Circular No. 48 /2017-Customs

F.No.450/28/2016-Cus IV
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise and Customs)
*****

Room 227B, North Block

New Delhi, dated the 8th December, 2017

To

All Principal Chief Commissioner/Chief Commissioner of Customs /Custom (Preventive),
All Principal Chief Commissioner/Chief Commissioner of Central Tax,
All Principal Commissioner/Commissioner of Customs / Customs (Preventive),
All Principal Commissioner/ Commissioner of Central Tax.

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Sir /Madam,

Subject: Clarification on Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017–reg.

Kind reference is drawn to Notification No. 68/2017-Customs (N.T.) dated 30.06.2017, notifying Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

2. As per sub-rule (2) of rule 5 of Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017, an importer in order to avail exemption provided vide notification issued under sub-section (1) of section 25 of the Customs Act is required to submit such surety or security as deemed appropriate by the Deputy Commissioner of Customs or Assistant Commissioner of Customs having jurisdiction over the premises where the imported goods shall be put to use for manufacture of goods or for rendering output services.

3. CBEC has received various references stating that the provision of submission of surety or security in the rules, is posing a major challenge for domestic industry particularly electronic hardware manufacturers as submission of surety increases the transaction cost hampering their efforts to optimise the manufacturing capacity.

4. In this regard, it is worthwhile to mention that the option to furnish surety or security along with the Bond is given, in order to facilitate manufacturers and service providers keeping in view the different business environments in which the entrepreneurs function and also to protect the interests of revenue. However, keeping in view the objective of the Government to further simplify

the business procedures and to reduce the burden of compliance cost, CBEC has decided to further ease the norms for taking security/ surety along with the Bond.

5. In view of the above, Bank Guarantee/cash security/surety shall be taken as per the following norms for the purpose of extending the benefit under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

Category of Importer	**Quantum of Bank Guarantee/cash security and requirement of Surety**
a) All importer (s) who are either a department of Central Government or a State Government or a Union Territory or a Public Sector Undertaking or an autonomous institute under the said governments.	Bank Guarantee/Cash Security-Nil Surety-Not required.
b) All importers who are Authorized Economic Operators.	
c) All importers who are manufacturers or service providers registered under GST and have been filing prescribed GST returns without fail and whose annual turnover in the preceding year is above Rs. 1 crore.	Importers shall give surety for the amount of duty foregone. However, where the importer is not able to provide the surety, a Bank Guarantee/ Cash Security equivalent to not more than 5% of duty foregone shall be furnished.
d) Importers, not covered under (a), (b) & (c) above.	Bank Guarantee/Cash Security-Not more than 25% of the duty foregone amount.

Explanation: Duty foregone would be calculated by reckoning the duty applicable if the importer were not to follow the procedure prescribed in the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

6. The upper limit of Bank Guarantee/ Cash Security to the extent of 5% and 25% respectively has been fixed unless the Deputy Commissioner or the Assistant Commissioner has reasons to demand a higher quantum of Bank guarantee/ cash security, in which case the matter shall be referred to the jurisdictional Commissioner who may order for higher quantum of Bank Guarantee or cash security, subject to limit of 100% of the total duty foregone, after recording the reasons thereof in writing.

7. In order to avail above exemption/ relaxation from furnishing Bank Guarantee/Cash security or surety, prosecution should not have been initiated or launched against the importer under, any Act administered by the Central Board of Excise & Customs or State Goods & Service Tax Act or

Integrated Goods & Service Tax Act or Union Territory Goods & Service Tax Act during the previous three financial years.

8. Where an importer so requests, the bank guarantee/ cash security may be taken consignment-wise to obviate the financial burden. Further, all bank guarantee(s) should have self-renewal clause.

9. All Chief Commissioners are requested to issue suitable standing order, for guidance of the concerned officers. Difficulty, if any, in implementation of the above directions may be brought to the notice of the Board.

10. Hindi version will follow.

Yours faithfully

Zubair Riaz

(Zubair Riaz)
Director (Customs)

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8/12/17