

No. EPCH/DBK-RATES/2016-17

November 1, 2016

CIRCULAR

To,

All Members

SUB: ANNOUNCEMENT OF ALL INDUSTRY RATES OF DUTY DRAWBACK, 2016-17

Dear Members,

The new All Industry Rate of Duty Drawback for 2016-17 for various export products including handicrafts have been announced by the Department of Revenue vide its Customs **NOTIFICATION No. 132/2016- CUSTOMS (N.T) DT. 31.10.2016, NOTIFICATION NO.131/2016-CUSTOMS (N.T.) DT. 31.10.2016, CIRCULAR No. 50/2016-CUSTOMS DT. 31.10.2016 MADE EFFECTIVE FROM 15.11.2016 AS AMENDED.**

As per the Department of Revenue, the rates for Glass artware, Papier Machie, Lace and Lace goods and Stone Artware have been increased marginally, however, for the remaining handicraft items the rates have been marginally decreased on percentage basis or kept the same as last year.

A new entry i.e Glass Artware / Handicrafts with glass chatons (702005) has been added in the drawback schedule. The DBK code-wise list of handicrafts items with the drawback rates is available at http://www.epch.in/policies/DBK_Circular.pdf.

With regards,

**[RAKESH KUMAR]
EXECUTIVE DIRECTOR**

EXTRACTS OF NEW DRAWBACK RATES TAKEN FROM CBEC WEBSITE www.cbec.gov.in NOTIFIED BY DEPARTMENT OF REVENUE, MINISTRY OF FINANCE, GOVT. OF INDIA VIDE NOTIFICATION No. 132/2016- CUSTOMS (N.T) DT. 31.10.2016, NOTIFICATION NO.131/2016-CUSTOMS (N.T.) DT. 31.10.2016,CIRCULAR No. 50/2016-Customs DT. 31.10.2016 MADE EFFECTIVE FROM 15.11.2016 AS AMENDED.

Tariff Item	Description of goods	U nit	A		B	
			Drawback when Cenvat facility has not been availed		Drawback when Cenvat facility has been availed	
			Drawback Rate	Drawback cap per unit in Rs.	Drawback Rate	Drawback cap per unit in Rs.
1	2	3	4	5	6	7
3307	Pre-shave, shaving or after shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included, prepared room deodorizers, whether or not perfumed or having disinfectant properties					
330701	Perfumed Agarbatti / Incense Sticks / Dhoop / Loban	Kg.	13.4%	57	3.7%	15.7
330799	Others		15.%		1.5%	
4414	Wooden frames for paintings, photographs, mirrors or similar objects	Kg.	5%	33	1.9%	12.5
4419	Tableware and kitchenware, of wood	Kg.	5%	33	1.9%	12.5
4420	Wood marquetry and inlaid wood; caskets and cases for jewellery or cutlery, and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling in chapter 94	Kg.	5%	33	1.9%	12.5

4421	Other articles of wood					
442101	Handicrafts / Artware of wood	Kg.	5%	33	1.9%	12.5
442199	Others		1.5%		1.5%	
4823	Other paper, paperboard, cellulose wadding and webs of cellulose fibres, cut to size or shape; other article of paper pulp, paper, paperboard, cellulose wadding or webs of cellulose fibres					
482302	Decorative handicraft articles made of papier machie	Kg.	6.3%	69	1.7%	18.6
482399	Others		1.5%		1.5%	
5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal		1.5%		1.5%	
5804	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of heading 6002 to 6006	Kg	5.1%	36	1.3%	9.2
5808	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles	Kg	5.1%	36	1.3%	9.2
5809	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 56 05, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included		1.5%		1.5%	
5810	Embroidery in the piece, in strips or in motifs					

