

F.No.603/18/2018-DBK

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

New Delhi, the 13th August, 2019

To

All Principal Chief Commissioners/Chief Commissioners
of Customs/Customs (Preventive)/Customs & Central Tax

All Principal Directors General/Directors General under CBIC

Madam/Sir,

Subject: - Recovery of export benefits given under Incentive and Reward Schemes under Chapter 3 of FTP on re-import of exported goods.

Attention is invited to Notifications No.94/1996-Cus dated 16.12.1996, No.45/2017-Cus, No.46/2017-Cus and No.47/2017-Cus all dated 30.06.2017 regarding re-import of goods exported from India. In this connection, issue regarding recovery of export benefits given under incentive and reward schemes under Chapter 3 of Foreign Trade Policy (FTP) on re-import of exported goods has been highlighted by C&AG of India. In its observations, Audit has inter-alia pointed out that there was no provision in the Customs notification to recover the duty credit given under reward and incentive schemes under Chapter 3 of FTP at the time of re-import of such goods on which such benefit has been availed at the time of export.

2. The issue was examined in consultation with Directorate General of Foreign Trade (DGFT), which administers the reward schemes under Chapter 3 of FTP. DGFT has informed that RBI Master Direction on exports and imports issued vide F.No. RBI/2006-2007/313 A.P.(DIR Series) Circular No.37 dated 05 April, 2007 already has a provision regarding refund of incentives taken from DGFT for such re-imports. DGFT has also informed that as per para 3.24 of Handbook of Procedures issued under FTP 2015-20, a procedure for obtaining 'no-incentive certificate' from Regional Authority (RA) of DGFT has been prescribed for such cases of re-import.

3. Thus it is incumbent upon the importer to provide a no incentive certificate from RA of DGFT at the time of re-import of exported goods. Accordingly, it is reiterated that before allowing clearance in cases of re-import of exported goods, a 'no-incentive certificate' from the respective RA of DGFT shall be ensured by Customs field formations.

4. Further, field formations should review past cases of re-import of exported goods and take necessary action for recovery of inadmissible duty credit, if any, in coordination with DGFT authorities. A compliance report may please be sent to Drawback Division by 30.09.2019.

5. These instructions may be brought to the notice of all concerned by issuing suitable Standing Order and Trade Notice. Difficulties faced, if any, in implementation may please be brought to the notice of the Board.

Yours faithfully

(Shyam Lal)
Technical Officer (Drawback)