[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)

Notification

No. 131/2016 - CUSTOMS (N.T.)

New Delhi, the 31st October, 2016

G.S.R. 1018 (E).- In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.110/2015-CUSTOMS (N.T.), dated the 16th November, 2015, published *vide* number G.S.R. 861 (E), dated the 16th November, 2015, except as respects things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule annexed hereto (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely:-

IndiaCode

Notes and conditions:

(1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight digits in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.

(2) The general rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 shall, *mutatis mutandis*, apply for classifying the export goods listed in the said Schedule.

(3) Notwithstanding anything contained in the said Schedule, -

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

(ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, may be classified under the relevant tariff item (depending upon material composition and making process) under heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;

(iii) the sports gloves mentioned below heading 4203 or 6116 or 6216 shall be classified in that heading and all other sports gloves shall be classified under heading 9506.

(4) The figures shown in columns (4) and (6) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in columns (5) and (7) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) An export product accompanied with application for removal of excisable goods for export (ARE-1) and forming part of project export (including turnkey export or supplies) for which no figure is shown in column (5) and (7) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed the amount calculated by applying *ad-valorem* rate of drawback shown in column (4) or (6) to one and half times the ARE- 1 value.

(7) The figures shown in the said Schedule in columns (4) and (5) refer to the total drawback (Customs, Central Excise and Service Tax component put together) allowable and those appearing in columns (6) and (7) refer to the drawback allowable under the Customs component. The difference in rates between the columns (4) and (6) refers to the Central Excise and Service Tax component of drawback. If the rate indicated is the same in the columns (4) and (6), it shall mean that the same pertains to only Customs component and is available irrespective of whether the exporter has availed of Cenvat facility or not.

(8) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on *ad valorem* basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(9) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rules 11, 12 and 13 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(10) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(b) manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy;

Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13th August, 2016, the rates of drawback specified in the said Schedule shall apply as if in the said Schedule-

(i) the heading A and heading B are heading C and heading D, respectively; and

(ii) the entries in columns (4), (5), (6) and (7) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto;

(c) manufactured or exported by a unit licensed as hundred per cent. Export Oriented Unit in terms of the provisions of the relevant Foreign Trade Policy;

(d) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;

(e) manufactured or exported availing the benefit of the notification No. 32/1997–Customs, dated 01st April, 1997.

(11) The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is –

(a) manufactured or exported by availing the rebate of duty paid on materials used in the manufacture or processing of such commodity or product in terms of rule 18 of the Central Excise Rules, 2002;

(b) manufactured or exported in terms of sub-rule (2) of rule 19 of the said Central Excise Rules, 2002.

(12) The expression "when Cenvat facility has not been availed", used in the said Schedule, shall mean that the exporter shall satisfy the following conditions, namely:-

(a) the exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Assistant Commissioner of Central Excise or Deputy Commissioner of Customs or Deputy Commissioner of Central Excise, as the case may be, that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product;

(b) if the goods are exported under bond or claim for rebate of duty of Central Excise, a certificate from the Superintendent of Customs or Superintendent of Central Excise in-charge of the factory of production, to the effect that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product, is produced:

Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass art-ware) or finished leather and other export products which are unconditionally exempt from the duty of Central Excise.

(13) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(14) The term 'article of leather' in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material.

(15) The term "dyed", wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.

(16) The term "dyed" in relation to fabrics and yarn of cotton, shall include "bleached or mercerised or printed or mélange''.

(17) The term "dyed" in relation to textile materials in Chapters 54 and 55 shall include "printed or bleached".

(18) In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85% or more by weight.

(19) The term "shirts" in relation to Chapters 61 and 62 of the said Schedule shall include "shirts with hood".

(20) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely: -

(a) French point or Paris point or Continental Size above 33;
(b) English or UK adult size 1 and above; and
(c) American or USA adult size 1 and above.

(21) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely: -

(a) French point or Paris point or Continental Size upto 33;
(b) English or UK children size upto 13; and
(c) American or USA children size upto 13.

(22) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4.72 of the Hand Book of Procedures, 2015-2020 published *vide* Public Notice No.1/ 2015-2020, dated the 1st April, 2015 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(23) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Foreign Trade Policy of the Government of India which provides for duty free import or replenishment or procurement from local sources of gold or silver.

(24) Notwithstanding anything contained in paragraph (7) above, the drawback rate specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported availing CENVAT facility for any of the inputs or input services used in their manufacture or availing the rebate of duty paid on materials used in their

manufacture or processing in terms of rule 18 of the Central Excise Rules, 2002 or manufactured or exported in terms of sub-rule (2) of rule 19 of the Central Excise Rules, 2002 and the exporter claiming the drawback rate against said tariff items shall make appropriate declaration at the time of export.

(25) "Vehicles" of Chapter 87 of the said Schedule shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

2. All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.

3. The amount referred in sub-rule (3) of rule 7 of the said rules, relating to provisional drawback amount as may be specified by the Central Government, shall be equivalent to the Customs component, as provided by the drawback rate and drawback cap shown in column (6) and (7) in the said Schedule for the tariff item corresponding to the export goods, if applicable, and determined as if it were a claim for duty drawback filed with reference to such rate and cap.

4. This notification shall come into force on the 15th day of November, 2016.

IndiaCode