CIRCULAR NO. 04/2012-Cus

F. No. 450/93/2011-Cus.IV
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
Customs-IV Section
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New Delhi, 17th February, 2012

To

All Chief Commissioners of Customs,
All Chief Commissioners of Central Excise,
All Director Generals/Chief Departmental Representatives (CESTAT),
All Commissioners of Customs,
All Commissioners of Central Excise and
All Commissioners of Central Excise & Customs

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Sir/Madam,

Subject: Adoption of uniform Customs Procedure for calculating the contents of Iron Ore - clarification regarding.

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Several references have been received in the Board highlighting divergent practices for calculation of iron contents from Iron Ore being followed at different Ports for charging Export duty. In this regard two types of calculation methods are being followed i.e. on the basis of Wet Metric Ton (WMT) and other on the basis of Dry Metric Ton (DMT).

2. Hon'ble Supreme Court in the matter of Civil Appeal No. 7539 of 1995 in case of Union of India Vs Gangadhar Narsingdas Aggarwal [1997(89) ELT 19(SC)] in order to arrive at the Iron (Fe) contents out of Iron Ore, had held that-

'that is because the duty is relatable to weight and therefore, once the iron content is determined keeping in mind the total weight, the percentage can be determined separating the iron contents from the rest of the impurities inclusive of moisture and thereafter ascertain in which category the lumpy iron would fall for the purpose of charging duty....'

3. In light of the observation by the Apex Court that export duty is chargeable according to Fe contents, and to maintain uniformity all over the custom houses, it is clarified that for the purpose of charging of export duty the assessment of Iron ore for determination of Fe contents shall be made on Wet Metric Ton (WMT) basis which in other words mean deducting the weight of impurities (inclusive of moisture) out of the total weight/Gross Weight to arrive at Net Fe contents.

4. In case of any difficulty in arriving at the net Fe content, assessment may be based on test result which directly determines the Fe contents.

5. Pending assessments on the issue, if any, should be finalized accordingly.

6. Difficulties, if any, faced in the implementation of this circular, may be immediately brought to the notice of the Board.

Yours faithfully,

(A.K.Goel)
Senior Technical Officer
Tariff Unit

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