[TO BE PUBLISHED IN PART II, SECTION 3, SUB-SECTION (i) OF THE GAZETTE OF INDIA, EXTRAORDINARY]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

Notification No.3/2017-Integrated Tax (Rate)

New Delhi, the 28th June, 2017

G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 6 of the Integrated Goods and Services Tax Act, 2017 (13 of 2017), the Central Government, being satisfied that it is necessary in the public interest so to do, on the recommendations of the Council, hereby exempts inter-State supplies of goods, the description of which is specified in column (3) of the Table below read with relevant List appended hereto and falling under the tariff item, sub-heading, heading or Chapter, as the case may be, as specified in the corresponding entry in column (2) of the said Table, from so much of the integrated tax leviable thereon under section 5 of the Integrated Good and Services Tax Act, 2017 (13 of 2017) as is in excess of the amount calculated at the rate specified in the corresponding entry in column (4) of the said Table and subject to the relevant conditions annexed to this notification, as specified in the corresponding entry in column (5) of the Table aforesaid.

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TABLE

S. No.	**Chapter / Heading / Sub-heading / Tariff item**	**Description of Goods**	**Rate**	**Condition No.**
(1)	**(2)**	**(3)**	**(4)**	**(5)**
1.	Any Chapter	Goods specified in the List annexed to this Table required in connection with: (1) Petroleum operations undertaken under petroleum exploration licenses or mining leases, granted by the Government of India or any State Government to the Oil and Natural Gas Corporation or Oil India Limited on nomination basis, or (2) Petroleum operations undertaken under specified contracts, or (3) Petroleum operations undertaken under specified contracts under the New Exploration Licensing Policy, or (4) Petroleum operations undertaken under specified contracts under the Marginal Field Policy (MFP), or (5) Coal bed methane operations undertaken under specified contracts under the Coal Bed Methane Policy.	5%	1

ANNEXURE

Condition No.	Conditions
1.	If,- (a) the goods are supplied to,- (i) the Oil and Natural Gas Corporation or Oil India Limited (hereinafter referred to as the "licensee") or a sub-contractor of the licensee and in each case in connection with petroleum operations to be undertaken under petroleum exploration licenses or mining leases, as the case may be, granted by the Government of India or any State Government on nomination basis; or (ii) an Indian Company or Companies, a Foreign Company or Companies, or a consortium of an Indian Company or Companies and a Foreign Company or Companies (hereinafter referred to as the "contractor") or a sub-contractor of the contractor and in each case in connection with petroleum operations to be undertaken under a contract with the Government of India; or (iii) an Indian Company or Companies, a Foreign Company or Companies, or a consortium of an Indian Company or Companies and a Foreign Company or Companies (hereinafter referred to as the "contractor") or a sub-contractor of such Company or Companies or such consortium and in each case in connection with petroleum operations or coal bed methane operations, as the case may be, to be undertaken under a contract signed with the Government of India, on or after the 1st day of April,1998, under the New Exploration Licensing Policy, or on or after the 1st day of April 2001 in terms of the Coal Bed Methane Policy, or on or after the 14th day of October, 2015 in terms of the Marginal Field Policy, as the case may be; (b) where the recipient of outward supply of goods,- (i) is a licensee, he produces to the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over the supplier of goods, at the time of outward supply of goods, the following, namely, a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the goods are required for petroleum operations referred to in sub-clause (i) of clause (a); (ii) is a contractor, he produces to the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over the supplier of goods, at the time of outward supply of goods, a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the goods are required for

