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Newsflash: Changes in Import Export Code with the introduction of GST

The Government of India has set the target date 1 July 2017 for implementation of Goods and Services Tax (GST) and to ensure smooth and successful functioning of GST the Directorate General of Foreign Trade (DGFT) has issued trade notice in relation to changes in IEC with the introduction of GST.

1.0 Present 10 digit IEC will now be same as PAN of the entity under GST regime

The Foreign Trade (Development & Regulation) Act, 1992 provides that no person shall make any import/export without the Importer Exporter Code (IEC) number, granted by the DGFT. Further, Foreign Trade Policy (FTP) 2015-20 lays down that IEC, a 10 digit number, is mandatory for undertaking any import/export activities, while Para 2.08 of Hand Book of Procedures (HBP)(2015-20) lays down the procedure to be followed for obtaining an IEC, which is PAN based. As on date PAN has one to one correlation with IEC.

With the implementation of the GST, GSTIN would be used for purpose of credit flow of IGST on import of goods and refund/rebate of IGST related to export of goods. The Importer/exporter would need to declare only GSTIN (wherever registered with GSTN) at the time of import/export of goods. The PAN level aggregation of data would automatically happen in the system.

However, GSTIN is not compulsory for all importers / exporters who are having turnover below a threshold limit. All exporters/importers may not register with GSTIN (barring exceptions); therefore, GSTIN cannot become universal, as IEC is required only for import/export business. DGFT recognizes only the corporate entity and not individual transactions.

Thus, as a measure of ease of doing business, it has been decided to keep identity of an entity uniform across the ministries/Department so the PAN of the entity will be used for the purpose IEC which means that IEC will be issued by DGFT with difference that it will be alpha numeric (instead of 10 digit numeric IEC at present) and will be same as PAN of an entity.

2.0 Status of existing IEC holder and new application

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| For new applicant applying for IEC | With effect from appointed date application for IEC would be made to DGFT and applicant's PAN will be authorized as IEC |
| For residuary categories as prescribed under para 2.07 HBP 2015-20 i.e. Categories of importer and exporter that are exempted from obtaining IEC | The IEC will be either Unique Identification Number (UIN) issued by GSTN and authorized by DGFT or any common number notified by DGFT |
| For existing IEC holders | Necessary changes in the system are being carried out by DGFT so that their PAN becomes their IEC. DGFT system will undertake this migration and the existing IEC holders are not required to undertake any additional exercise in this regard. IEC holders are required to quote their PAN (in place of existing IEC) in all their future documentation, with effect from the notified date. |

(DGFT Trade Notice No 9 dated 12 June 2017)

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