

EXPORT PROCEDURES

RULE 19 EXPORT (EXPORT UNDER BOND/ LUT)

Final Product Export Procedure (Export to any Country other than Nepal or Bhutan)

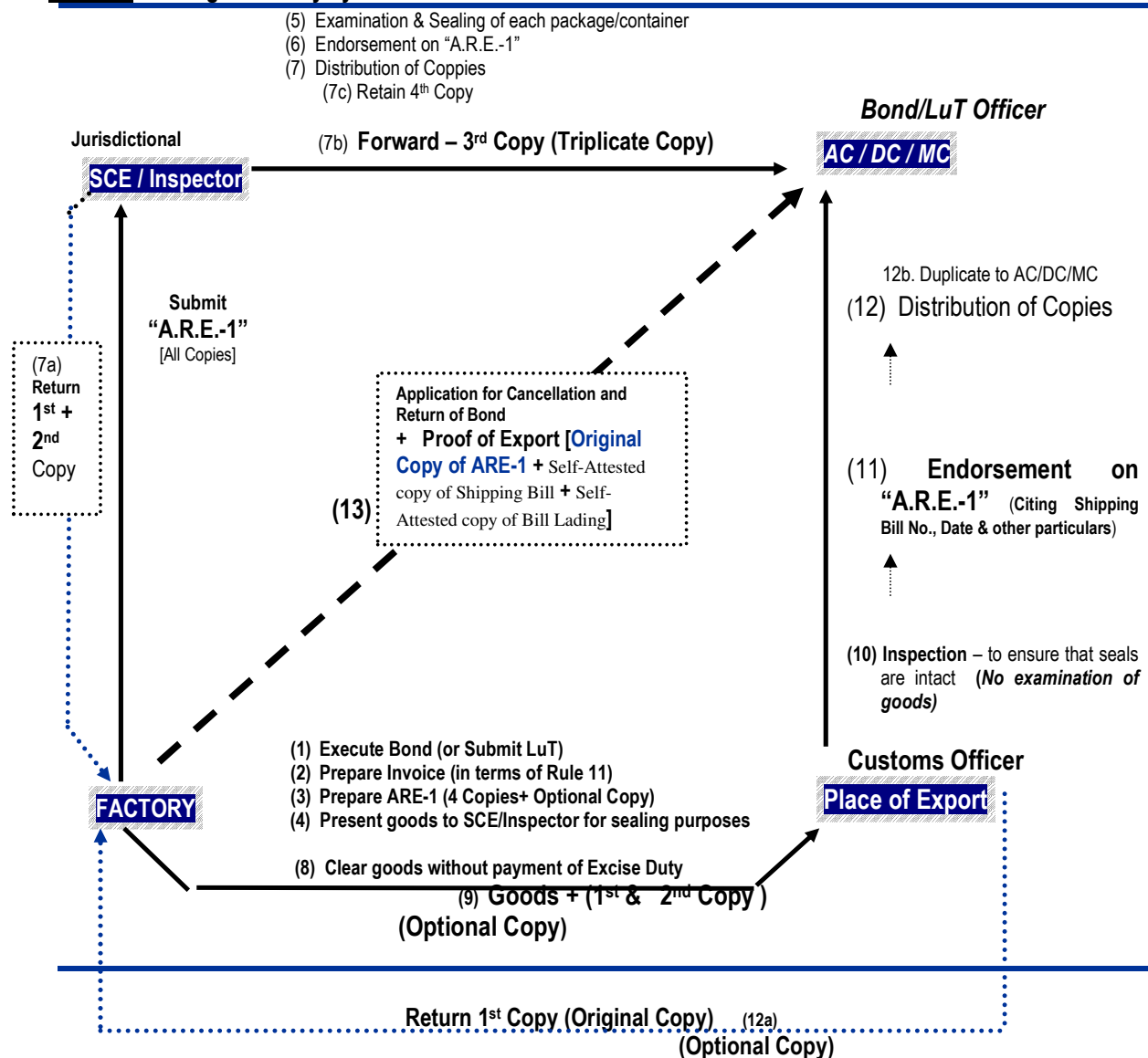
[N/N 42/2001]

1.

