

GENERAL EXEMPTION NO. 4

Exemption to materials imported against a Special Advance Licence with actual user condition-
 [Notifn. No.77/98-Cus. dt. 16.10.1998 as amended by Notifn. Nos. 51/99, 121/99, 120/00, 30/01, 122/01, 113/02, 125/02, 84/03,97/03, 63/04, 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 a **Special Advance Licence with Actual User Condition** in terms of para 7.4 of the Export and Import Policy 1997-2002 notified by the Government of India in the Ministry of Commerce vide Public Notice No.41 (RE-98)/1997-2002, dated the 16th September, 1998 (hereinafter referred to as the said licence), 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:-

- (i) that the materials imported are covered by the said licence and an Actual User Duty Exemption Entitlement Certificate (hereinafter referred to as the said certificate), issued by the Licensing Authority in the form specified in the Schedule annexed to this notification, in respect of quantity and description;

Provided that the value and details of the technical specifications of the materials shall be submitted by the importer to the Assistant Commissioner of Customs or Deputy Commissioner of Customs having jurisdiction in the Bill of Entry and Part 'D' of the said certificate at the time of clearance;

- (ii) that materials imported are required in export of the resultant electronic products made of the materials and the import of the materials is made prior to the export;
- (iii) that the resultant electronic products shall be manufactured only out of the materials imported under this notification.
- (iv) 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 Assistant Commissioner of Customs or Deputy Commissioner of Customs having jurisdiction 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;
(As per Sec.120(1) of Finance Act, 2003 the rate of fifteen% is applicable w.e.f. 16.10.1998)
- (v) that the said licence and part 'I' of the said certificate are produced before the proper officer of customs at the time of clearance for debit;
- (vi) that the importer shall maintain the record of imported materials and the export products in the format as specified in the Annexure to this notification;
- (vii) the Designated Officer of the Department of Electronics (hereinafter referred to as the said officer) verifies the relevance/useability of the imported materials in the export product as well as the quantity of such materials required for the manufacture of such export product. The said officer shall also verify the actual utilisation of the imported materials in the export product as well as the wastage in respect of export product in terms of the standard input output norms as specified in Volume-II of the Hand Book of Procedure of the Export and Import Policy 1997-2002 (hereinafter referred to as the Hand Book);

Provided that where such standard input output norms are not specified in the Hand Book for an export product, the said officer shall determine and verify the relevance/useability of the imported materials as well as the quantity of such materials required for the manufacture of such export product. The said officer shall also verify the actual utilisation of the imported materials in such export product as well as the wastage as is determined by him to be reasonable.

- (viii) that the imports and exports are undertaken through the sea ports at Mumbai, Calcutta, Cochin, Magdalla, Kakinada, Kandla, Mangalore, Marmagoa, Madras, Nhava Sheva, Paradeep, Pipavay, Sikka, Tuticorin, Visakhapatnam, Dahej, Nagapattinam, Okha, Mundra, Jamnagar and Muldwarka or through any of the airports at Ahmedabad, Bangalore, Bhubaneshwar, Mumbai, Calcutta, Coimbatore, Delhi, Hyderabad, Jaipur, Madras, Srinagar, Trivandrum, Varanasi, Nagpur and cochin 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 and Varanasi. Nasik, Rudrapur (Nainital), Dighi (Pune), Vadodra, Daulatabad (Wanjarwadi and Maliwada), Waluj (Aurangabad), Anaparthi (Andhra Pradesh), Salem, Malanpur, Singanalur, Jodhpur, Kota, Udaipur, Ahmedabad, Bhiwadi, Madurai, Bhilwada, Pondicherry, Garhi Harsaru, Bhatinda, Dappar (Dera Bassi), Chheharata (Amritsar), Karur, Miraj, Rewari, Bhusawal, Jamshedpur, Surajpur and Dadri or through the Land Customs Station at Ranaghat, Singhabad, Raxaul, Jogbani, Nautanva (Sonauli), Petrapole and Mahadipur.

Provided that the Commissioner of Customs, may by Special Order and subject to such conditions as may be specified by him, permit import and export through any other Seaport, Airport, or Inland Container Depot or through the Land Customs Station.