581001	Of Silk	Per Kg. of Silk Content	8%	816	6.9%	703.8
581099	Others	Kg	5%	50	1.3%	13
5811	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810	Kg	4.3%	21	1.3%	6.3
5905	Textiles wall coverings					
590501	Of manmade fiber	Kg	8.2%	50	1.8%	11
590599	Of cotton and others	Kg	5.1%	36	1.3%	9.2
680204	Artistic & Decorative crafted stone products (Handicrafts)		1.8%	9	1.8%	9
7013	Glassware of a kind used for table, kitchen, toilet, office, indoor decoration or similar purposes (other than that of heading 7010 or 7018)					
701301	Hand cut lead crystal Glass ware	Kg	6%	26	1.5%	6.5
701303	Jars, perfume bottle, candle Plate)coasters, votive, lotion bottle/soap dish, ornamental spheres/stars/bells	Kg	6%	26	1.5%	6.5
7020	Others articles of Glass					
702001	Glass Artware / Handicrafts	Kg	7.3%	64	1.5%	13.2
702002	Glass Artware / Handicrafts made of two or more ply glass with or without metallic fusion	Kg	7.8%	77	1.5%	14.8
702003	Glass Refills Silver Coated for Vacuum Flasks	Kg	7.8%	23	1.5%	4.4
702004	Glass Artware / Handicrafts with silver coating	Kg	7.8%	77	1.5%	14.8
702005 New Entry	Glass Artware / Handicrafts with glass chatons	Kg	7.8%	77	1.5%	14.8

702099	Others		1.5%		1.5%	
7117	Imitation Jewellery					
711701	Brass Jewellery	Kg	7%	150	1.5%	32.1
711702	Aluminium Jewellery	Kg	7%	50	1.5%	10.7
711703	Plastic Imitation Jewellery With or Without embellishments	Kg	4.4%	25	1.5%	8.5
711704	Plastic Bangles with or without embellishments	Kg	4.4%	25	1.5%	8.5
711705	Stainless steel Jewellery	Kg	7%	50	1.5%	10.7
711706	Iron Jewellery	Kg	7%	50	1.5%	10.7
711707	Glass Jewellery	Kg	7%	50	1.5%	10.7
7326	Other articles of Iron and Steel					
732601	Handicrafts / Artware of Cast Iron or Iron or steel, with or without plating /coating /galvanizing/ brass	Kg	9%	30	2%	6.7
732602	Handicraft/Artware of stainless steel	Kg	9%	80	2%	17.8
732699	Others	Kg	7%	17	2%	4.9
741803	Electro plated nickel silver ware (EPNS)	kg	10.3%	95	2.2%	20.3
7419	Other articles of copper					
741901	Artware / Handicrafts of Brass	Kg	10.8%	174	2.2%	35.4
741902	Artware / Handicrafts of Copper	Kg	10.8%	190	2.2%	38.7
741998	Other articles of Brass, including bushes	Kg	10.3%	95	2.2%	20.3
741999	Other articles of Copper, including bushes	Kg	10.3%	115	2.2%	24.6
7616	Other articles of Aluminium					
761601	Aluminium Artware/ Handicrafts	Kg.	7%	63	1.5%	13.5

761699	Others	Kg.	7%	28	1.5%	6
8306	Bells, gongs and the like, non-electric, of base metal; statuettes and other ornaments, of base metal; photograph, picture or similar frames, of base metal; mirrors of base metal					
830601	Of brass and other copper alloys	Kg	10.8%	174	2.25	35.4
830602	Of Copper	Kg	10.8%	190	2.2%	38.7
830603	Of Iron and Steel	Kg.	9%	30	2%	6.7
830604	Of Aluminium	Kg.	7%	63	1.5%	13.5
830699	Others	Kg	7%	14	2%	4
92	Musical Instruments; parts and accessories of such articles					
9201	Pianos, including automatic pianos; harpsi-chords and other keyboard stringed instruments		5%		1.5%	
9202	Other string musical instruments (for example guitars, violins, harps)		5%		1.5%	
9205	Wind musical instruments (for example, keyboard pipe organs, accordions, clarinets, trumpets, bagpipes) other than fairground organs and mechanical street organs		5%		1.5%	
9206	Percussion musical instruments (for example, drums, xylophones, cymbals, castanets, maracas)		5%		1.5%	
9207	Musical instruments, the sound of which is produced, or must be amplified, electrically (for example, organs, guitars, accordions)		5%		1.5%	
9403	Other furniture and parts thereof	Kg	5%	20	1.5%	6