Some conditions:

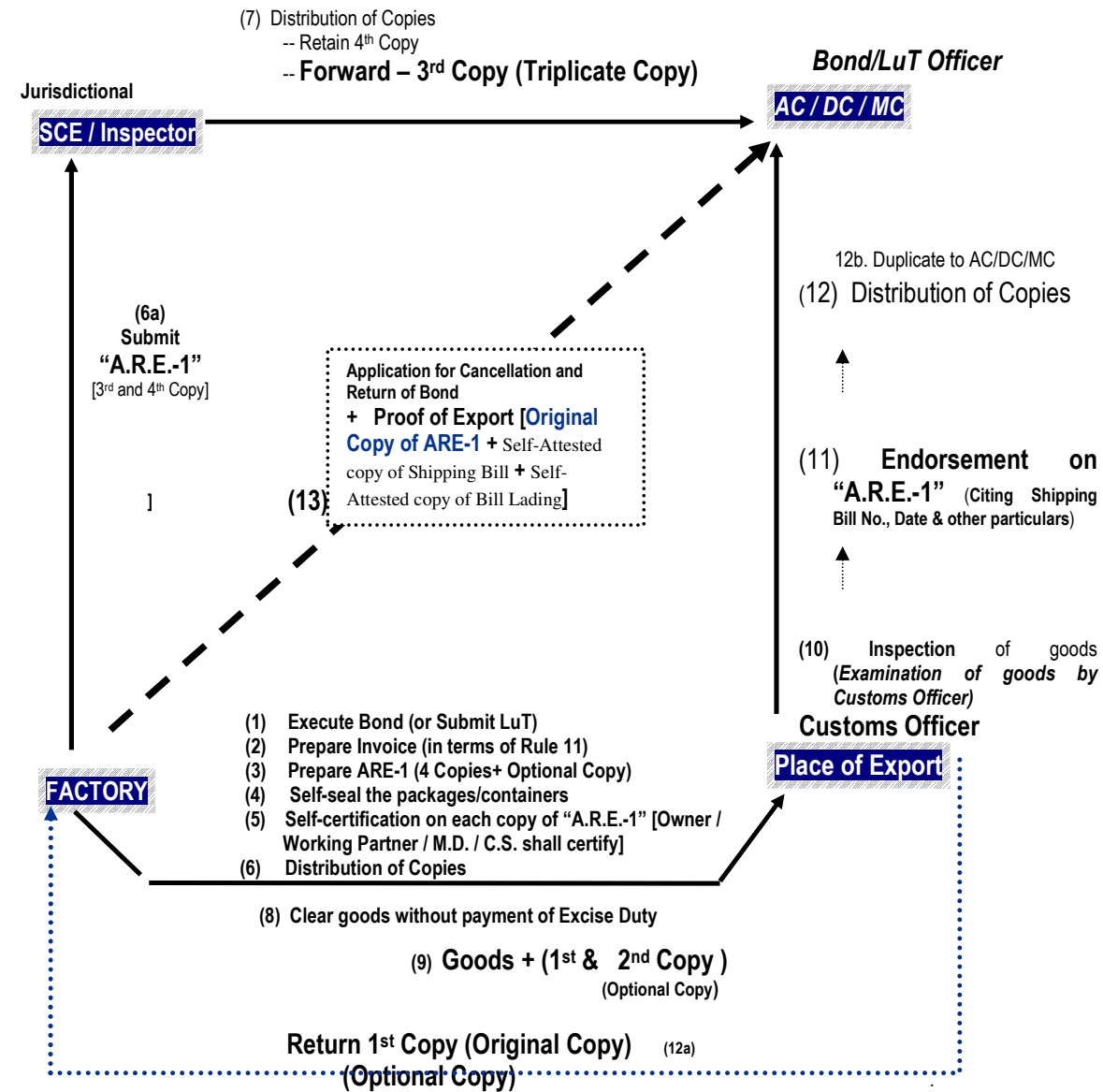
- Goods sought to be exported shall **not be prohibited goods**.
- Export shall be affected **within** maximum period of **6 MONTHS** from the date of clearance of goods from factory/warehouse, as the case may be. (Extension may be sought from CCE)
.... **if export within this period is not possible** on account of any reason, assessee shall **get the EXPORT DOCUMENT (A.R.E.-1) cancelled** and thereupon, he can clear such goods in the Domestic Tariff Area but, he shall be required to **pay the duty as assessed initially alongwith interest @ 13% p.a.**

