Circular No. 79/95
dated 6/7/95

F.No. 428/4/95-CUS-IV

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

Subject: Duty free imports by United Nations and its agencies - Clarification regarding-

I am directed to say that in the context of a reference from the Department of Economic Affairs the Board has examined the customs duty exemptions available to the United Nations and its agencies in terms of the United Nations (Privileges and Immunities) Act, 1947 [UN (P&I) Act]. The Board has also examined the present practice prevailing in the Customs Houses regarding clearances of the imports by United Nations and its agencies. It has been observed that some of the Customs Houses are granting customs duty exemptions on imports by the United Nations for its official use as well as to import by third parties for projects funded by the United Nations on basis of an exemption certificate issued by the Ministry of External Affairs. A doubt has arisen regarding correctness of this assessment practice.

2. It may be noted that section 7(b) of the UN(P&I) Act, 1947 provides for exemptions from customs duties and prohibitions and restrictions on imports and exports in respect of articles imported or exported by the UN and its agencies **for its official use.** An extract of the said section is enclosed[1]. The implication is that if the import is by the UN agency in its own name and the goods are meart for **its** official use, the exemption would be available.

3. At the same time, it is observed that at times the imports are being made by third parties on account of a UN agency for a project being funded by the said UN agencies. Herein it is seen that the import is firstly not by the UN agencies and also not for its official se. Hence, in this situations the provision of section 7(b) will **not** apply and it is the view of the Board that the exemption from customs duty will **not** be available to such imports.

4. In view of the aforestated facts it is desired by the Board that the imports by United Nations must be examined in the light of the provisions of section 7(b) of the N(P&I) Act, 1947 and the exemptions from customs duty granted**only** to such imports which are directly by the United Nations and for its Official use not with standing the production of any exemption certificate issued by the Ministry of External Affairs. The Ministry of External Affairs is being advised to issue certificates only in the cases of eligible categories of imports. Hence, while it is expected that the Ministry will issue certificates correctly for eligible imports, it is the responsibility of the customs to ensure the correctness of the grant of duty exemptions in terms of the UN(P&I) Act, 1947.

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

indiacode