

Circular No. 40/2013-Customs
F.No.605/32/2013-DBK

Government of India
Ministry of Finance, Department of Revenue
Central Board of Excise & Customs
Drawback Division

New Delhi, dated the 9th October, 2013

To

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

Ma'am/Sir,

**Subject: Option to close cases of default in Export Obligation (EO) -
Notification No. 46/2013-Customs dated 26.9.2013**

The Ministry has issued Notification No. 46/2013-Customs dated 26.9.2013 to amend 36 Customs notifications pertaining to Advance License/DEEC/ Advance Authorization/DFIA/ EPCG relating to the Policy periods from 1992-1997 to 2004-2009. This is to implement the Public Notice No. 22 (RE-2013)/2009-2014 dated 12.8.13 notified by DGFT that has provided a procedure, under category of regularization of *bona fide* defaults, in which all pending cases of the default in meeting EO may be regularized by the authorization holder on payment of applicable customs duty, corresponding to the shortfall in export obligation, along with interest on such customs duty, but the interest to be so paid, under this option, shall not exceed the amount of customs duty payable for the default. The authorization holder choosing to avail this procedure must complete the process of payment on or before 31.3.2014.

2. The amendments made by the Notification No. 46/2013-Customs provide that in a case of default in export obligation, when the duty on the goods is paid to regularize the default, the amount of interest paid by the importer shall not exceed the amount of duty if such regularization has been dealt in terms of said Public Notice of DGFT. No other change is involved.

3. It may be noted that the cases where export obligation period is yet to be over, are not covered under the Option. Also, normally no refund is envisaged to arise on account of choosing the Option. However, there may be cases of calculation mistakes to be dealt on merits. Also, the DGFT PN No. 22 (RE-2013)/2009-2014 dated 12.8.13 specifies that necessary procedures would be indicated separately.

4. The Commissioners are to ensure that the cases under the Option are monitored and tracked from the initial stages of exporter approaching for paying the duty, etc. so that there is efficient handling and the subsequent actions, for expeditious closure of these older cases of *bona fide* EO default, take place

seamlessly, if infringement of other conditions is not involved. Suitable mechanism for this should be put in place and closely supervised by the Commissioners.

5. Each Chief Commissioner of Customs / Customs (Prev) / Central Excise & Customs shall provide by 3rd of the succeeding month (beginning with report for October 2013 and ending with report for March 2014) a report to the office of Chief Commissioner of Customs Delhi Zone enabling Delhi Customs Zone to prepare and provide a Zone-wise, all-India monthly report to the Board by 5th of every month in the following format:

All-India report on Option to close cases of default in EO upto MM/YYYY

		Oct 2013				Nov 13	Dec 13	Jan 14	Feb 14	Mar 14	Total upto the month			
Sr	Zone Name	No. cases	Duty paid	Interest paid	Interest exempt						No. cases	Duty paid	Interest paid	Interest exempt
1														
2														
and so on														
Sum														

Note – Every report to contain the previous months' figures

6. This Circular may be brought to the notice of all concerned by way of issuance of standing order/instruction/trade notice. Difficulties faced, if any, may please immediately be brought to the notice of the Board.

Yours faithfully,

(Rajesh Kumar Agarwal)
OSD (Drawback)

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