



STANDING ORDER NO. 01/2017 DATED 31.07.2017

Sub: Execution of 'Bond /Letter of Undertaking' by Exporters: Standing Instructions regarding provision of Bank Guarantee.

As per Rule 96A of the Central Goods & Service Tax Rules, 2017, a registered person exporting goods or services without payment of IGST is required to furnish "Bond/Letter of Undertaking' in Form 'RFD-11'. Notification No. 16/2017-Central Tax dated 07.07.2017 prescribes the categories of persons eligible for submission of 'Letter of Undertaking' in place of a bond and certain prescribed conditions. The CBEC has issued circular No.04/4/2017-GST dated 07.07.2017(F.No.349/82/2017-GST) regarding execution of Bond/Letter of Undertaking in Form 'RFD-11' for making exports of goods & services without payment of IGST. Para 5 of the Circular specifies that the jurisdictional Commissioner may decide the amount of bank guarantee depending upon the track record of the exporter. It further lays down that furnishing of bank guarantee may be dispensed in event of Commissioner satisfied with the track record of the exporter. The circular also states that the bank guarantee should normally not exceed 15% of the bond amount.

2. It has been directed by the Board that registered persons would not be required to furnish bank guarantee in following cases,-

(a) Status Holder as specified in paragraph 3.20 and 3.21 of the Foreign Trade Policy 2015-20; or

(b) Who has received the due foreign inward remittances amounting to a minimum of 10% of the export turnover, which should not be less than one crore rupees, in the preceding financial year, and he has not been prosecuted for any offence under the Central Goods and Service Tax Act,2017(12 of 2017) or under any of the existing laws in case where the amount of tax evaded exceeds two hundred and fifty lakh rupees.

3. In all cases, other than those covered in para 2 above, bank guarantee prescribed in para 5 of the said Circular is that it should normally be not exceed 15% of the bond amount. However, the power of deciding quantum of bank guarantee is vested with the jurisdictional Commissioner who decides about the amount of bank guarantee depending upon the track record of the exporter.

4. In view of the para 3 above, if any exporter desires to furnish bank guarantee less than 15% of bond amount or requests for waiver of bank guarantee, their request may be forwarded to the Commissioner for consideration with due recommendation by the jurisdictional Deputy/Assistant Commissioner. While forwarding such request to the Commissioner, the jurisdictional Deputy/Assistant Commissioner shall ensure the bonafied track records of the person/entity. And accordingly report to the Commissioner on the same day. The bank guarantee should have self-renewal clause and should be from established Bank/financial institution.

Reshma Lakhani

(Reshma Lakhani)
Commissioner 2/8/17