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	(A) petroleum operations referred to in sub-clause (ii) of clause (a) under the contract referred to in that sub-clause, or (B) petroleum operations or coal bed methane operations referred to in sub-clause (iii) of clause (a), as the case may be, under a contract signed under the New Exploration Licensing Policy or the Coal Bed Methane Policy or the Marginal Field Policy, as the case may be; (c) where the recipient of outward supply of goods is a sub-contractor, he produces to the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over the supplier of goods, at the time of outward supply, the following, namely :- (i) a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the goods are required for :- (A) petroleum operations referred to in sub-clause (i) of clause (a) under the licenses or mining leases, as the case may be, referred to in that sub-clause and containing the name of such sub-contractor, or (B) petroleum operations referred to in sub-clause (ii) of clause (a) under the contract referred to in that sub-clause and containing, the name of such sub- contractor, or (C) petroleum operations or coal bed methane operations, as the case may be, referred to in sub- clause (iii) of clause (a) under a contract signed under the New Exploration Licensing Policy or the Coal Bed Methane Policy or the Marginal Field Policy, as the case may be, and containing the name of such sub-contractor; (ii) an affidavit to the effect that such sub-contractor is a bonafide sub-contractor of the licensee or lessee or contractor, as the case may be; (iii) an undertaking from such licensee or lessee or contractor, as the case may be, binding him to pay any tax, fine or penalty that may become payable, if any of the conditions of this entry are not complied with by such sub-contractor or licensee or lessee or contractor, as the case may be; (d) where the goods so supplied to the licensee or a sub-contractor of the licensee, or the contractor or a sub-contractor of the contractor are sought to be transferred to another sub-contractor of the licensee or another licensee or a sub- contractor of such licensee, or another sub-contractor of the contractor or another contractor or a subcontractor of such contractor (hereinafter referred to as the "transferee"), such transferee produces to the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over such transferee, at the time of such transfer, the following, namely:-

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	(i) a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the said goods may be transferred in the name of the transferee and that the said goods are required for petroleum operations to be undertaken under :- (A) petroleum exploration or mining leases referred to in sub-clause (i) of clause (a), or (B) petroleum operations to be undertaken under a contract referred to in sub-clause (ii) of clause (a), or (C) petroleum operations or coal bed methane operations, as the case may be, to be undertaken under a contract referred to in sub-clause (iii) of clause (a) (ii) undertaking from the transferee to comply with all the conditions of this entry, including that he shall pay tax, fine or penalty that may become payable, if any of the conditions of this entry are not complied with by himself, where he is the licensee/ contractor or by the licensee/ contractor of the transferee where such transferee is a sub-contractor. (iii) a certificate,- (A) in the case of a petroleum exploration license or mining lease, as the case may be, granted by the Government of India or any State Government on nomination basis, that no foreign exchange remittance is made for the transfer of such goods undertaken by the transferee on behalf of the licensee or lessee, as the case may be; (B) in the case of a contract entered into by the Government of India and a Foreign Company or Companies or, the Government of India and a consortium of an Indian Company or Companies and a Foreign Company or Companies, that no foreign exchange remittance is made for the transfer of such goods undertaken by the transferee on behalf of the Foreign Company or Companies, as the case may be: Provided that nothing contained in this sub-clause shall apply if such transferee is an Indian Company or Companies. (e) where the goods so supplied are sought to be disposed of, the recipient of outward supply or the transferee, as the case may be, may pay the tax which would have been payable but for the exemption contained herein, on the depreciated value of such goods subject to the condition that the recipient of outward supply or the transferee, as the case may be, produces before the Deputy Commissioner of Central tax or the Assistant Commissioner of Central tax or the Deputy Commissioner of State tax or the Assistant Commissioner of State tax, as the case may be, having jurisdiction over the supplier of goods, a certificate from a duly authorised officer of the Directorate General of Hydro Carbons in the Ministry of Petroleum and Natural Gas, Government of India, to the effect that the said goods are no longer required for the petroleum operations or coal bed methane operations, and the depreciated value of the goods shall be equal to the original value of the goods at the time of import reduced by the percentage points calculated by straight line

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	method as specified below for each quarter of a year or part thereof from the date of clearance of the goods, namely:- (i) for each quarter in the first year at the rate of 4 per cent.; (ii) for each quarter in the second year at the rate of 3 per cent.; (iii) for each quarter in the third year at the rate of 2.5 per cent.; and (iv) for each quarter in the fourth year and subsequent years at the rate of 2 per cent., subject to the maximum of 70 per cent.

List
[See S.No.1 of the Table]

(1) Land Seismic Survey Equipment and accessories, requisite vehicles including those for carrying the equipment, seismic survey vessels, global positioning system and accessories, and other materials required for seismic work or other types of Geophysical and Geochemical surveys for onshore and offshore activities.