- (ix) that the sourcing of the imported materials from private bonded warehouses set up under para 5.15 of the Export and Import Policy 1997-2002 would be allowed;
- (x) that the export obligation is discharged within the period specified in the said certificate or within such extended period as may be granted by the Licensing Authority by exporting resultant products manufactured in India which are specified in Part 'E' of the said certificate (hereinafter referred to as resultant products);
- (xi) that the importer produces certificate from the said officer to the effect that the imported materials have been actually utilised in the manufacture of resultant products and the said certificate is produced as evidence of discharge of export obligation to the Assistant commissioner of Customs or Deputy Commissioner of Customs having jurisdiction within a period of thirty days of the expiry of period allowed for fulfilment of export obligation, or within such extended period as the said Assistant commissioner of Customs or Deputy Commissioner of Customs may allow:
- (xii) that the imported materials shall not be disposed of or utilised in any manner except for utilisation in discharge of export obligation;

Provided that disposal of waste shall be allowed upto the limits specified in the standard input-output norms mentioned in the said Hand Book without payment of customs duty:

Provided further that disposal of waste arising in respect of resultant product not mentioned in the standard input output norms in the said Hand Book shall be allowed without payment of Customs duty subject to verification by the said officer.

Provided also that imported materials which remain unutilised after the expiry of the export obligation period, shall be liable to customs duty but for the exemption contained in this notification, together with interest at the rate of twenty four per cent per annum from the date of clearance of the materials-

(xiii) that the importer is registered with both the Central Excise Officer deputed for this purpose and the Electronics and software export promotion council.

2. 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 - In this notification,-

- (i) "Licencing 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 authorised by him to grant a licence under the said Act;
- (ii) "materials " means -
 - (a) raw materials, components, intermediates, consumables, computer software and parts required for manufacture of resultant product specified in Part 'E' of the said certificate.
 - (b) mandatory spares within a value limit of ten per cent of the value of said licence which are required to be exported alongwith the resultant product; and
 - (c) packaging materials required for packing of resultant product.

**THE SCHEDULE
ACTUAL USER DUTY EXEMPTION ENTITLEMENT CERTIFICATE
PART-I
(IMPORT)**

(This consists of pages)

Sl.No. (IMP)

Date of Issue

Port of Registration

Issued to

..... (Name and full address
..... of the Licencee)

Materials imported against Licence No..... dated issued by to the above licencee and covered by the list of materials specified in list (a) of Part 'C' of this certificate would be eligible for exemption from customs duties subject to the conditions specified in the notification of the Government of India, Ministry of Finance, Department of Revenue No..... Customs, dated the 1998.

The importer shall discharge the export obligation in terms of the said notification within months from the date of issue of licence.

A Bond with surety/security in terms of the said notification, shall be executed before clearance of the goods from the Customs.

Signature
Seal of Licensing Authority
Date

PART - A

Names and addresses of the factories where the resultant products for export are manufactured.

PART - B

Names and addresses of factories where the ancillaries to the resultant products for export are manufactured.

PART - C**List of materials of import**

(a) Materials to be imported under this certificate

Sl.No.	Description of item of import	Quantity	Sr. No. of the resultant product in part E
1	2	3	4

(b) Other imported materials to be used in export product.

Sl. No.	Description	Quantity
1	2	3

PART - D**Particulars of import of materials**

Sl.No.	Sl.No. of the materials in Part -C	Bill of Entry No. date and Customs House of import	Description and technical specifications	Quantity and net weight
1	2	3	4	5

CIF	Value	Duty leviable but for exemption	Rate of	Amount	Signature of
		Heading No. of the first Schedule to the Customs Tariff Act, 1975 and Heading no. in the Schedule to the Central Excise Tariff Act, 1985 for levy of Additional duty.	Duty	of duty	Customs Officer with Name, Designation, and Seal.
6	7		8	9	10

(Part E and F figure in the Export Part of this DEEC)

PART - G

Duties paid on materials in respect of which the conditions of said notification are not complied with

