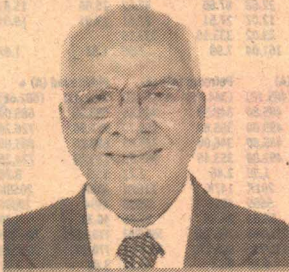


ECONOMY

Re-export of imported goods to same supplier not needed for drawback



CHATROOM

T N C RAJAGOPALAN

We want to re-export imported goods to a party other than the one from whom we bought the goods. Can we get duty drawback under Section 74 of the Customs Act, 1962?

Yes. CBEC circular no. 72/2002-Cus dated November 1, 2002 clarifies that "neither Section 74 nor relevant Rule or Customs Notification require that for the purpose of availing drawback under Section 74 of Customs Act, the goods should be re-exported back to the same supplier or that such re-export should only take place from the port through which the goods were imported earlier", and that "so long as the conditions specified in Section 74 of Customs Act, Re-export of Imported Goods (Drawback of Customs Duties) Rules, 1995 and relevant notifications issued

under Section 74 are fulfilled, drawback under Section 74 should be allowed on merits without insisting on re-export of goods to the same supplier or that the re-export should take place from the same port".

Our foreign buyer wants to send raw materials to us free of charge for toll manufacturing, i.e. job-work. The contract is to carry on this work regularly for a year. We are considering use of exemption notification 32/97-Cus dated April 1, 1997. This notification requires us to follow the procedures laid down in Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016. Under these rules, do we have to give intimation every time we import? Secondly, can we use our own raw materials also during job-work?

The Rules you refer to allow you to give a single intimation covering your requirement for a year. CBEC Circular no. 18/2004-Cus dated February 20, 2004 clarifies that use of indigenous materials in jobbing work will not take the processes undertaken out of "job-work" or jobbing.

Business Standard invites readers' SME queries related to excise, VAT and exim policy.

You can write to us at smechat@bsmail.in