Circular No. 127/95
dated 14/12/95

F.No. 435/3/95- CUS.IV

Government of India
Ministry of Finance
Department of Revenue, New Delhi

Subject :- Re-import of goods of Indian origin which were earlier exported for the purpose of repairs, re-conditioning, re-processing, refining, remaking etc. and re-export thereafter - Regarding.

I am directed to refer to notification No. 158/95-Customs dated 14.11.1995 issued in supersession of notification No. 98 / 95- Customs dated 26.5.95 for exempting from the whole of duties goods manufactured in India, when re-imported into India for the purpose of repairs, reconditioning, reprocessing, refining, remaking or similar process. As may be seen the new notification considerable enlarges the scope of processes carried out for the purpose of re-export of re-imported goods of Indian origin. New notification provides for due accountal of the goods during such processes as well as it provides for exemption of duty on loss of quantity of re-imported goods, if any, during such process.

2. The new notification No. 158/95-Customs dated 14.11.95 basically contains the following situations-

(1) it exempts the goods manufactured in India and parts of such goods whether of Indian or foreign manufacture which were earlier exported from India re-imported into India **for the purpose of repair or for reconditioning,** from the levy of duty of customs including additional duty of customs subject of the following conditions -

(i) the re-importation takes place within three years from the date of exportation.

(ii) after the process of repairs or reconditioning the goods are re-exported **within six month of** the date of re-importation of such extended period not exceeding **a further period of six months** as Commissioner of Customs may allow.

(iii) the identity of goods in established subject to satisfaction of Assistant Commissioner of Customs.

(iv) the importers have to execute a bond undertaking at the time of importation to-

(a) export the goods after repairs or reconditioning within the stipulated period.

(b) pay on demand in the event of his failure to comply with the conditions of notification, the difference between the duty levied at the time of re-import and the duty leviable on such goods at the time of re-importation but for the exemption given above.

(v) the Board desires that the value of the bond should be approximately the amount of duty likely to be involved. The value of bank guarantee shall 25% of this bond.

(2) The notification exempts goods manufactured in Indian and re-imported for the purpose of (a) reprocessing; or (b) refining; or (c) remaking, etc. subject to the following conditions -

(i) Such re-importation takes place **within one year** from the date of exportation.

(ii) Goods are re-exported **within six months** of the date of re-importation or such extended period not exceeding period into exceeding a **further period of six months** as the Commissioner of Customs may allow;

(iii) The Assistant Commissioner of Customs is satisfied as regards identity of the goods.

(iv) the importer executes a bond of the effect that-

(a) such processes shall be carried out in a factory under Central Excise control following the procedure laid down under rule 173 MM of Central Excise Rules, 1944 or in a customs bond u/s 65 of the CustomsAct,1962.

(b) he shall maintain a due amount of the said re-imported goods and shall produce it duty certified by the officer of Central Excise or Customs.

(c) in case any waste or scrap arises during such process either the same is to be destroyed before the officer, of Central Excise or Customs or to clear it on payment of appropriate amount of customs duty leviable on such waste or scrap.

(d) the importer in event of his failure has to pay an amount equal of the difference between the duty leviable on such goods at the time re-importation but for the exemption contained therein.

(v) the Board desires that the value of the Bond should be approximately the amount of duty likely to be involved. The value of bank guarantee shall be 25% of this Bond.

(vi) the loss in quantity burring such process is exempted from customs duty and additional customs duty.

3. The main difference in the earlier notification 98/95-Customs dated 26.5.95 and the present notification 158/95-Customs is that the earlier notification provided for the cases in which the goods are re-imported for the purpose of repairs and re-export but the new notification has enlarged the scope of process to be carried out. It

now covers not only repairs but the processes like reconditioning, reprocessing, dyeing, refining, remaking or similar process. It covers goods like dyes, chemicals, pharmaceuticals etc. which were earlier exported and required to be reimported for carrying out any one of the above mentioned processes. Period of one year reduced to six months. This restriction would apply prospectively only & does **not** apply for imports already done.

4. The new notification even covers situation like the goods re-imported for the purpose of changing the packing of goods earlier exported. It also covers the remaking of tablets of medicines which got damaged during transportation or otherwise. It also covers the cases to re- import of chemicals which are required to be reprocessed.

5. The provisions of this notification would also apply in case of re-import goods which were earlier exported under any scheme like DEEC, 10% EOU etc., subject to fulfillment of the conditions prescribed in the notification.

6. It is expected that with the new notification there should not be any difficulty in clearance of goods re-imported for the purpose of re-export after carrying out certain processes. The aforesaid notification and their implication may be immediately brought to the notice of departmental officers and also the trade by issue of suitable standing order/ notices. In case of any difficulty in implementation of notification the Board may be suitably informed.

This Circular rescinds earlier Circular No. 61/95 dated 6.8.95 issued on the same subject.

Sd/-
(Vijay Kumar)
Under Secretary to the Govt. of India

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