

Type of Goods Exporter

1. Manufacture Exporter
2. Merchant Exporter

Merchant Exporter means a person engaged in trading activity for exporting of goods. Merchant Exporter procures goods from the manufacture and export same in his firm name. Merchant Exporters buy goods from the Indian manufacturers and sell them into international market. They may not have their own manufacturing unit or processing facility.

0.1% GST on Supplies to Merchant Exporter

With recent changes of indirect tax GST introductions , the Council noticed the major difficulties for the export sector are on account of delays in refunds of IGST and input taxes on exports. Due to delay of taxes which ideally resulting into blockage of working capital to export business To prevent cash blockage of exporters due to upfront payment of GST on inputs etc. the Council approved new scheme. Merchant exporters will now have to pay nominal GST of 0.1% for procuring goods from domestic suppliers for export. Merchant exporter can buy goods at 0.1% for export of goods. In article we talk about GST On Supplies to Merchant Exporter.

Conditions for buying of goods at 0.1% for Merchant Export

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1. Supplier shall supply goods to Merchant Exporter on tax invoice.
2. Merchant export shall export goods with 90 days from date of tax invoice.
3. Merchant Exporter shall mention supplier GST number & tax invoice number on shipping bill , bill of export etc
4. Merchant Export shall get registration with an Export Promotion Council or a Commodity Board recognised by the Department of Commerce.
5. Place PO on Supplier : – the registered recipient shall place an order on registered supplier for procuring goods at concessional rate and a copy of the same shall also be provided to the jurisdictional tax officer of the registered supplier
6. the registered merchant exporter shall move the said goods from place of registered supplier – (a) directly to the Port, Inland

- Container Depart, Airport or Land Customs Station from where the said goods are to be exported; or (b) directly to a registered warehouse from where the said goods shall be move to the Port, Inland Container Depart, Airport or Land Customs Station from where the said goods are to be exported;
7. when goods have been exported, the registered recipient shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report having been filed to the registered supplier as well as jurisdictional tax officer of such supplier.

Important Documentation for Merchant Exporter

1. Buy Goods from registered supplier under GST
2. Place Purchase order on supplier for export of goods at concessional rate
3. Submit Purchase order copy to the jurisdictional tax officer of the registered supplier
4. Merchant exporter shall mention suppliers tax invoice number & [GST Registration](#) number On Export invoice, Shipping bill etc.
5. Merchant Exporter shall provide copy of shipping bill or bill of export containing details of Goods and Services Tax Identification Number (GSTIN) and tax invoice of the registered supplier along with proof of export general manifest or export report

What if Export is not done in 90 days from date of Tax Invoice?

The merchant exporter shall not be eligible for the above mentioned exemption if the registered recipient fails to export the said goods within a period of ninety days from the date of issue of tax invoice.

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FAQ on Application of GST for Merchant Exporter

Example for Calculation of GST Amount for Merchant Exporter ?

Mr. Ravi exporting inverter of \$ 1000 to USA , RBI Rate of exchange on that day is Rs. 65 then taxable value shall be Rs. 65000/- (\$ 1000 x Rs. 65) GST amount is 1 % that is Rs. 6500 (Rs. 65000 x 1 %). This amount need to be paid for merchant exporter.

Time line to receive GST Refund for exporter ?

Exporter need to submit online acknowledgement with other supporting documents at GST department / customs. Refund of 90% value shall be transferred immediately and balance 10 % will be paid after verification of documents of document. Interest at 6 % shall be payable for delayed GST Refund.

GST Refund for Export on payment of duty for exporter of goods ?

Exporter not required to submit documents at department. Shipping bill is a documents for taking refund amount. Customs shall verify the information with GSTR3 B filed by person. After verification customs shall refund to persons bank statement.

Mr. Ravi is registered in Maharashtra and outsourcing inverter from Chennai and export post is Chennai. Does Mr. Ravi need to take registration in Chennai ?

For outsourcing inverter form Chnnai, Mr. Ravi need not to take registration in Chennai. He need to take care of below points

- In shipping bill mention state code of Maharashtra (that is 27)
- At item level mention state of origin at Tamilnadu.