

DUTY DRAWBACK

Question 1

State briefly the provisions under the Customs Act, 1962 relating to duty drawback on re-export of goods.
(3 Marks) (May 2011)

Answer

When imported goods on which duty has been paid on importation are exported, 98% of the customs duty will be paid back as drawback on satisfaction of the following conditions:

- (i) Goods must be easily identified.
- (ii) Proper Officer makes an order permitting clearance for loading of the goods for exportation.
- (iii) If goods are exported as baggage, the owner of the baggage makes a declaration of its contents to the proper officer which will be considered as entry for export and such officer permits clearance of the goods for exportation.
- (iv) If exported through post, the Proper Officer makes an order for clearance for export.
- (v) the goods are entered for export within two years from the date of payment of duty on the importation thereof.

Question 2

What is the minimum and maximum rate or amount of duty drawback prescribed under the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 made under section 75 of the Customs Act, 1962? Explain with a brief note.
(2 Marks) (Nov 2008)

Answer

Minimum rate of duty drawback - Rule 8(1) of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 provides that no drawback will be determined (i) if it is less than 1% of FOB value, except where the amount of drawback per shipment exceeds ₹ 500/-; or (ii) if the export value is less than the value of imported materials used in such export goods or is not more than such percentage of the value of the imported materials used in the

manufacture of such goods or class of goods as the Central Government may, by notification in the Official Gazette, specify in this behalf.

Maximum rate of duty drawback - Rule 8A of Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 provides that the drawback amount or rate shall not exceed one third of the market price of the export product.