

F. No. 609/46/2017-DBK
Government of India
Ministry of Finance, Department of Revenue
Central Board of Excise & Customs

New Delhi, dated 30th June, 2017

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

Subject: Amendments effective from 1.7.2017 to the All Industry Rates of Duty Drawback and other Drawback related changes.

Madam/Sir,

Your attention is invited to Notification numbers 58/2017-Cus (N.T.) & 59/2017-Cus (N.T.), both dated 29.6.2017, which are effective from 1.7.2017. These notifications relate to changes in the provisions of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 and All Industry Rates (AIR) of drawback stipulated earlier vide Notification no. 131/2016-Cus (N.T.) dated 31.10.2016 (as amended) respectively.

2. The salient features of changes introduced vide Notification no. 59/2017 dated 29.06.2017 are briefly given as follows:

(a) Transition period:

In order to ensure smooth transition to the GST regime, Government has allowed the extant Duty Drawback scheme to continue for a period of three months i.e. from 1.7.2017 to 30.9.2017. The exporter may, for exports made during this period, continue to claim the composite rates i.e. rates and caps given under columns (4) and (5) respectively of the Schedule of AIRs of duty drawback, subject to certain additional conditions. During the transition period, exporters can also claim Brand rate of duty/tax incidence as they have been doing earlier. The conditions imposed for claiming these composite rates aim to ensure that the exporters do not claim composite AIRs of duty drawback and simultaneously avail input tax credit of Central Goods and Services Tax (CGST) or Integrated Goods and Services Tax (IGST) on the export goods or on inputs and input services used in manufacture of export goods or claim refund of IGST paid on export goods. Further, an exporter claiming composite rate shall also be barred to carry forward Cenvat credit on the export goods or on inputs or input services used in manufacture of export goods in terms of the CGST Act, 2017. The exporters have to give a declaration and certificates as prescribed in this Notification at the time of export. Similar checks shall apply while determining the Brand rate of drawback. While a transition period of three months has been allowed, the exporters shall have an option to claim only Customs portion of AIRs of duty drawback i.e. rates and caps given under column (6) and (7) respectively of the Schedule of AIRs of duty drawback and avail input tax credit of CGST or IGST or refund of IGST paid on exports.

(b) Changes in AIRs:

Based on prevailing prices of inputs and export goods, budgetary changes, representations received and keeping in mind need for removing anomalies, certain changes have been made in AIRs. These interalia include –

- i. Para (17) of Notes and Conditions of Notification no. 131/2016-Cus (N.T.) dated 31.10.2016 has been amended to include the word "melange" so that melange textile materials covered in chapters 54 and 55 are treated as dyed;
 - ii. Customs rates and caps have been increased for certain marine products covered under chapters 3, 15, 16 and 23;
 - iii. For better product differentiation, two new tariff lines have been introduced. These relate to leather under chapter 41 and pillows/cushions/quilts/pouffles filled with poly-fil under chapter 94;
 - iv. Caps have been enhanced for several textile items covered under chapters 52, 54, 55 and 56;
 - v. Rates and caps have been enhanced for made up fishing and sports nets of other man-made textile materials covered under chapters 56 and 95 respectively;
 - vi. "Leggings" have been classified under tariff item 611501 instead of 610304 and 610404; and
 - vii. Customs rates have been reduced for nickel and articles thereof covered under chapter 75.
3. Further, vide Notification no. 58/2017-Cus dated 29.6.2017, the work related to:
- (a) fixation of Brand rate of drawback has been transferred from Central Excise formations to Customs formations having jurisdiction over place of export. A separate circular is being issued to explain various related provisions, procedures, etc.
 - (b) supplementary claims of drawback are now to be dealt only by Customs formations. For this purpose, references to Central Excise formations wherever appearing have been omitted from the said Drawback Rules, 1995.

3.1 Some of the Customs formations are at present working under the jurisdiction of Commissioners of Central Excise. It may be noted that Central Excise officers have been designated as officers of Customs under the Customs Act, 1962. Accordingly, till the time jurisdictional Commissionerates of Customs, which will replace Central Excise Commissionerates hitherto performing Customs functions are notified and become functional, the jurisdictional Central Excise Commissionerates shall continue to discharge Customs functions as required under the Drawback Rules 1995.

4. It is requested that the changes effected vide aforesaid notifications be gone through carefully. Suitable public notice and standing order should be issued for guidance of the trade and officers.

5. Any inconsistency, error or difficulty faced should be intimated to the Board.

Yours faithfully,

(Nitish K. Sinha)
Joint Secretary to Government of India