Option 1: Sealing at Factory by Excise Officer



SHORT REVISIONARY KONCEPTS

Option 2: Self-sealing and self-certification



Categories of Exporters:

MANUFACTURER EXPORTER (Exporting goods manufactured by him)	MERCHANT EXPORTER (Procuring goods manufactured by other and then exporting same)
⇒ Can exercise any option	⇒ Can exercise any option (self-sealing allowable to him also) ⇒ He shall be allowed to procure goods from manufacturer exporter without payment of excise duty. For that purpose, he shall obtain "Certificates in Form – CT-1" from the jurisdictional officer of manufacturer. On the basis of such certificates, he can now procure the goods from manufacturer for export without payment of duty.
⇒ Manufacturer-Exporter can affect export upon execution of "Letter of Undertaking [LuT-1]".	⇒ Merchant-Exporter can affect export upon execution of "Bond [B-1]" only.

SHORT REVISIONARY KONCEPTS

Some related issues

□ Goods Cleared for export but could not be exported

⇒ Diversion of Goods for Home Consumption upon cancellation of ARE-1 (Imp)

If the excisable goods are not exported, AC/DC/MC to whom the Bond/LUT has been furnished, may, on written **request for cancellation of application**, cancel said application and allow diversion of goods for consumption in India subject to the **condition** that the **exporter shall pay**

→ the **duty as specified in the application**

→ **along with interest @ 13% p.a.** on such duty **from** the date of removal for export from the factory/warehouse **till** the date of payment of duty.

⇒ Re-entry of goods into factory [Central Excise Manual, 2001]

Excisable goods cleared for export under Bond or LuT without payment of duty, but not exported **can be returned to same factory**. On return, **intimation in prescribed form shall be given** to the excise range office. These should be kept separate for 48 hours. These should be entered in DSA. Upon these goods as and **when they are cleared from the factory, the appropriate duty should be paid**.

□ Goods Cleared for export, exported and then re-imported

⇒ Goods re-imported for carrying out repairs, re-conditioning, refining, remaking or similar process (Imp)

1) **Treatment of Re-importation in India:** Goods re-imported into India shall be liable to **customs duty** in terms of Sec 20 of Customs Act, 1962 read with exemption notification 94/96. Accordingly, upon such re-importation, the assessee shall be liable to pay **customs duty** equivalent to amount of excise duty which was not paid by him at the time of export. *[the basic principle is that all export incentives granted at the time of export of goods shall be returned by assessee if goods are re-imported]*