9405	Lamps and Lighting fittings including searchlights and spotlights and parts thereof, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like, having a permanently fixed light source, and parts thereof not elsewhere specified or included					
940501	Of Brass	Kg	10.3%	95	2.2%	20.3
940502	Of Copper	Kg	10.3%	115	2.2%	24.6
940503	Of Wrought Iron	Kg	9%	30	2%	6.7
940504	Of Aluminium	Kg	7%	63	1.5%	13.5
940505	Of Glass	Kg	7%	64	1.5%	13.7
940599	Others	Kg	5%	20	1.5%	6
9504	Video game consoles and machines, articles of funfair, table or parlour games, including pintables, billiards, special tables for casino games and automatic bowling alley equipment					
950401	Carrom Board, with or without coins and strikers	Piece	7%	96	1.5%	20.6
9505	Festive, Carnival or other entertainment articles, including conjuring tricks and novelty, jokes		1.5%		1.5%	

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**[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART-II,
SECTION 3, SUB-SECTION (i)]**

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)**

Notification

No. 132/2016- Customs (N.T)

New Delhi, the 31st October, 2016

G.S.R. (E). – In exercise of the powers conferred by section 75 of the Customs Act, 1962 (52 of 1962), section 37 of the Central Excise Act, 1944 (1 of 1944) and section 93A read with section 94 of the Finance Act, 1994 (32 of 1994), the Central Government hereby makes the following rules further to amend the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, namely:-

1. (1) These rules may be called the Customs, Central Excise Duties and Service Tax Drawback (Amendment) Rules, 2016.

(2) They shall come into force on 15th November, 2016

2. In the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995, sub-rule (1) of rule 8 shall be omitted.

[F. No. 609/80/2016-DBK]

(Rajiv Talwar)

Joint Secretary to the Government of India

Note.- The principal rules were published vide notification number 39/1995-Customs (N.T.), dated the 26th May, 1995, in the Gazette of India, Extraordinary, Part II, Section 3, Sub-Section (i), vide number G.S.R. 441 (E), dated the 26th May, 1995, and was last amended by notification number 109/2015-Custom (N.T.), dated the 16th November 2015 vide number G.S.R. 860 (E), dated the 16th November, 2015.

**[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]**

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(Department of Revenue)**

**Notification
No. 131/2016 - CUSTOMS (N.T.)**

New Delhi, the 31st October, 2016

G.S.R. (E).- In exercise of the powers conferred by sub-section (2) of section 75 of the Customs Act, 1962 (52 of 1962), sub-section (2) of section 37 of the Central Excise Act, 1944 (1 of 1944), and section 93A and sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), read with rules 3 and 4 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995 (hereinafter referred to as the said rules) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.110/2015-CUSTOMS (N.T.), dated the 16th November, 2015, published vide number G.S.R. 861 (E), dated the 16th November, 2015, except as respects things done or omitted to be done before such supersession, the Central Government hereby determines the rates of drawback as specified in the Schedule annexed hereto (hereinafter referred to as the said Schedule) subject to the following notes and conditions, namely:-

Notes and conditions:

(1) The tariff items and descriptions of goods in the said Schedule are aligned with the tariff items and descriptions of goods in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) at the four-digit level only. The descriptions of goods given at the six digit or eight digit or modified six or eight digits in the said Schedule are in several cases not aligned with the descriptions of goods given in the First Schedule to the Customs Tariff Act, 1975.

(2) The general rules for the interpretation of the First Schedule to the Customs Tariff Act, 1975 shall, *mutatis mutandis*, apply for classifying the export goods listed in the said Schedule.

