

केंद्रीय उत्पाद तथा सीमा शुल्क आयुक्त का कार्यालय  
एन-5, टाऊन सेंटर, सिडको, औरंगाबाद-431003

पब्लिक नोटिस नं. 04/2009

विषय: Clarifications on 210 of quantum of Bond and  
Bank Guarantee (B.G.) under Advance Authorisation  
and Export promotion Capital Goods Scheme-Reg.

उपरोक्त विषय पर भारत सरकार, वित्त मंत्रालय, राजस्व विभाग नई दिल्ली द्वारा दिनांक 28.04.2009  
की फा.सं. 605/61/2007-DRK तहत जारी परिपत्र/ पत्र संख्या  
04/2009-CUG की प्रतिलिपि सूचना मार्गदर्शन एवं कार्यवाही के लिये प्राप्त करें।

सभी संबंधित संगठनों से अनुरोध है कि वे परिपत्र / पत्र की जानकारी अपने सभी सदस्य, निर्माताओं और  
व्यापारियों को दें।

*अरुण साहू*  
(अरुण साहू)  
आयुक्त

फा.सं. VIII CUG) (217A/P.N.)2009.  
औरंगाबाद, दिनांक 02.04.2009,

संलग्न :- यथोपरि।

प्रतिलिपि प्रेषित :- डाक सुची के अनुसार

सभी मंडल प्रभारी, सहायक/उप आयुक्त, तथा आय.सी.डी.  
सभी अनुभाग प्रमुख (मुख्यालय)  
मुख्य आयुक्त, केंद्रीय उत्पाद तथा सीमा शुल्क, नागपूर,  
आयुक्त केंद्रीय उत्पाद तथा सीमा शुल्क (अपील)  
अपर आयुक्त / संयुक्त आयुक्त, के.उ. तथा सी.शुल्क औरंगाबाद.

F.NO.605/61/2007-DBK

Government of India

Ministry of Finance

Department of Revenue

New Delhi, the 28<sup>th</sup> January, 2009.

Sub: Clarifications in respect of quantum of Bond and Bank Guarantee (BG) under Advance Authorization and Export Promotion Capital Goods schemes– reg.

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I am directed to invite your attention to the above mentioned subject and to say that, doubts have been raised, whether the amount of Bond and Bank Guarantee(BG) to be executed under Advance Authorization and Export Promotion Capital Goods schemes, include the interest amount also.

2. The matter has been examined by the Board. Para 3 of Board's Circular No.58/2004-Cus. dated 21.10.2004 states that, for clearances under Advance Authorisation and EPCG licence the bond shall be taken for an amount equivalent to the duty ordinarily leviable on the goods but for the exemption. The said circular has not envisaged the concept of adding interest amount to the duty foregone for quantifying the amount for bond/BG purposes. This is because the interest element is penal in nature and will arise only if the authorization holder defaults in discharging his obligations under the above schemes. Hence, it is not the intention of the Board to add the interest component either simple or compound for the purpose of calculation of bond amount under the said Para in respect of clearances of EPCG/Advance Authorisations. The assessee, however, binds himself to pay the interest in case of default as specified in condition 4 of the Bond format enclosed to the circular No.58/2004-Cus.

3. Accordingly, it is clarified that the Bond under Para 3 of Circular No.58/2004-Cus. shall cover only the duty ordinarily leviable on the goods but for the exemption. Similar analogy will apply for quantification of the BG amount.

4. However, the bond executed under both the schemes should include a condition that the interest and other charges as applicable will be paid by the authorization holder in case of non compliance of the conditions of the notifications under the above mentioned schemes.

5. These instructions may be brought to the notice of the trade / exporters by issuing suitable Trade / Public Notices. Suitable Standing orders/instructions may be issued for the guidance of the assessing officers. Difficulties faced, if any, in implementation of the Circular may please be brought to the notice of the Board at an early date.

Receipt of this Circular may kindly be acknowledged.

**Yours faithfully,**

**-Sd-**

**(P.V.K. Rajasekhar)**

**OSD(Drawback)**