

F. No. 609/76/2017-DBK  
Government of India  
Ministry of Finance, Department of Revenue  
Central Board of Excise & Customs

New Delhi, dated 22<sup>nd</sup> September, 2017

To  
Principal Chief Commissioners / Principal Directors General,  
Chief Commissioners / Directors General,  
Principal Commissioners/Commissioners,  
all under CBEC

Subject: The Customs and Central Excise Duties Drawback Rules, 2017 and All Industry Rates (AIRs) of Drawback related changes -reg.

Madam/Sir,

The Central Government has notified the Customs and Central Excise Duties Drawback Rules, 2017 (hereinafter referred to as Drawback Rules 2017) vide Notification No. 88/2017-Customs (N.T.) dated 21.9.2017 to replace the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. These Rules takes effect from 1.10.2017. The Central Government has also revised All Industry Rates (AIRs) of Drawback vide Notification No. 89/2017-Customs (N.T.) dated 21.9.2017 which comes into force on 1.10.2017. The notifications may be downloaded from Board's website and carefully perused for details. Some of the important changes in the Rules and AIR Schedule notification are highlighted below -

- (a) Definition of Drawback has been amended to provide for drawback of Customs and Central Excise duties excluding integrated tax leviable under sub-section (7) and compensation cess leviable under sub-section (9) respectively of section 3 of the Customs Tariff Act, 1975 chargeable on any imported materials or excisable materials used in the manufacture of goods exported;
- (b) References to input services and Service Tax have been omitted;
- (c) As drawback is limited to incidence of duties of Customs on inputs used and remnant Central Excise Duty on specified petroleum products used for generation of captive power for manufacture or processing of export goods, only general AIRs under column (4) with caps under column (5) have been provided in the Schedule. For claiming these general AIRs, the relevant tariff item have to be suffixed with suffix 'B' e.g. for export of goods covered under tariff item 640609, the drawback serial no. should be declared as 640609B;
- (d) The Composite rates of Drawback are being discontinued w.e.f. 1.10.2017. Hence, the composite rates and Notes and Conditions pertaining to CENVAT credit, rebate of Central Excise duty, etc. stand omitted. Thus, the declaration required to be given by an exporter for claiming composite rate of drawback w.e.f. 1.7.2017 as per Circular no. 32/2017-Customs dated 27.7.2017 is no longer required w.e.f. 1.10.2017;
- (e) In case of AIR claim against tariff item numbers 711301, 711302 and 711401, the requirement of declaration by exporter as per Circular no. 30/2016-Customs dated 24.6.2016 is no longer required w.e.f. 1.10.2017;
- (f) The notification also specifies the alternative AIRs on garment exports (items covered under Chapter 61 and 62) made against the Special Advance Authorization (para 4.04A of FTP 2015-20) in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13.8.2016. These AIRs are provided in 'Table' in the said notification. For claiming these alternative AIRs, the relevant tariff item has to be suffixed with suffix 'D' instead of the usual suffix 'B';

- (g) Para 3 of the Notification no. 89/2017-Customs (N.T.) dated 21.9.2017 specifies the amount for payment as provisional drawback by proper officer of Customs in terms of sub-rule (3) of Rule 7 of the Drawback Rules, 2017. This is equivalent to the AIR corresponding to the export goods, if applicable, and subject to the same conditions as applicable to a claim for that component. The amount paid as provisional drawback under the above dispensation shall be taken into account by the Customs to authorize further provisional drawback, where necessary;
- (h) For fixation of Brand Rate, Circular no. 23/2017-Customs dated 30.6.2017 may be referred. The brand rate facilitation would continue and there should be no delay by Customs formations in finalizing applications for fixation of brand rate;
- (i) Where in respect of export product, NIL rate or no rate of drawback is provided in AIR Schedule, an application for fixation of Brand Rate under Rule 7 of the Drawback Rules, 2017 shall not be admissible. In such situation, application for fixation of Brand Rate may be filed under Rule 6 of the Drawback Rules, 2017;
- (j) In terms of Rule 20 of the Drawback Rules, 2017, brand rates of drawback already fixed will not apply for exports with Let export date 1.10.2017 onwards. Thus, exporters will be required to apply fresh for fixation of Brand Rate under Rule 6 or Rule 7 for such exports.

2. The Commissioners are expected to ensure due diligence to prevent any misuse. The shipping bills with parameters considered to be sensitive should be handled with adequate care at the time of export.

3. There is also need for continued scrutiny for preventing any excess drawback arising from mismatch of declarations made in the Item Details and the Drawback Details in a shipping bill.

4. With trade facilitation in view, tenure of the Drawback Committee constituted by the Central Government has been extended to 31.12.2017 to expeditiously look into issues arising from the changes made. Accordingly, exporters may immediately come forward with representations with supporting data and documents, if any, for higher rates than rates provided.

5. Suitable public notice and standing order should be issued for guidance of the trade and officers. Any inconsistency, error or difficulty faced should be intimated to the Board. The Commissioners may also inform, with appropriate data, the details of specific products where drawback cap needs to be imposed.

Yours faithfully,

(Dinesh Kumar Gupta)  
Director (Drawback)  
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