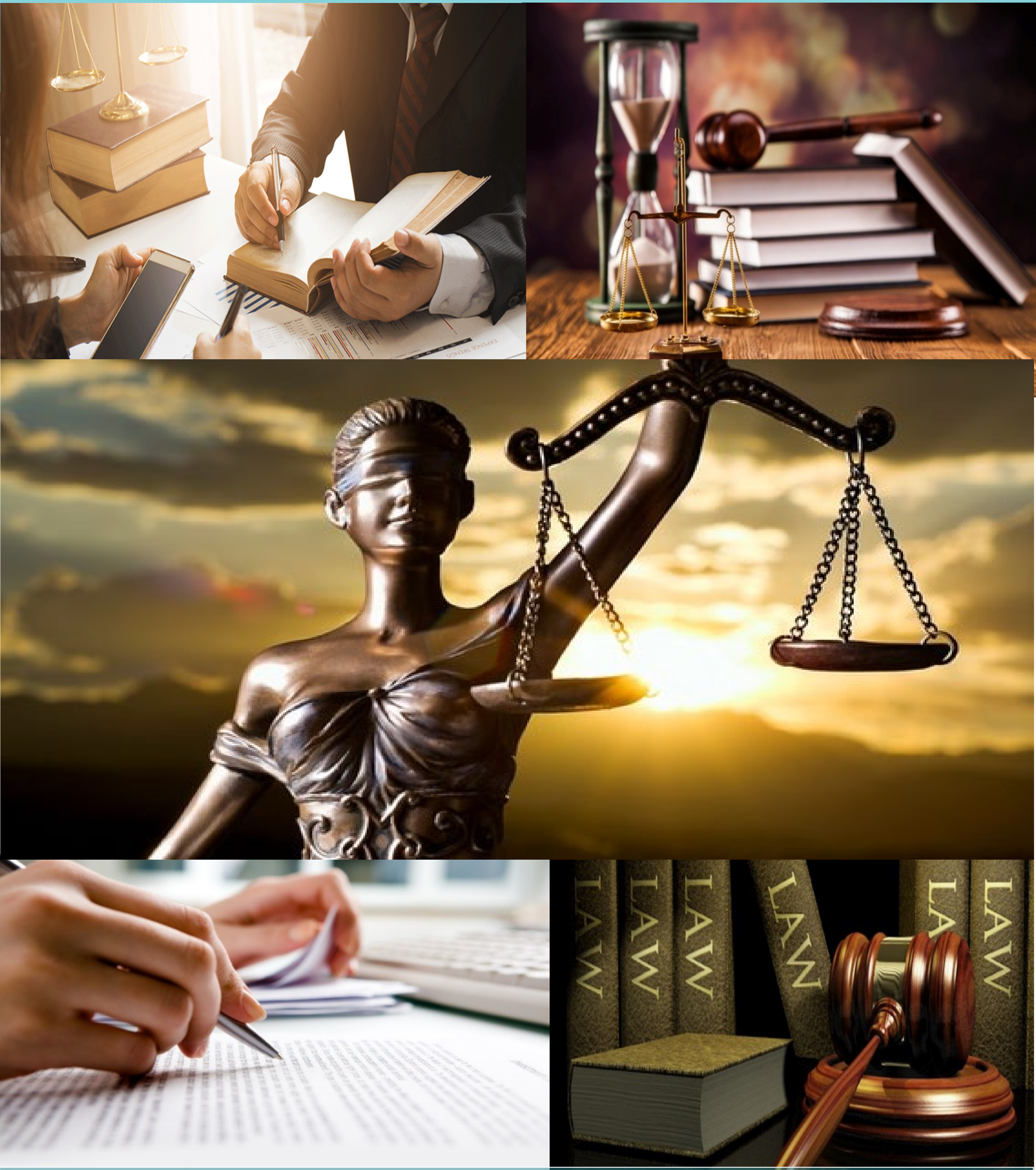

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Deemed exports eligible for All Industry Rate of Duty Drawback Schedule

November 28, 2019

Vide ***Notification No. 28/2015-2020 dated October 31, 2019*** effective from **December 5, 2017** the Government has allowed a supplier making deemed exports to claim duty drawback as per All Industry Rate ('AIR') Schedule. We have tabulated below the implications of this amendment during different periods:

<table>
<tr><th rowspan="2">Para No. of <u>FTP 2015-20</u></th><th colspan="2">Before amendment</th><th>After amendment</th></tr>
<tr><th><u>FTP 2015-20</u>
April 1, 2015 to December 4, 2017</th><th><u>FTP 2015-20</u>
December 5, 2017 onwards</th><th><u>FTP 2015-20</u>
December 5, 2017 onwards</th></tr>
<tr><td>7.03 (b) – Benefits</td><td>Deemed Export Drawback</td><td>Deemed Export Drawback for BCD</td><td>Deemed Export Drawback for BCD</td></tr>
<tr><td>7.06 – Conditions</td><td>Exporter eligible for following refund of deemed export drawback:

(a) Higher rate of drawback, where CENVAT credit / rebate not availed; or

(b) Brand rate of drawback for BCD

(If CENVAT credit / rebate availed, then exporter cannot claim lower rate of duty drawback)</td><td>Exporter eligible for Brand rate of duty drawback for BCD</td><td>Exporter eligible for following refund of duty drawback:

(a) Lower rate of drawback as per AIR Schedule; or

(b) Brand rate of drawback for BCD</td></tr>
</table>

<u>Note</u>: Higher rate of drawback compensated both BCD and Cenvatable duties (like Excise duty, Service tax etc.) whereas lower rate of duty drawback compensated only BCD. Post introduction of GST, higher rate of drawback is done away with and only lower rate was retained. The same is summarized as under:

Higher rate – Rate as per Column 'A' of AIR Schedule (without CENVAT facility)
Lower rate – Rate as per Column 'B' of AIR Schedule (with CENVAT facility)
Brand rate – Actual incidence of BCD

<u>NITYA's Comments</u>:

- *Prior to this amendment, a supplier making deemed exports could claim drawback only on brand rate basis. Considering the complexity involved in taking this benefit, most of the exporters did not claim the same. The Government has now amended Chapter 7 of FTP 2015-20 and providing an additional option to claim lower rate of drawback as per AIR Schedule. This amendment will benefit the suppliers making deemed exports who were not claiming duty drawback earlier due to procedural complexities. The benefit will also be available to suppliers making deemed exports who do not have direct import incidence.*

- *Importantly, the amendment is retrospective w.e.f. December 5, 2017. Hence, the suppliers making deemed exports can claim drawback for the past as well. Such suppliers should review their past transactions to examine availability of such benefit for past as well.*

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