

Circular No. 15/2014-Customs

F.No.605/144/2013-DBK
Government of India
Ministry of Finance, Department of Revenue
Central Board of Excise & Customs
Drawback Division

New Delhi, dated the 18th December, 2014

To
All Chief Commissioners of Customs / Customs (Prev)/ Central Excise & Customs,
All Directors General of CBEC / Chief Commissioner (AR), CESTAT,
All Commissioners of Customs/Customs (Prev)/Customs & Central Excise/Commissioners (Appeals)

Ma'am/Sir,

Subject: Norms for Execution of Bank Guarantee in respect of Advance License/Export Promotion Capital Goods (EPCG) Schemes – reg.

Reference of field formations is drawn to Circular No. 58/2004-Cus dated 21.10.2004 on the above subject as amended by Circular Nos.17/2009-Cus, 32/2009-Cus, 6/2011-Cus and 8/2013-Cus.

2. Presently, the para 3.2 of the Circular No. 58/2004-Customs prescribes that the bank guarantee (BG) exemption specified in para 3.1 of the Circular shall be admissible subject to certain conditions. One of the conditions (amongst others) for the admissibility of the Nil or 15% or 25% BG is in para 3.2(c) of the Circular. It prescribes that the license holder should not have been penalized during the previous three financial years in certain types of cases booked against him under statutes specified therein. If this condition is not satisfied, i.e. the license holder has been penalized, the exemption (Nil or 15% or 25%) from BG becomes inadmissible and 100% BG becomes applicable to the relevant category of importer specified in para 3.1 of the Circular.

3. It has been brought to notice of the Board that in the above situation the exemption from BG becomes inapplicable (i.e. trade facilitation gets affected) even if there is absence of risk to revenue.

4. In order to redress the above position, the Board has decided to add sub-para (d) below sub-para (c) in para 3.2 of Circular No. 58/2004-Customs (as amended) as follows -

“(d) Where the condition (c) above is not fulfilled, the jurisdictional Commissioner of Customs is satisfied, for reasons recorded in the file, that 100% BG is not justified on account of absence of risk to revenue.”

5. These instructions may be brought to the notice of the trade/exporters by issuing suitable Trade/ Public Notice. Officers may be suitably guided through Standing Orders. Difficulties faced, if any, in implementation may be brought to the notice of the Board at an early date.

Yours faithfully,

(Sanjay Kumar)
Under Secretary (DBK)
Tele: 23341480