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Circular: 21/2017-Cus. dated 30-Jun-2017

Drawback of Integrated Tax and Compensation Cess paid on imported goods — Re-export under Customs Section 74

Circular No. 21/2017-Cus., dated 30-6-2017

F.No. 609/54/2017-DBK

Government of India
Ministry of Finance (Department of Revenue)
Central Board of Excise & Customs, New Delhi

Subject : Drawback of Integrated Tax and Compensation Cess paid on imported goods upon re-export under Section 74 of the Customs Act, 1962

As you are aware, Section 74 of the Customs Act, 1962 provides for drawback of duties paid at time of importation when the imported goods are re-exported. Hitherto this drawback *inter alia* comprised refund of basic customs duty and additional duties under Section 3 of the Customs Tariff Act (CTA), 1975. In this regard, Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995 refer.

2. Under the GST regime, goods upon import shall be subject to integrated tax and compensation cess in terms of Sections 3(7) and 3(9) respectively of the CTA, 1975. Further, in terms of Section 3(12) of the CTA, 1975, the provisions of the Customs Act, 1962 and rules and regulations made thereunder relating *inter alia* to drawback shall apply to integrated tax and compensation cess also. Accordingly, drawback under Section 74 would include refund of integrated tax and compensation cess along with basic customs duty, etc.

3. In this regard, the definition of "drawback" under Rule 2(a) of the Re-export Rules, 1995 has been suitably amended to include refund of duty or tax or cess as referred in the CTA, 1975. Notification No. 57/2017-Customs (N.T.), dated 29-6-2017 may be referred in this regard.

4. In order to prevent dual benefit while sanctioning drawback under Section 74 of the Customs Act, 1962, it may be ensured that a certificate duly signed by the Central/State/UT GST officer, having jurisdiction over the exporter is obtained, that no credit of integrated tax/compensation cess paid on imported goods has been availed or no refund of such credit or integrated tax paid on re-exported goods has been claimed. All other extant instructions in respect of drawback claims under Section 74 remain unchanged.

5. Suitable Public Notice for information of the trade and Standing Order for guidance of the staff may kindly be issued. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

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