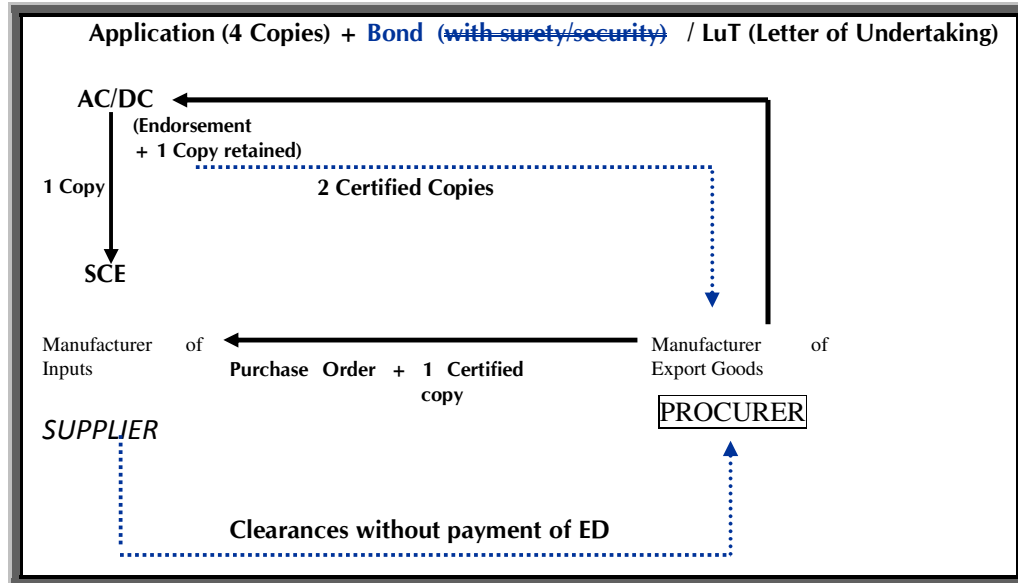
2) **Re-entry into factory:** Excisable goods cleared for export under Bond or LuT without payment of duty **can be returned to the factory for carrying out repairs, re-conditioning, refining, remaking or similar process**. These can be re-exported after re-processing.

SHORT REVISIONARY KONCEPTS

N/N 43/2001-CX

Procurement of inputs without payment of duty

**Central Excise (Removal of Goods at concessional rate of duty for
Manufacture of Excisable Goods) Rules, 2001**



SHORT REVISIONARY KONCEPTS

RULE 19 EXPORT (EXPORT UNDER REBATE)

Some Basic Propositions

Note 1: Sec 11-B (which deals with the refund provisions) defines the term “Refund” to include “Rebate”. Thus, for claiming rebate of duty, all provisions of Sec 11-B have to be complied with. [As a natural consequence, for claiming rebate application shall be submitted to AC/DC]

Note 2: Sec 11-B specified the time limit of “1 Year” from relevant date for the purpose of claiming refund of duty. In the context of export, the “relevant date” shall be the date of export.

Note 3: Sec 11-B has statutorily incorporated the “doctrine of unjust enrichment” by providing that any refund, if found admissible, shall be credited to the Consumer Welfare Fund (instead of being refunded to the applicant).

However, in relation to grant of rebate exception has been made. Proviso to Sec 11-B (2) specifies that rebate payable on export of goods shall be given to the claimant instead of crediting it to Consumer Welfare Fund.

Final Product Export Procedure (Export to any Country other than Nepal or Bhutan)

[N/N 19/2004]

