

What's New

News Flash

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CBEC issues clarification on various operational issues of procurements made by the EOUs without payment of customs duty

The Central Board of Excise and Customs (CBEC) has issued circular no. 29/2017 dated 17 July, 2017, clarifying various operational issues on procurements made by Export Oriented Units (EOUs) without payment of customs duty. The clarifications are summarised below:

- **No separate continuity bond:** While Rule 5 of the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (the Rules) mention about submission of a continuity bond, since the EOUs have executed the B-17 bond, which is a general purpose running bond, the EOUs are not required to submit a separate continuity bond.
- **Period of estimated Quantity and value of goods:** The requirements of information about estimated quantity and value of goods to be imported are to be provided under Rule 5(1)(a) of the Rules for a period not exceeding one year. EOUs may submit the requirements for any shorter period than one year and later provide requirements for the subsequent period. EOUs can also amend/ modify/ add such information from time to time as per the requirement of import of goods.
- **Procurement certificates:** EOUs have an option till 31 July, 2017 to import goods without payment of customs duty by issuing procurement certificates instead of following the procedure as prescribed under Rule 5 of the Rules.
- **EOU to EOU transfers:** The inter unit transfer from one EOU to another would be on an invoice, charging applicable GST, but no customs duty would be charged. The supplier unit would endorse on the invoice, the amount of custom duty availed as exemption. The recipient unit would be responsible to pay such basic customs duty when such goods or the finished goods made out of such goods are cleared in DTA. Circular no. 35/2016 – Custom dated 29 July, 2016 would stand amended to the extent that no procurement certificates would be required for inter unit transfer.

PwC comments

The above clarification would be helpful in resolving the industry's operational issues. The Government is considering the feedback given by the industry about procedural and documentation issues and taking all efforts to quickly resolve the practical issues faced by the industry and to bring an 'ease of doing business'.

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