulations, 2018:
 - For e-commerce exports: Form PBE-I to be filed
 - For exports not involving e-commerce: Form PBE-II to be filed in duplicate
- The procedure for exports shall be as under:
 - The relevant PBE along with goods shall be presented to Customs at the FPO or any other designated post office.
 - After processing of the PBE by Customs, the goods shall be presented to the Postal Department, who will acknowledge receipt of the shipment on the PBE and affix the tracking number of each shipment on it.
 - Upon affixation of the tracking number by the postal authorities, the PBE shall be brought back to the Proper Officer for grant of the 'Let Export Order'.
 - The original PBE will be retained by Customs and the duplicate PBE will be handed over to the exporter or their Customs Broker (CB).
 - The exporter shall be required to attach the invoice(s) with the PBE. In addition, the exporter shall continue filing the postal label or declaration in the revised prescribed forms⁵, where a column for 'sale of good' has been added.
- There will be no limit on the number of postal shipments which can be effected using a single PBE-I. However, PBE-II shall cover only one consignor and one consignee, though multiple packages between a given consignor and a given consignee can be covered in the same PBE.
- Relevant documents as proof of export of goods will be furnished by the Postal Authorities to the Customs at FPO. After receipt of such proof, details of export will be uploaded through an off-line utility. After receipt of proof of export of the goods by the Postal Authorities to Customs at the FPO, the details of exports will be uploaded through an offline utility.
- For the ease of operations of exporters, the Board has permitted CBs to operate at all FPOs. CBs will be required to on-board any third-party web application, which shall have the multiple functionalities, before commencing operations at the FPO.

⁴ Form-I [Postal Bill of Export-I (PBE-I)] for export of goods through e-commerce and Form-II Postal [Bill of Export-II (PBE-II)]

⁵ Revised CN 22/CN23 forms

- In the case of natural persons (i.e. other than firms and companies) exporting parcels, there is no change in the procedure to be followed, i.e. they will not be required to file any PBE.

Clarification issued on personal imports

- Personal imports would cover 'persons importing or exporting goods for personal use not connected with trade or manufacture or agriculture'. Such personal imports shall be covered under Customs Tariff⁶ whether by courier or post or by air or sea.
- Wherever IEC becomes necessary for filing bill of entry, a default code is provided for personal imports.
- Personal imports would be considered as 'free', except for those items which are appearing in the list of 'restricted' items or 'prohibited' items or where they are regulated by any law.
- Imports not regarded as 'personal imports':
 - Imports by a legal person (firms, companies or other forms of business entities) or which are for trade, manufacture or agriculture cannot be regarded as 'personal imports' and such imports by posts shall be classified as per Customs Tariff and require an IEC.
 - For any import other than personal, there is a requirement of filing a declaration and paying Customs Duties and IGST. Also, compliance with foreign exchange remittance for imported goods would require a customs declaration.
 - All the above requirements necessitate the filing of a bill of entry, which is not possible in the postal clearance system. Hence, imports by legal persons or imports connected with trade or manufacture or agriculture would require the importer to file a bill of entry at a jurisdictional customs station with EDI facility for payment of duties.

Our comments

The notification and clarifications issued by CBIC are encouraging for exports in the SME space, especially for e-commerce exporters. They also aim to ease the procedures involved in personal imports and exports by natural persons. Various steps have been proposed for the convenience of the exporters, and effective implementation by the Postal Department and Customs Department would ensure the success of this initiative.

⁶ Classified under tariff heading 9804 of the Customs Tariff

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