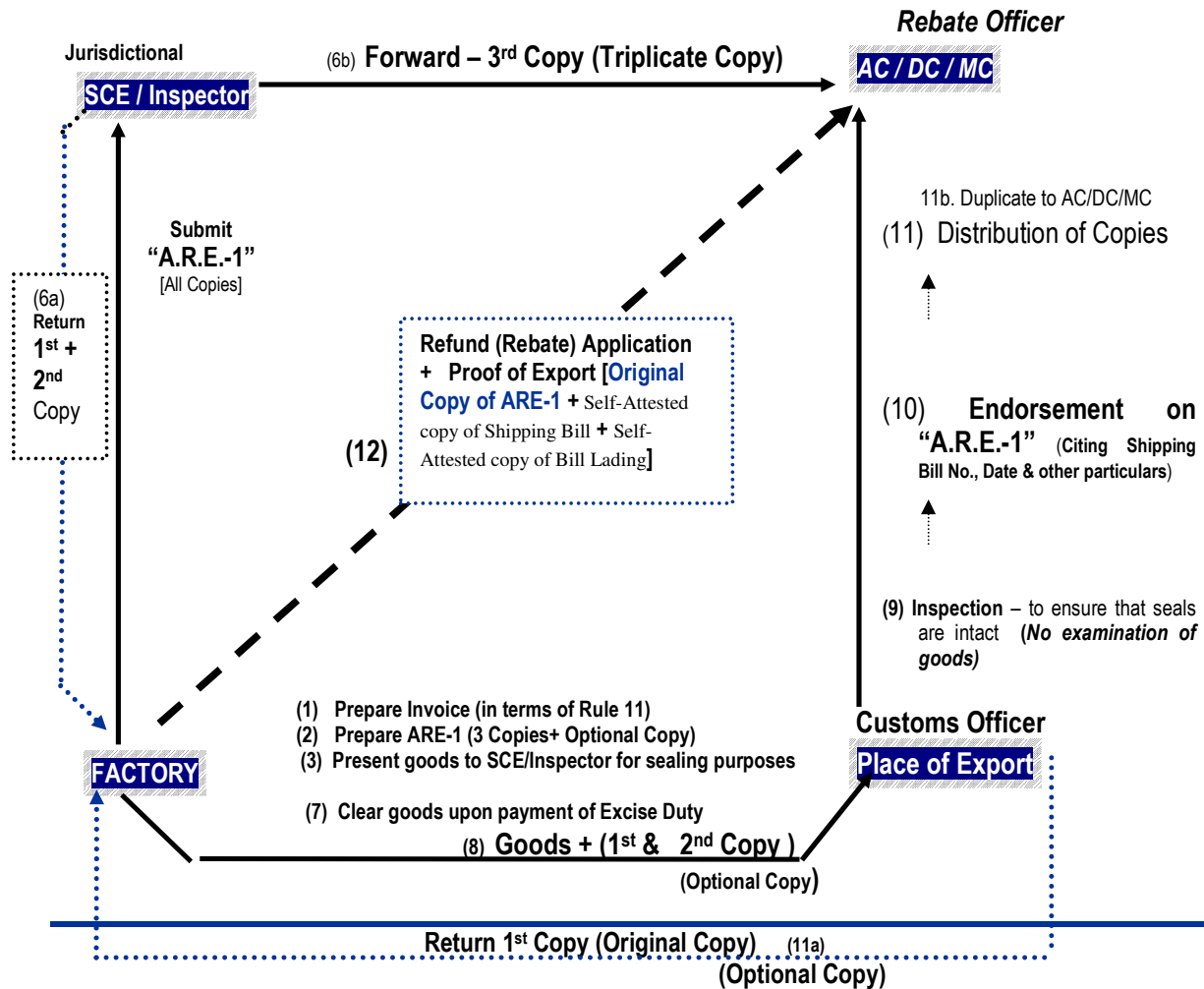
Some conditions:

- a. Goods sought to be exported **shall not be prohibited goods**.
- b. Market Price of such goods > = Rebate amount
- c. Rebate Amount > = Rs 500/-
- d. **Export** shall be affected **within 6 MONTHS** from the date of clearance of goods from factory/warehouse, as the case may be. (Extension may be sought from CCE)
.... if export within this period is not possible on account of any reason, assessee shall get the EXPORT DOCUMENT (A.R.E.-1) cancelled and thereupon, he can clear such goods in the Domestic Tariff Area without any further revenue implications.

