

OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT)

JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,

TAL. URAN, DIST. RAIGADH, MAHARASHTRA 400 707.

F.No. S/12-Misc-63/09 AM(X)

Date :18.03.09

STANDING ORDER NO. 08 / 2009

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

Attention of all the concerned officers is invited to the Board's circular No. 4/2009-Cus. dated 28 January, 2009 vide F.No. 605/61/2007-DBK.

The Board has noticed 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 and it clarified that the 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 further clarified by the Board 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. All the concerned officers are instructed to follow the above guidelines scrupulously. Difficulties faced, if any, in implementation of the SO may be brought to the notice of the department at an early date.

Sd/-18.03.09

(K.L.GOYAL)

◆ **COMMISSIONER OF CUSTOMS (EXPORT)**

To

All the Concerned Officers

Copy for information to :

1. ◆ The Chief Commissioner of Customs, JNCH, Sheva
2. ◆ The Commissioner of Customs (Import), JNCH, Sheva.
3. ◆ All the Addl./Jt.Commissioners of Customs (Export), JNCH, Sheva.
4. ◆ Guard file.