(2) All types of drilling rigs, jackup rigs, submersible rigs, semi-submersible rigs, drill ships, drilling barges, shot-hole drilling rigs, mobile rigs, workover rigs consisting of various equipment and other drilling equipment required for drilling operations, snubbing units, hydraulic workover units, self-elevating workover platforms, Remote Operated Vessel (ROV).

(3) Helicopters including assemblies/parts.

(4) All types of marine vessels to support petroleum operations including work boats, barges, crew boats, tugs, anchor handling vessels, lay barges and supply boats, marine ship equipment including water maker, DP system and Diving system.

(5) All types of equipment/ units for specialised services like diving, cementing, logging, casing repair, production testing, simulation and mud services, oil field related lab equipment, reservoir engineering, geological equipment, directional drilling, stimulation, Coil Tubing units, Drill Stem Testing (DST), data acquisition and processing, solids control, fishing (as related to downhole retrieval in oil field operations or coal bed methane operations), well control, blowout prevention(BOP), pipe inspection including Non Destructive Testing, coring, gravel pack, well completion and workover for oil/gas/CBM wells including wireline and downhole equipment.

(6) All types of casing pipes, drill pipes, production tubing, pup joints, connections, coupling, kelly, cross overs and swages, Drive Pipes.

(7) All types of drilling bits, including nozzles, breakers and related tools.

(8) All types of oil field chemicals or coal bed methane chemicals including synthetic products used in petroleum or coal bed methane operations, oil well cement and cement additives, required for drilling, production and transportation of oil or gas.

(9) Process, production and well platforms/ installation for oil, gas or CBM and water injection including items forming part of the platforms/ installation and equipment required like process equipment, turbines, pumps, generators, compressors, primemovers, water makers, filters and filtering equipment, telemetery, telecommunication, tele-control and other material required for platforms/ installations.

(10) Line pipes for flow lines and trunk pipelines including weight-coating and wrapping.

(11) Derrick barges, Mobile and stationary cranes, trenchers, pipelay barges, cargo barges and the like required in the construction/ installation of platforms and laying of pipelines.

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(12) Single buoy mooring systems, mooring ropes, fittings like chains, shackles, couplings marine hoses and oil tankers to be used for oil storage and connected equipment, Tanks used for storage of oil, condensate, coal bed methane, water, mud, chemicals and related materials.
(13) All types of fully equipped vessels and other units /equipment required for pollution control, fire prevention, fire fighting, safety items like Survival Craft, Life Raft, fire and gas detection equipment, including H2S monitoring equipment.
(14) Mobile and skid mounted pipe laying, pipe testing and pipe inspection equipment.
(15) All types of valves including high pressure valves.
(16) Communication equipment required for petroleum or coal bed methane operations including synthesized VHF Aero and VHF multi channel sets/ VHF marine multi channel sets.
(17) Non-directional radio beacons, intrinsically safe walkie-talkies, directional finders, EPIRV, electronic individual security devices including electronic access control system.
(18) Specialized antenna system, simplex telex over radio terminals, channel micro wave systems, test and measurement equipment.
(19) X-band radar transponders, area surveillance system.
(20) Common depth point (CDP) cable, logging cable, connectors, geo-phone strings, perforation equipment and explosives
(21) Wellhead and Christmas trees, including valves, chokes, heads spools, hangers and actuators, flexible connections like chicksons and high pressure hoses, shut down panels.
(22) Cathodic Protection Systems including anodes.
(23) Technical drawings, maps, literature, data tapes, Operational and Maintenance Manuals required for petroleum or coal bed methane operations.
(24) Sub-assemblies, tools, accessories, stores, spares, materials, supplies, consumables for running, repairing or maintenance of the goods specified in this List.

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Explanation. –

(1) In this notification, "tariff item", "sub-heading" "heading" and "Chapter" shall mean respectively a tariff item, heading, sub-heading and Chapter as specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).

(2) The rules for the interpretation of the First Schedule to the said Customs Tariff Act, 1975, including the Section and Chapter Notes and the General Explanatory Notes of the First Schedule shall, so far as may be, apply to the interpretation of this notification.

2. This notification shall come into force with effect from the 1st day of July, 2017.

[F.No.354/117/2017-TRU]

(Mohit Tewari)
Under Secretary to the Government of India