

OFFICE OF THE COMMISSIONER OF
CUSTOMS (EXPORT)

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DIST.RAIGAD

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F. No. S/12-Gen 237/07 DBK (JCH)

Date : 27/06/2007.

ORDER NO.27/2007 STANDING

Sub : Drawback claims mis-declaration of export goods as articles of base

metals and their alloys to claim higher amount of Drawback m/r

While processing drawback claims online it has been noticed in the Drawback Section, exporters are mis-declaring individual items / parts as articles of base metals and their alloys in order to claim higher amount of drawback. Standing Order No. 19/2007, dt.14.05.2007 has been issued where an instance of wash basin / sink made of steel was classified as article of base metal. The following further instances have been noticed where various goods have been misdeclared as article of base metal / alloys to claim higher drawback.

1. **Parts of vegetable Oil Mill Machinery** which are classifiable under RITC No.

84799020 and DBK S S No. 8479 with a drawback rate of 1.3% of FOB value are mis-declared as other articles of Iron and steel and claimed DBK S. S. No. 732605 with a drawback rate of 13% of FOB value with a cap of Rs.28/- kg. Machinery parts are mis-declared as alloy steel forgings (rough)/ unmachined / semifinished under DBK SS No.732605 in order to claim higher amount of drawback. Machinery / Machinery Parts are to be classified under Chapter 84 and 85. All the staff entrusted with export assessment and examination should take due care while examining such goods so that undue drawback may not accrue to the exporter.

2. **Iron Powder** which is classifiable under DBK S S. No. 7205 with a drawback rate of 2.2% of FOB with a Cap of Rs.380/-MT is mis-declared as Other articles of Iron and Steel under DBK S. S No. 7326009 with a drawback rate of 13% of FOB value with a Cap of Rs.15/-kg. Such goods should be classified under CTH 7205 and are eligible for drawback accordingly.

3. **Brass screws, nuts and bolts** which are Parts of general use as per Note 2 to section XV of Customs Tariff Act ,1975 and are classifiable under DBK S S No. 7415 with a Drawback rate of 2.2% of FOB value with a Cap of Rs.9.40/kg. are being mis-declared as Brass builder hardware/Sanitary ware/Kitchen ware and parts there of claiming a higher amount of Drawback @ 15% of FOB with a Cap of Rs.75/- kg. While carrying out assessment /examination, the field formations have to keep in mind that Parts of general use as per Note 2 to section XV of the Customs Tariff can not be classified anywhere else other than the headings in which they have been classified.

4. **Builder hardware** made of Iron, Steel and Aluminum etc. which are classifiable under DBK S S No. 830202 with a drawback rate of 8.5% of FOB value with a Cap of Rs.9.40 /Kg. are mis-declared as other articles of Iron and Steel / Aluminum, etc. claiming higher amount of drawback. Builder hardware made of base metal / alloys other than the Parts of general use as mentioned in Note 2 to Section XV of Customs Tariff are classifiable under RITC No. 8302 and builder hardware made of Brass are classifiable under DBK S. S No. 830201 and that of other base metals such as Iron and Steel, aluminum, etc. are classifiable under DBK S. S. No. 830202.

5. **Locks/Latches/Keys** and other locking systems including parts thereof made of Iron and Steel and Aluminum are declared as other articles of Iron and

Steel/aluminum in order to claim higher amount of Drawback. Such goods are to be classified under DBK S. S. No. 830102, as others.

6. ♦♦♦♦♦♦♦♦♦♦ Imitation Jewellery made of Iron which is classifiable under DBK S. S. No. 7117000099 with a drawback rate of Nil, are classified as other articles of Iron under DBK S. S No. 7326009 with a drawback rate of 13% of FOB with a Cap of Rs.15/- Kg.

- 2 -

7. ♦♦♦♦♦♦♦♦♦♦ Sign Plates, name plates, address plates, numbers/ numerals , letters/alphabets which are eligible for drawback under DBK Sub Sl. No.8310 are classified as brass builder hardware in case of Brass under DBK S S No. 830201 / other articles of Iron and Steel/aluminum in case of such goods are made of ♦ Steel /aluminum. Such goods are to be classified under DBK S.S No. 831001/831002 only.

8. ♦♦♦♦♦♦♦♦♦♦ PVC coated conduit pipe / cable glands / glands and conduit joints made of various base metals and their alloys which are classifiable under DBK S. S. No. 8547 with a DBK rate of 2.5% of FOB are classified as other articles of Iron and Steel/aluminum/brass in order to claim higher amount of Drawback. All the staff concerned with export examination/ assessment should take due care that electrical machinery/equipment and parts thereof are classified as prescribed in Chapter 85. Electrical connectors and electrical wiring accessories not elsewhere specified other than the ♦ Parts of general use ♦ as mentioned in Note 2 to Section XV are classifiable under DBK Sub Sl. No. 8547.

9. ♦♦♦♦♦♦♦♦♦♦ Copper rods which are classifiable under DBK SS No.7407 with a drawback rate of 2.2% with a cap of Rs7760/MT, are classified as other articles of copper under DBK S S No.741901 with a rate of 15% of FOB with a cap of Rs100/kg. Brass rods and bars which are classifiable under RITC No.740721 and DBK S S No.7407 are mis-declared

under DBK S S No.741902, as other articles of brass in order to claim higher amount of drawback.

10. ◆◆◆Blades for machines/mechanical appliances are classifiable under DBK Sub Serial No.8208 with a DBK rate of 8.5% of FOB with a cap of ◆ Rs 6.80/kg. Such goods are classified by exporter as other articles of Iron and Steel under DBK S S No.732605 as alloy steel forgings (rough) / unmachined / semifinished claiming ◆ drawback @ 13% of FOB, with a cap of Rs 28/kg.

11. ◆◆ Weighing scales and weighing machine weights are classifiable under DBK SS No.8423. Such goods are classified under DBK SS No.761602 as other articles of aluminium and under DBK S S No.732609 as other articles of Iron and Steel in order to claim higher amount of drawback.

12. ◆◆◆ Stoves, ranges, grates, barbecues, braziers, gas-rings, plate warmers and similar non-electric domestic appliances and parts thereof of Iron and Steel are classifiable under DBK S S No.7321 with a DBK rate of 12.5% of FOB value with a cap of Rs 8.30/kg. However, such goods are mis-declared as kitchen articles under DBK SS No.732304 claiming higher amount of drawback.

13. The concerned field staff entrusted with examination / assessment of Shipping Bill should ensure that the first four digit of the RITC No. has been aligned with the first four digit of the DBK Serial No. ◆ They should also ensure that the goods are classified properly before deciding upon applicable drawback Sub Sr. No.

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ While processing drawback claim for the above mentioned goods, the drawback benefit is to be restricted to applicable rate and drawback cap. The base metal is defined in Note 2 to Section XV of the Customs Tariff and unless the context otherwise requires, any reference to base metal in the tariff Schedule includes its alloys as per Note 6 of the said Section. All the field formations entrusted with export examination / assessment should take due care while examining such goods so that undue drawback may not accrue to the exporter. During examination / assessment, the goods are to be classified first into various headings according to Section Notes and Chapter Notes of the Customs Tariff / ITC(HS) and thereafter DBK SS No. has to be determined. The concerned AC / DC while releasing drawback S/ Bills should ensure that the



goods are correctly declared as per ITC(HS). The AC /DC incharge of examination of export goods in various CFS sheds should ensure that such consignments are correctly declared for drawback purposes under appropriate DBK Serial No. These instructions should be implemented strictly.



Any difficulty may be brought to notice immediately.



