

F.No.605/42/2016-DBK
Government of India
Ministry of Finance, Department of Revenue
Central Board of Excise and Customs
Drawback Division

New Delhi, dated 13th August 2016

To
Pr. Chief Commissioners/Pr. Directors General
Chief Commissioners/Directors General
Pr. Commissioners/Commissioners

Madam/Sir,

Subject: Special Advance Authorization under para 4.04A of FTP 2015-20 in combination with All Industry Rates (AIRs) of Duty Drawback

Attention of field formations is drawn to the DGFT Notification No. 21/2015-2020 dated 11th August 2016 which has notified para 4.04A in the FTP 2015-20 providing for duty free pre-import of fabric (including interlining) only under a Special Advance Authorisation Scheme wherein the said fabric gets physically incorporated (making normal allowance for wastage) in goods of Chapter 61 and 62 of ITC(HS) that are physically exported to fulfil the export obligation. In this Scheme, the exporters can also be eligible for All Industry Rates of Duty Drawback as specifically determined by Central Government in which case, for the purpose of value addition norm of para 4.08 of FTP, the value of any other input used on which benefit of Drawback is claimed or intended to be claimed has been specified in the DGFT notification as equal to 22% of the FOB value of export realized. However, option to claim drawback determined and fixed by Central Excise Authority (brand rate) under Rule 7 of the Drawback Rules 1995 remains in which case the value of inputs (other than the fabric imported duty free under the Special Advance Authorization) continues to be based on actuals. The notification may be downloaded from dgft.gov.in.

2. To give effect to the Special Advance Authorisation Scheme, the Notification No. 45/2016-Customs dated 13th August, 2016 has been issued providing exemption to fabrics (including interlining) from import duty subject to conditions specified therein. Further, Notification No. 110/2016-Customs (NT) dated 13th August, 2016 has been issued providing, subject to the specified conditions, the alternative All Industry Rates (AIRs) of drawback in the Drawback Schedule for the exports made against the Special Advance Authorisation in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13th August, 2016. These notifications may be downloaded from cbec.gov.in.

3. For the alternative AIRs relevant tariff item has to be suffixed with suffix 'C' or suffix 'D' for the situation when Cenvat facility has not been availed or when Cenvat facility has been availed, respectively, instead of the usual suffix 'A' or suffix 'B'. In the option to claim Brand Rate of duty drawback in terms of rule 7 of the Drawback Rules 1995 with the Special Advance Authorization, the procedure in Annexure 1 with Circular No. 29/2015-Cus dated 16.11.2015 has relevance. However, the exporter shall have to declare the figure '9807' as identifier (in the shipping bill under the Drawback details) followed by the tariff item number of the goods as shown in column (1) of the Schedule and followed by the character 'D'. Based on this, the shipping bill shall be processed for payment of provisional drawback amount equivalent to the Customs portion of these alternative AIRs.

4. The above mentioned DGFT and Customs notifications are effective from 1st September 2016. The CBEC's Systems Directorate is making all the necessary EDI related arrangements for implementation including specifying the appropriate new scheme code that would need to be declared by exporters making exports under the Special Advance Authorization Scheme cum AIR Drawback and these shall be publicized to exporters in advance by the Systems Directorate.

5. Suitable public notices and standing order should be issued for guidance of the trade and officers in terms of this Circular. Difficulties, if any, may be brought to notice of the Board.

(Dinesh Kumar Gupta)
Director
Tel:23360581

Copy for necessary action to -
The Director General of Systems and Data Management, CBEC