

C. ANNUAL ADVANCE LICENCE :

GENERAL EXEMPTION NO. 18

Exemption to goods when imported against an Advance Licence for Annual Requirement:

[Notfn. No. 94/04-Cus. dt. 10.9.2004 as amended by 46/05,77/05, 97/05, 43/06, 88/06, 63/07, 116/07, 70/08, 86/08, 16/09, 19/09, 22/09, 123/09, 93/10, 37/12, 40/12, 50/12, 4/13, 20/13, 46/13, 26/17]

In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts materials imported into India, against an **Advance Licence for Annual Requirement or Advance Authorisation for Annual Requirement** (hereinafter referred to as the said licence) with **actual user condition** in terms of Paragraph 4.1.10 of the Foreign Trade Policy from the **whole of the duty of customs leviable** thereon which is specified in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) and from the **whole of the additional duty**, leviable thereon under sub-sections (1), (3) and (5) of section 3 of the said Customs Tariff Act, subject to the following conditions namely,-

(1) that the said licence or authorisation shall be issued to a manufacturer exporter or merchant exporter by the Licensing Authority or Regional Authority;

(2) that the said licence or authorisation is issued for an export product group, specifying the Cost Insurance Freight Value of import permitted against it and the Free on Board Value of export obligation to be achieved. The said licence or authorisation shall be valid for import of any input required for the manufacture of export product, which is covered under the said export product group specified in the Hand Book of Procedure (Volume II) of Foreign Trade Policy;

Provided that the authorizations issued on the basis of self declaration where Standard Input Output Norms are not fixed, shall also be valid for import of inputs required for the manufacture of export products provided the authorization holder shall prove to the satisfaction of the jurisdictional Assistant Commissioner of Customs or Deputy Commissioner of Customs, as the case may be, that an application in Aayat Niryat form along with documents specified therein has been submitted to the Director General of Foreign Trade, in terms of para 4.7 of the Hand Book of Procedure (Volume I) of Foreign Trade Policy before making the first shipment:

Provided further that in respect of the inputs specified in paragraph 4.24A(a)(i) of the Hand Book of Procedure (Volume I) of Foreign Trade Policy, the material permitted in the said authorization shall be of the same quality, technical characteristics and specifications as the materials used in the export of the resultant product:

Provided also that the exporter shall give declaration with regard to the technical characteristics, quality and specifications of materials used in the export of resultant product, in the shipping bill;

(3) that where the import takes place after fulfillment of export obligation, the shipping bill number and date and quantity and free on board (FOB) value of the resultant product are endorsed on the said authorisation;

Provided that in respect of the inputs specified in Paragraph 4.24A (b) of the Handbook of Procedures Vol. I of the Foreign Trade Policy, the materials permitted in the said authorisation shall be of the same quality, technical characteristics and specifications as the materials used in the export of resultant products:

Provided further that the exporter shall give declaration, with regard to the technical characteristics, quality and specifications of materials used in the export of resultant products, in the shipping bill;

(4) that the importer at the time of clearance of the imported materials executes a bond with such surety or security and in such form and for such sum as may be specified by the Deputy Commissioner or Assistant Commissioner of Customs, binding himself to pay on demand an amount equal to the duty leviable, but for the exemption, on the imported materials in respect of which the conditions specified in this notification have not been complied with, together with interest at the rate of fifteen per cent per annum from the date of clearance of the said materials:

Provided that the bond shall not be necessary in respect of imports made after the discharge of export obligation in full;

(5) that the said licence or authorisation is produced before the proper officer of customs at the time of clearance for debit the quantity and value of imports;

(6) that the imports and exports undertaken through seaports at Mumbai, Kolkata, Cochin, Magdalla, Kakinada, Kandla Mangalore, Marmagoa, Chennai, Nhava Sheva, Paradeep, Pipavav, Sikka, Tuticorin, Visakhapatnam, Dahej, Mundhra, Nagapattinam, Okha, Bedi (including Rozi-Jamnagar), Muldwarka, Porbander, Dharamtar, Vadimar and Haldia (Halida Dock Complex of Kolkata Port), Krishnapatnam and Ennore (Tamil Nadu), Karaikal (Union territory of Puducherry) and Kattupalli (Tamil Nadu) or through any of the airports at Ahmedabad, Bangalore, Bhubaneswar, Mumbai, Kolkata, Coimbatore, Delhi, Hyderabad, Jaipur, Chennai, Srinagar, Trivandrum, Varanasi, Nagpur, Cochin, Rajasansi (Amritsar), Lucknow (Amausi) Indore and Dabolim (Goa) and Visakhapatnam or through any of the Inland Container Depots at Agra, Bangalore, Coimbatore, Delhi, Faridabad, Gauhati, Guntur, Hyderabad, Jaipur, Jalandhar, Kanpur, Ludhiana, Moradabad, Nagpur, Pimpri (Pune), Pitampur (Indore), Surat, Tirupur, Varanasi, Nasik, Rudrapur (Nainital), Dighi (Pune), Vadodara, Daulatabad (Wanjarwadi and Maliwada), Waluj (Aurangabad), Talegoan (District Pune), Dhannad Rau (District Indore), Kheda (Pithampur, District Dhar), Patli (Gurgaon), Irugur Village (Tamil Nadu), Thudiyalur (Tamil Nadu), Chettipalayam (Tamil Nadu) and Veerapandi (Tamil Nadu) Marrisalem Village in Taluk of Edlapadu, District Guntur and Tondiarpet (TNPM), Chennai and Irungattukottai, SIPCOT Industrial Park, Kattrambakkam Village, Sriperumbudur Taluk, Kanchipuram District, Tamil Nadu, Anaparthi (Andhra Pradesh), Salem, Malanpur, Singanalur, Jodhpur, Kota, Udaipur, Ahmedabad, Bhiwadi, Madurai, Bhilwara, Pondicherry, Garhi Harsaru, Bhatinda, Dappar (Dera Bassi), Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur, Dadri, Tuticorin, Kundli, Bhadohi, Raipur, Mandideep (District Raisen), Durgapur (Export Promotion Industrial Park), Babarpur and Loni (District Gaziabad) or through the Land Customs Station at Ranaghat, Singhabad, Raxaul, Jogbani, Nautanva (Sonauli), Petrapole, Mahadipur, Nepalganj Road, Dawki, Agartala, Sutarkhandi, Amritsar Rail Cargo, Attari Road, Hilli, Ghojadanga and Changrabandha or Special Economic Zone as specified in the notification issued under section 76A of the Customs Act, 1962 (52 of 1962) :

