

F.No.605/25/2019-DBK

Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes & Customs
(Drawback Division)

4th Floor, Jeevan Deep Building,
Parliament Street, New Delhi
Dated 13th September, 2019

To

All Principal Chief Commissioners/ Chief Commissioners of
Customs/Customs (Preventive)/ Central Tax/Central Excise
and All Principal Directors General/Directors General
under CBIC

Madam/Sir,

Subject:- Revised Norms for Execution of Bank Guarantee under Advance Authorisation, DFIA and EPCG Schemes - reg.

Board is in receipt of references from field formations and inputs from trade and industry seeking clarification as to what should be the basis for waiver of Bank Guarantee to be executed with Customs in the Goods and Services Tax (GST) regime under AA, DFIA and EPCG schemes in respect of manufacturer exporters/service providers.

2. The matter has been examined. GST has come into force from 01.07.2017 whereby Service Tax as well as major portion of Central Excise have been subsumed in the GST. Board's Circular No. 58/2004-Cus dated 21.10.2004 (hereinafter referred to as 'the said Circular') as amended vide Circular Nos. 17/2009-Cus dated 25.05.2009, 32/2009-Cus dated 25.11.2009, 06/2011-Cus dated 18.01.2011, 08/2013-Cus dated 04.03.2013 and 15/2014-Cus dated 18.12.2014 inter alia prescribes the norms for execution of Bond/Bank Guarantee in respect of imports made under the AA, DFIA and EPCG Schemes. The said Circular and amending Circular No. 17/2009-Cus dated 25.05.2009 extend exemption from execution of Bank Guarantee based on export turnover, quantum of duty, tax paid etc.

3. In the wake of GST regime, the norms for execution of Bank Guarantee under AA, DFIA and EPCG schemes have been reviewed and the following clarification is given:-

(i) Manufacturer exporters/Service Providers registered with the GST authorities (Centre/State/Union Territory) who have been exporting during the previous two financial years and have minimum export of Rs. 1 crore or more during the preceding financial year shall also be eligible to claim exemption from furnishing Bank Guarantee under category (d) of importers specified in Table given in para 3.1 of the said Circular.

(ii) Manufacturer exporters/Service Providers registered with the GST authorities (Centre/State/Union Territory) who have paid GST of Rs.1 crore or more during the preceding financial year shall also be eligible to claim exemption from furnishing Bank Guarantee under category (e) of importers specified in Table given in para 3.1 of the said Circular.

4. In order to avoid difficulties in the GST regime regarding furnishing of proof of export performance or payment of duty required to be certified by the jurisdictional Superintendent of Central Excise (para 3.2(b) of the said Circular), it has been decided to discontinue the requirement for procurement of such certificate from Central Excise authorities. In other words, in cases where the AA/DFIA/EPCG authorisation holder is a registered member of an Export Promotion Council, he shall produce a certificate of export performance or payment of duty/GST for the purpose of availing Bank Guarantee exemption from the concerned Export Promotion Council on the lines of similar facility available earlier. In cases where the AA/DFIA/EPCG authorisation holder is not a registered member of an Export Promotion Council, he may produce such certificate duly authenticated by a practicing Chartered Accountant who is registered with the GST Department (Centre/State/Union Territory) for payment of GST. This is also on the lines of similar facility available earlier. The Chartered Accountant will mention his GSTIN and other registration details in the certificate on the lines stipulated earlier.
5. The other provisions of the said Circular, as amended from time to time, remain unchanged. A suitable Trade Notice and Standing Order may be issued for the guidance of the trade and staff. Difficulties faced, if any, in implementation of the Circular may be brought to the notice of the Board at an early date.
6. Receipt of the Circular may kindly be acknowledged.

(Ravi Kant)
OSD (Drawback)
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