(3) Notwithstanding anything contained in the said Schedule, -

(i) all art-ware or handicraft items shall be classified under the heading of art-ware or handicraft (of constituent material) as mentioned in the relevant Chapters;

(ii) any identifiable ready to use machined part or component predominantly made of iron, steel or aluminium, made through casting or forging process, and not specifically mentioned at six digit level or more in Chapter 84 or 85 or 87, may be classified under the relevant tariff item (depending upon material composition and making process) under

heading 8487 or 8548 or 8708, as the case may be, irrespective of classification of such part or component at four digit level in Chapter 84 or 85 or 87 of the said Schedule;

(iii) the sports gloves mentioned below heading 4203 or 6116 or 6216 shall be classified in that heading and all other sports gloves shall be classified under heading 9506. (ii)

(4) The figures shown in columns (4) and (6) in the said Schedule refer to the rate of drawback expressed as a percentage of the free on board value or the rate per unit quantity of the export goods, as the case may be.

(5) The figures shown in columns (5) and (7) in the said Schedule refer to the maximum amount of drawback that can be availed of per unit specified in column (3).

(6) An export product accompanied with application for removal of excisable goods for export (ARE-1) and forming part of project export (including turnkey export or supplies) for which no figure is shown in column (5) and (7) in the said Schedule, shall be so declared by the exporter and the maximum amount of drawback that can be availed under the said Schedule shall not exceed the amount calculated by applying ad-valorem rate of drawback shown in column (4) or (6) to one and half times the ARE- 1 value.

(7) The figures shown in the said Schedule in columns (4) and (5) refer to the total drawback (Customs, Central Excise and Service Tax component put together) allowable and those appearing in columns (6) and (7) refer to the drawback allowable under the Customs component. The difference in rates between the columns (4) and (6) refers to the Central Excise and Service Tax component of drawback. If the rate indicated is the same in the columns (4) and (6), it shall mean that the same pertains to only Customs component and is available irrespective of whether the exporter has availed of Cenvat facility or not.

(8) The rates of drawback specified against the various tariff items in the said Schedule in specific terms or on ad valorem basis, unless otherwise specifically provided, are inclusive of drawback for packing materials used, if any.

(9) Drawback at the rates specified in the said Schedule shall be applicable only if the procedural requirements for claiming drawback as specified in rules 11, 12 and 13 of the said rules, unless otherwise relaxed by the competent authority, are satisfied.

(10) The rates of drawback specified in the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is -

(a) manufactured partly or wholly in a warehouse under section 65 of the Customs Act, 1962 (52 of 1962);

(b) manufactured or exported in discharge of export obligation against an Advance Authorisation or Duty Free Import Authorisation issued under the Duty Exemption Scheme of the relevant Foreign Trade Policy;

Provided that where exports are made against Special Advance Authorisation issued under paragraph 4.04A of the Foreign Trade Policy 2015-20 in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13th August, 2016, the rates of drawback specified in the said Schedule shall apply as if in the said Schedule-

(i) the heading A and heading B are heading C and heading D, respectively; and

(ii) the entries in columns (4), (5), (6) and (7) against the Tariff items in the said Schedule below all Chapters, except Chapter 61 and 62, are NIL, and those in Chapters 61 and 62 are as specified in the Table annexed hereto;

(iii)

(c) manufactured or exported by a unit licensed as hundred per cent. Export Oriented Unit in terms of the provisions of the relevant Foreign Trade Policy;

(d) manufactured or exported by any of the units situated in Free Trade Zones or Export Processing Zones or Special Economic Zones;

(e) manufactured or exported availing the benefit of the notification No. 32/1997-Customs, dated 01st April, 1997.

(11) The rates and caps of drawback specified in columns (4) and (5) of the said Schedule shall not be applicable to export of a commodity or product if such commodity or product is –

(a) manufactured or exported by availing the rebate of duty paid on materials used in the manufacture or processing of such commodity or product in terms of rule 18 of the Central Excise Rules, 2002;

(b) manufactured or exported in terms of sub-rule (2) of rule 19 of the said Central Excise Rules, 2002.