SHORT REVISIONARY KONCEPTS

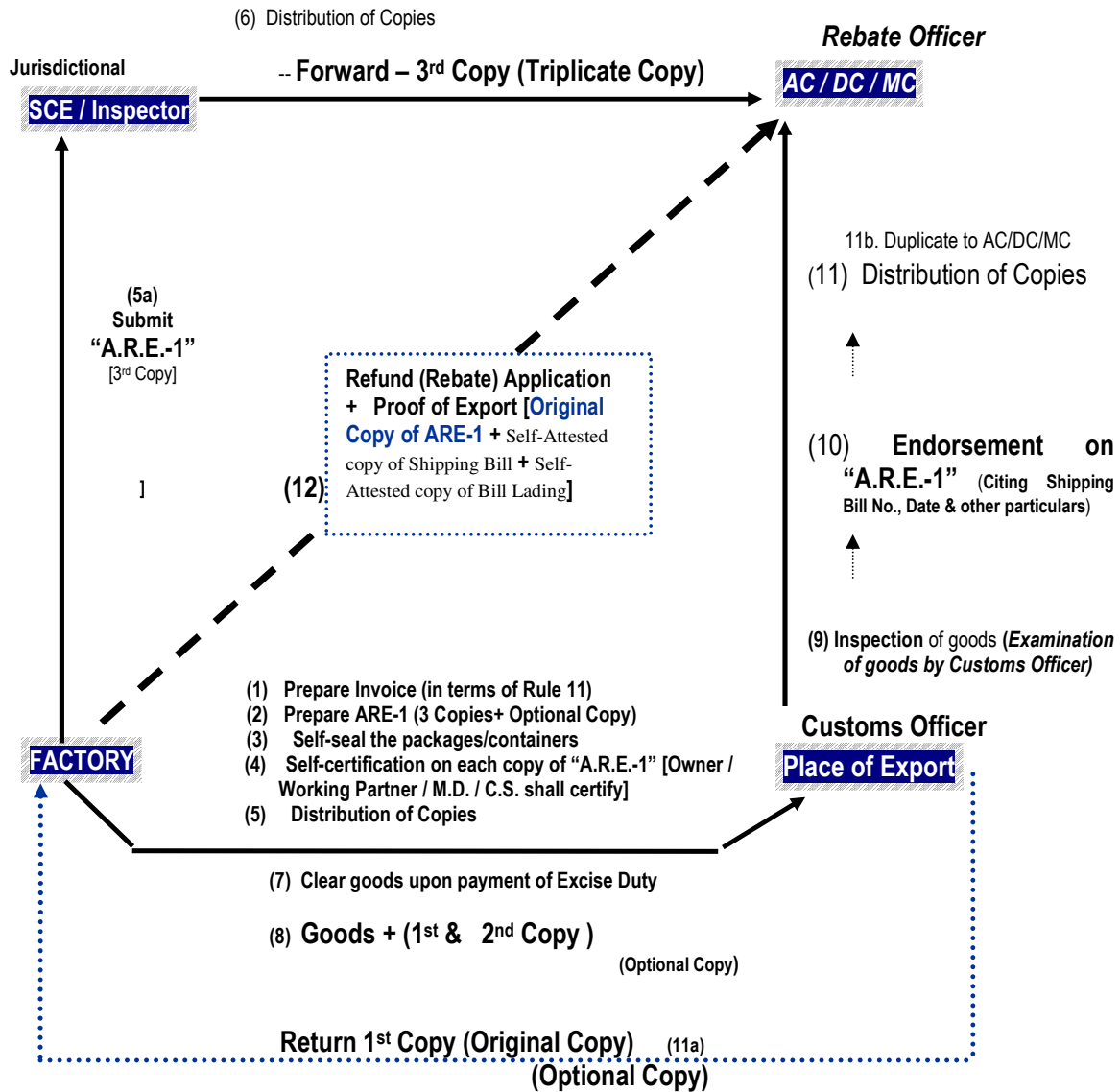
Option 1: Sealing at Factory by Excise Officer

- (4) Examination & Sealing of each package/container
- (5) Endorsement on "A.R.E.-1"
- (6) Distribution of Copies



SHORT REVISIONARY KONCEPTS

Option 2: Self-sealing and self-certification



Categories of Exporters:

Manufacturer Exporter (Exporting goods manufactured by him)	Merchant Exporter (Procuring goods manufactured by other and then exporting same)
⇒ Can exercise any option	⇒ Can exercise any option (self-sealing allowable to him also)
⇒ Rebate available to him directly	⇒ Rebate available to him – subject to issuance of "Disclaimer Certificate" by the manufacturer exporter in his favour

SHORT REVISIONARY KONCEPTS

N/N 21/2004-CX

Rebate of duty on Inputs used in manufacture of Export Goods

