Circular No. 28/95-Cus.
dated 27/3/95

F.No. 450/76/93-CUS-IV

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs, New Delhi

Subject:- Declaration of ONGC installations in Bombay High as Designated Area - regarding.

The undersigned is directed to refer to Ministry's instruction F.No. 450/65/92-Cus-IV dated 28.9.94 wherein the legal position regarding levy of Customs duty on rigs brought in the designated area of the Exclusive Economic Zone and levy of excise duty on oil produced at such sites was clarified. The implication of these legal provisions is that any oil produced in the off-shore installations in the said designated area or within the territorial waters of India would be deemed to be produced in India and subject to the levy of Central Excise duties under Section 3 of the Central Excises & Salt Act, 1944. In case, however, the oil is produced at such of the installations which have not been designated by the Ministry of External Affairs and which lie outside the territorial waters of India, such oil would be deemed to be imported into India when this oil is transferred to the mainland and be subject to customs duties as specified in the Customs Tariff Act, 1975.

2. In this regard the Ministry of Petroleum has proposed some time back the inclusion of certain new ONGC installations at specified coordinates in the Continental Shelf and the Exclusive Economic Zone in the designated area. This has been concurred with by this Department, however, the issue of the notification by the Ministry of External Affairs is pending. It may be appreciated that till such time the notification is issued, the said coordinates would lie outside the scope of the Customs Act, 2962 and the Central Excises & Salt Act, 1944 with implication on duty changeability on the oil produced when brought into India. While no excise duty can be levied on such oil, it would be subject to customs duties when imported into the country.

3. Accordingly as directed by the Board the list of coordinates indicating the ONGC installations which are presently not notified as being in the designated area is forwarded herewith. there may be other areas where drilling operations are in progress which may not have been notified as designated areas. The Board desires that it be considered appropriate to alert the concerned staff so that such oil is subjected to duty appropriately as indicated above.

Sd/-
(S.M. Bhatnagar)
Under Secretary to the Government of India