(12) The expression “when Cenvat facility has not been availed”, used in the said Schedule, shall mean that the exporter shall satisfy the following conditions, namely:-

(a) the exporter shall declare, and if necessary, establish to the satisfaction of the Assistant Commissioner of Customs or Assistant Commissioner of Central Excise or Deputy Commissioner of Customs or Deputy Commissioner of Central Excise, as the case may be, that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product;

(b) if the goods are exported under bond or claim for rebate of duty of Central Excise, a certificate from the Superintendent of Customs or Superintendent of Central Excise in-charge of the factory of production, to the effect that no Cenvat facility has been availed for any of the inputs or input services used in the manufacture of the export product, is produced:

Provided that the certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass art-ware) or finished leather and other export products which are unconditionally exempt from the duty of Central Excise.

(13) Whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.

(14) The term „article of leather“ in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material. (iv)

(15) The term “dyed”, wherever used in the said Schedule in relation to textile materials, shall include yarn or piece dyed or predominantly printed or coloured in the body.

(16) The term “dyed” in relation to fabrics and yarn of cotton, shall include “bleached or mercerised or printed or mélange”.

(17) The term “dyed” in relation to textile materials in Chapters 54 and 55 shall include “printed or bleached”.

(18) In respect of the tariff items in Chapters 60, 61, 62 and 63 of the said Schedule, the blend containing cotton and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight and the blend containing wool and man-made fibre shall mean that content of man-made fibre in it shall be more than 15% but less than 85% by weight. The garment or made-up of cotton or wool or man-made fibre or silk shall mean that the content in it of the respective fibre is 85% or more by weight.

(19) The term “shirts” in relation to Chapters 61 and 62 of the said Schedule shall include “shirts with hood”.

(20) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for adult shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size above 33;
- (b) English or UK adult size 1 and above; and
- (c) American or USA adult size 1 and above.

(21) In respect of the tariff items appearing in Chapter 64 of the said Schedule, leather shoes, boots or half boots for children shall comprise the following sizes, namely: -

- (a) French point or Paris point or Continental Size upto 33;
- (b) English or UK children size upto 13; and
- (c) American or USA children size upto 13.

(22) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall apply only to goods exported by airfreight, post parcel or authorised courier through the Custom Houses as specified in para 4.72 of the Hand Book of Procedures, 2015-2020 published vide Public Notice No.1/ 2015-2020, dated the 1st April, 2015 of the Government of India in the Ministry of Commerce and Industry, after examination by the Customs Appraiser or Superintendent to ascertain the quality of gold or silver and the quantity of net content of gold or silver in the gold jewellery or silver jewellery or silver articles. The free on board value of any consignment through authorised courier shall not exceed rupees twenty lakhs.

(23) The drawback rates specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported in discharge of export obligation against any Scheme of the relevant Foreign Trade Policy of the Government of India

which provides for duty free import or replenishment or procurement from local sources of gold or silver.

(24) Notwithstanding anything contained in paragraph (7) above, the drawback rate specified in the said Schedule against tariff items 711301, 711302 and 711401 shall not be applicable to goods manufactured or exported availing CENVAT facility for any of the inputs or input services used in their manufacture or availing the rebate of duty paid on materials used in their manufacture or processing in terms of rule 18 of the Central Excise Rules, 2002 or manufactured or exported in terms of sub-rule (2) of rule 19 of the Central Excise Rules, 2002 and the exporter claiming the drawback rate against said tariff items shall make appropriate declaration at the time of export.

(25) "Vehicles" of Chapter 87 of the said Schedule shall comprise completely built unit or completely knocked down (CKD) unit or semi knocked down (SKD) unit.

