

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE
UDYOG BHAWAN, NEW DELHI – 110 011

**Policy Circular No. 22 /2009-2014
February, '2010.**

Dated: 3rd

To

All Regional Authorities;
All Commissioners of Customs;
Exporting Community.

Subject: Procedure to re-credit 4% Special Additional Duty (SAD) of Customs in DEPB, VKGUY, FPS, FMS, MLFPS scrips in view of the refund facility allowed under Customs Notification No. 102/2007-Customs dated 14th September, 2007 (as amended) to be read with the Customs instructions communicated vide F.No.354/129/2007-TRU dated 14.9.2007, Customs circular No..6 /2008-Customs dated 28th April, 2008 and 6 /2009-Customs dated 9th February, 2009—regarding.

Attention is invited to Customs Notification No. 102/2007-Customs dated 14th September, 2007 (as amended) to be read with Customs instructions communicated vide F.No.354/129/2007-TRU dated 14.9.2007, Customs circular No..6 /2008-Customs dated 28th April, 2008 and 6 /2009-Customs dated 9th February, 2009 on the provision to re-credit the 4% SAD to applicants who qualify for the re-credit subject to compliance of the conditions stated therein. This re-credit facility is available in case of debit of the 4% SAD from the duty credit scrips such as DEPB, VKGUY, FPS and FMS Scrips subject to fulfillment of the conditions.

2. Various representations from importers, exporters, trade and industry associations have been received in this Directorate seeking clarification regarding the procedure for re-credit of 4% Additional Duty of Customs (SAD) leviable under sub-section (5) of Section 3 of the Customs Tariff Act, 1975 in pursuance of Notification No.102/2007-Customs dated 14.9.2007 and the Customs circulars stated above. Department of Revenue have also referred the matter for a corresponding procedure for re-credit for uniform action by the field formations of DGFT and the Customs.

3. These issues have been examined in details in consultation with the Department of Revenue. Accordingly the following guidelines are being laid down for the re-credit of the 4% SAD:

- (i) The duty credit scrip holder including the transferee (henceforth referred as Applicant) shall submit the original copy of the relevant Duty credit scrip,

scheme wise consolidated certificate (credit note) issued by the customs authority at the port of registration along with the forwarding letter to the Regional Authority (RA) who had issued the scrip. The RA concerned shall make an endorsement in the scrip as follows:

“An amount of Rupees _____ stands credited in the balance duty credit available in the scrip, in terms of consolidated certificate (credit note) No. _____ dated _____ issued by _____ (name and address of the customs authority at the port of import).”

In case the validity of the scrip is less than 6 months on the date of submission of request to the RA, the scrip may be revalidated for 6 months from the date of endorsement for utilization of the re-credit amount so allowed by the RA. The Customs authority at the Port of Import and the Port of Registration (in case import is from a port other than the port of registration in the original scrip) shall be intimated immediately accordingly for their record and cross verification before allowing clearance of import consignment against the scrip.

- (ii) In case, the original duty credit scrip, after partial utilization, has been transferred to another importer and the earlier importer wants to get the re-credit facility for the 4% SAD component, proportionate to imports effected by him, the applicant would be required to produce the attested copy of the duty credit scrip, the proof of having transferred the original duty credit scrip, the consolidated certificate (credit note) issued by the customs authority along with an Indemnity Bond indemnifying to pay the loss (the re-credit amount along with the interest) caused to the exchequer in case of unjustified re-credit detected subsequently. In such cases after due examination, the RA concerned shall process the case manually and issue a duplicate duty credit scrip with the following endorsement along with the other endorsements being made while issuing original scrips as per policy :

“An amount of Rupees _____ stands credited in this scrip, in terms of consolidated certificate (credit note) No. _____ dated _____ issued by _____ (Name and address of the customs authority at the port of import). This scrip shall have a validity of 6 months only from the date of issuance.”

The scrip shall also have the endorsement of the number and date of original duty credit scrip so as to establish the co-relation. Once such scrip is issued, RA shall send immediately a copy of the same to the Customs authority at the Port of Import and the Port of Registration (in case import is from a port other than the port of registration in the original scrip).

- (iii) RA shall endorse the Bills of entry Nos and dates and the credit amount on the scrip along with the name and address of the consolidated certificate

(credit note) issuing authority, as per the consolidated certificate (credit note) issued by the customs authority.

- (iv) All such applications shall be filed by the applicant within 3 months of issuance of the consolidated certificate (credit note) by the Customs authority. These applications shall be filed scheme-wise and port-wise to the RA concerned who had issued the original duty credit scrip.
- (v) Finalization of such applications shall be subject to fulfillment of the prescribed conditions and careful scrutiny of all documents submitted in support of the claim so that no fraudulent applications are approved. This may please be brought to the notice of all concerned.

4. Any difficulty in implementation of the aforesaid guidelines shall be brought to the notice of this Directorate immediately.

This issues with the approval of Competent Authority.

Sd/-
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