Sl. No.	Sl.No. in Part D under which the import of the materials has been entered	Description, Quantity and value of materials on which duty paid.	Rate of Duty leviable (i) Basic (ii) Additional (iii) Others
1	2	3	4

Amount of (i) Duty (ii) Interest	Particulars of duty paying documents	Signature of the Customs Officer
5	6	7

ACTUAL USER DUTY EXEMPTION ENTITLEMENT CERTIFICATE

**PART - 2
(EXPORT)**

(This consists of pages)

Sl.No. (EXP) Date of Issue

Port of Registration

Issued to

..... (Name and full address

..... of the Licencee)

Materials imported against Licence No..... dated is-
sued by to the above licence and covered by the list of materials specified in list (a) of
Part 'C' of this certificate would be eligible for exemption from customs duties subject to the conditions
specified in the notification of the Government of India, Ministry of Finance, Department of Revenue
No..... Customs, dated the 1998.

The licensee shall discharge the export obligation in terms of the said notification within
..... months from the date of the issue of licence.

A Bond with security/surety in terms of the said notification, shall be executed before clearance of
the goods from the Customs.

Signature
Seal of Licensing authority
Date

PART - A

Names and addresses of the factories where the resultant products for export are manufactured.

PART - B

**Names and addresses of factories where the ancillaries to the resultant products for export are manu-
factured.**

(Part C and D figure in the Imports part of this DEEC)

**PART - E
Resultant products**

Sl.No.	Description	Quantity	Sr. No. of the materials in part C.
1	2	3	4

PART - F
Particulars of exports

Sl.No.	Sl.No. of the resultant product in Part E	Name of the Customs House of Shipment	Shipping Bill No. and date	Name of the Vessel and outward entry of the Vessel
1	2	3	4	5

Quantity	Net weight of the product	Description and technical specification as per the Shipping Bill	FOB Value in Rs./US\$	Signature of Customs Officer with name, designation and Seal and Remarks, if any
6	7	8	9	10

PART - H

Statement of imports and exports made

Details of imports Made :

S.No.	S.No. of Part C	Description	Quantity Imported	CIF value in Rs./ in equivalent US\$
1	2	3	4	5

Details of Exports made :

S.No.	S.No. in Part E	Description	Quantity exported	FOB value in Rs./ in equivalent US\$
1	2	3	4	5

1. I/we hereby declare that information given in this statement is correct.
2. I/We hereby declare that no benefit under *rule 18 or rule 19 of the Central Excise (No.2) Rules, 2001 has been availed in respect of exports made under this DEEC.

Signature

Name of the signatory

Desingation

Full address

Certificate of Chartered Accountant/Cost Accountant

I have examined the applicant firm's actual imports and exports as given above and find them as correct.

Signature

Seal

Membership No.

Certificte of the said officer (Designated Officer of the Department of Electronics)

I have verified the relevance/useability of the imported materials in the export product as well as the quantity required as given above and certify that the imported materials have been utilised in the export product given in part F of the said certificate (Duty Exemption Entitlement Certificate).

Signature

Name and designation & seal

*Corrigendum vide F.No.605/187/2001-DBK dt.22.10.2001.

ANNEXURE

ACCOUNT OF MATERIALS IMPORTED FOR USE IN THE MANUFACTURE OF EXPORT PRODUCTS/RESULTANT PRODUCTS

Sl.No.	Date	Description of imported materials received	Quantity received	Particulars of GP 1/AR 1/Other approved documents, Bill of Entry No. and date.	Name and Address of the manufacturer/importer/ stockyard/Private Bonded Ware-received from whom the imported materials received.
1	2	3	4	5	6

Range and Division/Custom House from whose jurisdiction the imported materials received	Issued for use in or in relation to the manufacture of export product/resultant product.		Description of the export product/ resultant product.
	Chit No. and Date	Quantity	
7	8	9	10

Name of the Custom House of export	Shipping Bill No. and date	Re-export of defective imported materials, if any on payment of duty		Balance Quantity in stock
		Shipping Bill No. and Date	Quantity	
11	12	13	14	15

Central Excise Officer's Initials	Remarks
16	17

