Circular No.65/2001-CUS.
19th November, 2001

F.No.446/18/99-CUS.IV
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Excise & Customs

Subject: Leviability of customs duty on fuel and other stores consumed on board during extension flights in domestic sector -reg.

A reference has been received from the Ministry of Civil Aviation requesting the Board to allow duty free supply of fuel and stores to domestic extension flights of Air India which ply between two airports in India carrying international as well as domestic passengers. Such extension flights are presently operating between Mumbai and Ahmedabad/Hyderabad/Goa/Calicut etc. The Ministry of Civil Aviation has requested that such extension flights should be treated as foreign going aircrafts, as these carry international passengers from an international airport in India. Most of the passengers on such extension flights are stated to be either in bound or out bound to international destinations. These flights allow passengers to travel between an international destination and an Indian airport such as Ahmedabad/Hyderabad/Goa/Calicut etc. on a single flight coupon.

2. The matter has been examined. It is seen that these extension flights ply between two Indian airports without a trip to a foreign airport on their voyage. They are assigned different flight numbers and IGM/EGM No. per voyage, and ferry passengers within the territory of India only, Further, these flights are stated to have no co-relation of any sort with the flights which have arrived from or are bound to a foreign port at the point of loading or off-loading. It has, therefore, been felt that the extension flights operating between two Indian airports cannot be considered as foreign going aircraft, as section 2(21) of the Customs Act, 1962 defines "foreign going aircraft" as an aircraft for the time being engaged in the carriage of passengers between an airport in India and any airport outside India, whether touching any intermediate airport in India. The domestic extension flights cannot be considered similar to flights which operate between an airport in India and an airport abroad, touching one or more Indian airports in between. Section 87 of the Customs Act, 1962 allows imported stores to be consumed without payment of duty in a foreign going aircraft. It has, therefore, been decided that the extension flights operated by Air India between Mumbai and other airports or between two airports in India would not be entitled to duty free supply of fuel and other stores.

3. These instructions may be brought to the notice of all concerned by way of issuance of suitable Public Notice/ Standing Order.

4. Difficulties, if any, in implementation of these instructions, may be brought to the notice of the Board. Kindly acknowledge receipt of this Circular.