2. All claims for duty drawback at the rates of drawback notified herein shall be filed with reference to the tariff items and descriptions of goods shown in columns (1) and (2) of the said Schedule respectively. Where, in respect of the export product, the rate of drawback specified in the said Schedule is Nil or is not applicable, the rate of drawback may be fixed, on an application by an individual manufacturer or exporter in accordance with the said rules. Where the claim for duty drawback is filed with reference to tariff item of the said Schedule and it is for the rate of drawback specified herein, an application, as referred under sub-rule (1) of rule 7 of the said rules shall not be admissible.
3. The amount referred in sub-rule (3) of rule 7 of the said rules, relating to provisional drawback amount as may be specified by the Central Government, shall be equivalent to the Customs component, as provided by the drawback rate and drawback cap shown in column (6) and (7) in the said Schedule for the tariff item corresponding to the export goods, if applicable, and determined as if it were a claim for duty drawback filed with reference to such rate and cap.
4. This notification shall come into force on the 15th day of November, 2016

Circular No. 50/2016-Customs

F. No. 609/83/2016-DBK

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

New Delhi, dated 31st October, 2016

To
Principal Chief Commissioners / Principal Directors General,
Chief Commissioners / Directors General,
Principal Commissioners/Commissioners,
all under CBEC

Subject: All Industry Rates of Drawback and other Drawback related changes -reg.

Madam/Sir,

The Central Government has revised All Industry Rates (AIRs) of Drawback vide Notification No. 131/2016-Customs (N.T.) dated 31.10.2016 which comes into force on 15.11.2016. These AIRs take into account relevant broad average parameters including, inter alia, prevailing prices of inputs, input output norms, share of imports in input consumption, the rates of central excise and customs duties, incidence of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods, incidence of duty on HSD/furnace oil, value of export goods, etc. The notification may be downloaded from Board's website and carefully perused for details of the changes. Some of the changes are highlighted below –

- (a) AIRs have been provided to certain worked articles under chapters 45, 46 and 68;
- (b) Certain products, earlier with all customs AIRs, have been provided composite rates. These include rubber parts (for automobile or other machinery) of chapter 40 and children's picture, drawing/colouring books, etc. of chapter 49;
- (c) Changes in certain tariff items description have been made for dispute prevention or enhancing simplification. These relate, inter-alia, to packaged rice, rubber parts, certain leather items, leggings, frocks, bicycles, protective sports gear, etc;
- (d) For better product differentiation, separate tariff lines have been provided by carving out from (or replacing) certain existing tariff items. These include surimi fish paste (chapter 16), belts (chapter 39), leather woven/braided hand-bag (chapter 42), hand-bags/wallets etc of plastic and/or textile material (chapter 42), wrist bands/tie-pins/necklaces made of leather (chapter 42), fishnets/sports nets made of different materials (chapter 56/95), kurta and salwar/salwar suits/salwar-kameez/churidar-kameez, with or without dupatta (chapter 61 and 62), blankets etc of blend containing cotton and MMF (chapter 63), glass artware/handicrafts with chatons (chapter 70), tube or pipe fittings of alloy/stainless steel (chapter 73), motor cars, based on four categories of engine capacity each with sub-categories of manual or automatic transmission (chapter 87), cycle frames made of aluminum (chapter 87), soft toys (chapter 95);
- (e) In the notes and conditions of the notification, the term article of leather in chapter 42 of the Drawback Schedule has been expanded to include any article wherein 60% or more of

the outer and inner surface area taken together is of leather. This is in the light of newer design and commercial practices;

(f) Residuary rate (customs) provided to items across various chapters has been reduced from 1.9% to 1.5% and from 1.4% to 1.1%.

2. The notification also specifies the alternative AIRs on garment exports made against the Special Advance Authorization (para 4.04A of FTP 2015-20) in discharge of export obligations in terms of Notification No. 45/2016-Customs dated 13.8.2016. For claiming these alternative AIRs, the relevant tariff item has to be suffixed with suffix „C□ or suffix „D□ for the situation when Cenvat facility has not been availed or when Cenvat facility has been availed, respectively, instead of the usual suffix „A□ or suffix „B□. The procedure in Circular No. 37/2016-Customs is to be applied.