Provided that the Commissioner of Customs may, by special order or a public notice and subject to such conditions as may be specified by him, permit import and export through any other sea port, airport, or Inland Container Depot or through a land customs station;

(7) that sourcing of the imported materials from Private Bonded Warehouses set up under paragraph 2.28 of the Foreign Trade Policy would be allowed;

(8) that the export obligation is discharged within the period as specified in the said licence or authorisation or within such extended period as may be granted by the Licensing Authority by exporting resultant products manufactured in India and in respect of which facility under rule 18 or sub-rule (2) of rule 19 of the Central Excise Rules, 2002 has not been availed;

Provided that an Annual Advance Intermediate Licence holder shall discharge export obligation by supplying the resultant product to the ultimate exporter in terms of Para 4.1.3 of the Foreign Trade Policy;

(9) that the importer produces evidence of discharge of export obligation to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, within a period of 30 days of the expiry of period allowed for fulfilment of export obligation, or within such extended period as the said Deputy Commissioner of Customs or Assistant Commissioner of Customs, may allow;

(10) that the exempt materials shall not be disposed of or utilised in any manner except for utilization in discharge of export obligation or for replenishment of such materials and the materials so replenished shall not be sold or transferred to any other person;

Provided further that where the Bond filed under condition (4) against the said licence or authorisation has been redeemed by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, the unutilised material may be transferred to any other manufacturer except to the unit availing the benefit of notifications, 49/03-CE and 50/03-CE both dated 10.6.03, 32/99-CE dated 8.7.1999, 33/99-CE dated 8.7.1999, 8/04-CE dated 21.1.2004, 20/07-CE dated 25.4.2007, 56/02-CE dated 14.11.2002, 57/02-CE dated 14.11.2002, 71/03-CE dated 9.9.2003, 56/03-CE dated 25.6.2003, 39/01-CE, dated 31.7.2001 for processing under actual user condition after complying the central excise procedure or the goods and services tax procedure relating to job work, as the case may be.

(11) that in relation to the said license or authorisation issued to a manufacturer exporter or merchant exporter,-

(a) the name and address of the supporting manufacturer is specified in the said licence or authorisation and the said certificate and the bond required to be executed by the importer in terms of condition (4) shall be executed jointly by the Merchant Exporter and the supporting manufacturer binding themselves jointly and severally to comply with the conditions specified in this notification; and

(b) exempt materials are utilised in the factory of such supporting manufacturer in terms of condition (10).

Notwithstanding anything contained in the notification, the actual user condition specified in condition numbers (8) and (10) shall not be applicable in respect of authorisation issued for import of raw sugar for imports made from 17th February, 2009 till 30th September, 2009 and the export obligation may also be fulfilled by procuring white sugar from any other factory with effect from the 17th February, 2009.

3. In a case of default in export obligation, when the duty on goods is paid to regularise the default, the amount of interest paid by the importer shall not exceed the amount of duty if such regularisation has been dealt in terms of Public Notice of the Government of India in the Ministry of Commerce No. 22 (RE-2013)/2009-2014 dated the 12th August, 2013.

Explanation.- For the purposes of this notification,-

(i) "Foreign Trade Policy" means the Foreign Trade Policy 2004-2009, published vide notification of the Government of India in the Ministry of Commerce and Industry, No. 1/2004, dated the 31st August, 2004 as amended from time to time;

(ii) “Licensing Authority or Regional Authority” means the Director General of Foreign Trade appointed under section 6 of the Foreign Trade (Development and Regulation) Act, 1992 (22 of 1992) or an officer authorized by him to grant a licence under the said Act;

(iii) “Materials” means –

(a) raw materials, components, intermediates, consumables, catalysts, computer software and parts which are required for manufacture of resultant product;

(b) mandatory spares within a value limit of 10 percent of the value of the licence which are required to be exported alongwith the resultant product;

(c) packaging materials required for packing of resultant product.

(iv) “manufacture” has the same meaning as assigned to it in paragraph 9.37 of the Foreign Trade Policy.

