



EEPC INDIA



Notification No. 108-CE dated 28.8.1995, as amended. The matter has been considered in consultation with all the concerned departments.

3. It is, accordingly clarified that (i) supply of goods made to projects financed by agencies/funds notified by the Department of Economic Affairs and covered under Appendix 33 of Handbook of Procedures would continue to be eligible for deemed export benefits covered under para 8.3 (a) & (b), viz., (a) advance licence for deemed exports, and/or (b) deemed export drawback, as the case may be. Such supplies would, however, not be eligible for exemption from payment of Excise Duty as the agencies/funds are not covered under Excise Notification No. 108/95 dated 28.8.1995, and (ii) In so far as refund of terminal Excise Duty is concerned, it is clarified that as a general rule such refund is available only in those cases where no CVD is payable on import. Refund of Excise Duty would, therefore, be available if both conditions are fulfilled, namely, supplies are made to projects financed by agencies/funds which are covered under Appendix 33 of Handbook of Procedures and Additional Custom Duty (CVD) is zero on import of such goods. Other conditions/requirements for availing of deemed export benefits in the category referred to above remain the same and continue to be applicable.

This issues with the approval of Director General of Foreign Trade.

Sd/-

(P. K. SANTRA)

Dy. Director General of Foreign Trade
For Director General of Foreign Trade

**F. No.605/11/2004-DBK
Government of India
Ministry of Finance
Department of Revenue
New Delhi**

Circular No. 57/2004-Cus

Dated 21st October, 2004

Eligibility of DEPB benefit on exports in cases where the inputs have been procured under DEPB Scheme - reg.

Under the DEPB Scheme, the incidence of Customs Duty (basic) on the deemed import content of the export product is refunded to the exporters. The refund is provided by way of grant of duty credit against the export product. The credit is given at notified rates for import of raw materials, components, etc. The DEPB and/or the items imported against it are freely transferable.

2. In this connection, a doubt has been raised as to whether the benefit of DEPB would be available to the exports where the inputs used in the manufacture of the export product were imported on payment of duty through DEPB. The point raised is that since no Customs Duty has been paid on the inputs by way of cash, the exporter will not be entitled to DEPB on export goods utilizing such inputs.

3. The matter has been examined by the Ministry. It is noted that the DEPB Scheme is a post export duty remission scheme, which allows neutralization of deemed import duty charges on inputs

used in the export product. Under the Scheme, the exporter first uses duty paid inputs in the manufacture of the export product and after exports he gets the duty credit at the notified rates. Thus, instead of refund of duty in cash after exports, a scrip in the form of DEPB is issued against the export product as duty remission. The exporter is at liberty to utilize the scrip for import of raw materials, components etc. within the credit allowed in the DEPB or he may sell it to any other exporter.

4. In a case where the exporter sells the DEPB to another exporter, he gets cash of equivalent amount to pay Customs Duty on the import of raw materials and components. In this situation, he would be entitled to DEPB on his subsequent exports. Further, the exporter can sell the inputs imported against DEPB to another exporter for being used in export production. In this situation also, the latter exporter will be entitled to DEPB on his exports. Therefore, to deny the DEPB benefit to an exporter who has utilised the DEPB scrip for sourcing his own inputs is not appropriate. As such, the point raised that the benefit of DEPB should not be allowed in a situation where the Customs Duty has been paid on the inputs by way of debit in DEPB is devoid of merits.

5. It is, therefore, clarified that the benefit of DEPB Scheme should be allowed on exports even though the inputs used in the manufacture of the export product were cleared through DEPB route. The letter F.No.605/11/2004-DBK dated 12.4.2004 of OSD (Drawback) addressed to CC&CE, Indore stands withdrawn.

6. A suitable Public Notice and Standing Order may be issued for the guidance of the trade and customs field formations.

Sd/-

(P. K. MOHANTY)

Joint Secretary (DBK)

**F. No. 450/108/2004-CUS-IV
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
New Delhi**

Circular No. 56/2004-Cus

Dated 18th October, 2004

Clearance of imported metal scraps - Procedure regarding.

I am directed to say that till date following Circulars/instructions have been issued relating to the procedure for clearance of **imported metal scrap**, namely :-

- (i) 43/95-Cus. dated 26.4.1995
- (ii) 46/97-Cus. dated 6.10.1997
- (iii) Chairman's letter D.O.F. No. L-6390/CH(EC)/2004 dated 11.10.2004

2. The whole issue has since been reviewed in the background of the recent explosion at the premises of a scrap importer at Ghaziabad resulting in the death of ten persons. Consultations have been held with the concerned Ministries, namely Commerce & Industry,