3. Para 3 of the notification specifies the amount for payment as provisional drawback by proper officer of Customs in terms of sub-rule (3) of Rule 7 of Customs, Central Excise and Service Tax Drawback Rules, 1995. This is equivalent to the Customs component of AIR corresponding to the export goods, if applicable, and subject to the same conditions as applicable to a claim for that component. The procedure for such claim remains as in Annexure 1 of Circular No. 29/2015-Customs which also applies for garment exports against Special Advance Authorization with the variation in declaration as prescribed in Circular No.37/2016-Customs. The amount paid as provisional drawback under this dispensation shall be taken into account for authorizing further provisional drawback (where necessary) by Central Excise authorities who are expected to continue the facilitation in terms of para 5A to 5C of Instruction No. 603/01/2011-DBK dated 11.10.2013 in brand rate cases.

4. In connection with export of packaged rice under claim for AIR it is clarified that – (a) where master packs made of any material contain rice packaged in material and pack size of the type specified in the tariff line, the drawback rate eligible is the drawback rate of the pack size; and (b) where smaller packs made of packaging material other than that described in the tariff line are packed in larger master packs made of the material specified in the tariff line, the drawback rate eligible shall be the drawback rate appropriate to the size of the master pack.

5. It is noted that field formations intermittently raise the issue, with exporters, of admissibility of drawback on parts of machinery under individual drawback tariff lines where the AIR is provided at 4-digit level but the 4- digit description does not specifically indicate the word “parts”. In the Drawback Schedule’s notification’s notes and conditions it is specified that the tariff items and description of goods in the Drawback Schedule are aligned with the tariff items and description of goods in the First Schedule to the Customs Tariff Act 1975 at the 4-digit level and that the general rules for interpretation of the First Schedule to the Customs Tariff Act 1975 shall mutatis mutandis apply for classifying the export goods listed in the Drawback Schedule. However, notwithstanding this position in the Drawback Schedule, certain parts are classifiable in terms of the notes and conditions 3 (ii). This means that if parts of machinery fall under a tariff item in the First Schedule to the Customs Tariff Act 1975 at the 4-digit level, then in the Drawback Schedule too they would be covered under that 4-digit tariff item, unless otherwise specified in the notes and conditions.

6. Apart from revisions in the AIRs, the Central Government has also amended the Customs, Central Excise and Service Tax Drawback Rules, 1995 vide Notification No. 132/2016-Customs (NT) dated 31.10.2016 for the purpose of deleting sub-rule (1) of rule 8 which did not allow AIR or Brand Rate drawback to exports (other than postal exports or exports under advance

authorization) if the amount of drawback is less than 1% of F.O.B. value of export, except where the amount of drawback per shipment exceeded Rs.500. This deletion takes effect from 15.11.2016.

7. The Commissioners are expected to ensure due diligence to prevent any misuse. The shipping bills with parameters considered to be sensitive should be handled with adequate care at the time of export. Further, in case of claim of the composite (higher) rate of AIR, the processing should specifically ensure availability of „Non-availment of Cenvat certificate□ etc. at the export stage itself. In the case of AIR claim against tariff item numbers 711301, 711302 or 711401 the availability of exporter□s declaration as per Circular No.30/2016-Customs should be ensured and recorded at the Let Export Order stage by the Customs officer.

8. There is also need for continued scrutiny for preventing any excess drawback arising from mismatch of declarations made in the Item Details and the Drawback Details in a shipping bill. It may continue to be ensured that exporters do not avail of the refund of service tax paid on taxable services which are used as input services in the manufacturing or processing of export goods through any other mechanism while claiming AIR.

9. With trade facilitation in view, tenure of the Drawback Committee constituted by the Central Government has been extended to expeditiously look into issues arising from the changes made. Accordingly, exporters of products at revised residuary rates of 1.1% and 1.5% may immediately come forward with data, if any, for higher than residuary rates.

10. Suitable public notice and standing order should be issued for guidance of the trade and officers. Any inconsistency, error or difficulty faced should be intimated to the Board. The Commissioners may also inform, with appropriate data, the details of specific products where drawback cap needs to be imposed.

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