Circular No.33/2002-Cus.
25th June, 2002

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 - Clarification - reg.

I am directed to invite your attention to Board's Circular No. 65/2001-Cus. dated the 19th November, 2001 regarding leviability of customs duty on fuel and other stores consumed on board during extension flights in domestic sector. It was mentioned in the circular that domestic extension flights of Air India ply between two airports in India, carrying both domestic as well as international passengers, without a trip to a foreign airport on their voyage. These flights are assigned different flight numbers and IGM/EGM No. per voyage, and ferry passengers within the territory of India only. It was also mentioned that those flights 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 been reported that citing the said Circular, the field formations are demanding duty on fuel consumed in a foreign going aircraft during its flight between two Indian airports while going to/coming from an airport abroad as a different flight number is assigned to such aircraft during its flight between two Indian airports.

2. The matter has been examined. It is clarified that the said Circular is applicable only for domestic extension flights which ply between two Indian airports without a trip to a foreign airport on their voyage. The Circular does not intend to levy duty on stores consumed in a foreign going aircraft during its flight between two Indian airports only on the ground that the flight number or IGM number changes when flying between two Indian airports. Change of flight number or IGM number is not the only criterion to decide the leviability of customs duty on fuel and stores consumed in a flight. If an aircraft is a foreign going aircraft in terms of the definition of 'foreign going aircraft' in the Customs Act, 1962 or in terms of Board's instructions contained in letter No.17/5/67-CX.III dated 5/9/67, mere change in flight number or IGM number during its flight between two Indian airports does not make such aircraft ineligible for duty free supply of fuel etc.

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

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