Circular No.27 / 2010-Customs

F.No.401/46/2008-Cus.III
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

159A, North Block,
New Delhi -110001.
13th August, 2010.

To

All Chief Commissioners of Customs / Customs (Prev.).
All Chief Commissioners of Customs & Central Excise.
All Commissioners of Customs / Customs (Prev.).
All Commissioners of Customs & Central Excise.

Subject: Refund of 4% CVD (SAD) in terms of Notification No.102/2007-Customs dated 14.9.2007 by re-crediting the DEPB scrip / reward scheme scrips - regarding.

***

Sir / Madam,

IndiaCode

Your kind attention is invited to the Notification No.102/2007-Customs dated 14.9.2007, Notification No.93/2008-Customs dated 1.8.2008 and Board's Circulars No. 6/2008-Customs dated 28.4.2008, No.16/2008-Customs dated 13.10.2008, No.6/2009-Customs dated 9.2.2009, No.18/2010-Customs dated 8.7.2010 and No.23/2010-Customs dated 29.7.2010 regarding procedure to be followed by the Customs field formations in case of 4% CVD refund claims.

2. Circular No.6/2008-Customs dated 28.4.2008 provides that the refund of 4% CVD paid at the time of import through DEPB scrips shall be disbursed by re-credit of the sanctioned refund amount to the relevant DEPB Licence. Further, Circular No.6/2009-Customs dated 9.2.2009 extends the facility of similar re-credit to the relevant scrip for disbursing SAD refund in respect of other scrips like Vishesh Krishi and Gram Udyog Yojana (VKGUY), Focus Market Scheme (FMS) and Focus Product Scheme (FPS) also.However, it has been represented by the trade and industry that existing EDI facility does not allow re-credit of the amount of 4% CVD refund sanctioned in respect of these schemes in the relevant scrips and as a result of that, a large number of refund claims are held up in different customs houses.The matter was referred to DGFT for resolving the same.

3. DGFT have subsequently issued a Public Notice No.38/2009-2014 dated 3.2.2010 and also a Policy Circular No.22/2009-14 dated 3.2.2010 for extending the validity of Duty Credit Scrips. Accordingly, concerned Commissionerates of Customs are required to issue a consolidated certificate indicating total amount sanctioned as refund (4% CVD). As per Public Notice, concerned DGFT / Regional Licensing Authorities (RLA) are required to issue necessary re-credit on the scrip on the basis of consolidated certificate issued by Commissionerate. Policy Circular No.22/2009-14 dated 3.2.2010 issued by DGFT also provides for sending a copy of such duty scrips where re-credit was allowed along with the details of original duty scrips so that the Customs authorities can compare the details before allowing clearance of import consignment against the scrips.

4. It has come to the notice of the Board that even after issue of the Public Notice and Policy Circular by DGFT on the issue of re-crediting DEPB scrips on account of 4% CVD refund, difficulties are still being faced by trade and industry as EDI, at present, does not have facility to register such re-credited scrips issued by DGFT in the system.

5. The matter has been examined in the Board. Board has considered the difficulties associated with change in EDI System to allow re-credit of scrips in case of 4% CVD refund and also the view of DGFT that modification in software at the end of DGFT for the purpose of re-credit of 4% CVD through Electronic Message System and its transmission to the Customs is not feasible at present.

6. Considering the large scale pendency of such refund claims and in order to address the difficulties in getting 4% CVD refund by re-crediting scrips, it has been decided by the Board that registration of re-credited duty scrips issued by DGFT on the basis of consolidated certificate furnished by Customs should be allowed on manual basis. The facility of manual filing of Bill of Entry for utilizing the amount of re-credited CVD refund for payment of duty is also allowed. This facility has been extended up to **30.12.2010** as a one-time measure with a view to liquidate all such pendencies by that time.

7. The Commissioners concerned are requested to exercise due diligence in order to check that the facility of manual filing of B/E in case of re-credited DEPB scrips / reward scheme scrips on account of refund of 4% CVD is not misused. In this regard, it is also clarified that only those B/Es will be allowed manual processing wherein the duty involved is equal to or less than the balance amount in the re-credited scrip.

8. It has also been decided that importers should be suitably advised that re-credit amount of CVD refund should be used for payment of BCD and CVD only and not for 4% CVD so as to avoid cascading of subsequent re-credit of 4% CVD in the relevant scrips. Further, the Board is of the view that in the interest of ensuring expeditious grant of refund of 4% CVD in cash, the importers may be advised to make the initial payment of 4% CVD in cash.

9. A suitable Public Notice and Standing Order may be issued for the guidance of the trade and staff.

10. Difficulties faced if any in implementation of this Circular may be brought to the notice of the Board.

IndiaCode

Yours faithfully,

(R. P. Singh)
Director (Customs)