



भारत सरकार  
Government of India

वित्त मंत्रालय, राजस्व विभाग  
Ministry of Finance, Department of Revenue

कार्यालय आयुक्त सीमा शुल्क (निवारक), उत्तर प्रदेश एवं उत्तराखण्ड  
Office of the Commissioner, Customs (Prev) Uttar Pradesh & Uttarakhand

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ट्रेड नोटिस सं० 04/2019//TRADE NOTICE NO. 04/2019

दिनांक 23/09/2019 // DATE : 23-09-2019

विषय :- Clarification regarding duty drawback allowed in cases of short realisation of export proceeds due to bank charges deducted by foreign banks.

Attention of all concerned is invited to Board's Circular No. 33/2019-Customs dated 19.09.2019 regarding recovery of duty drawback on account of short realisation of export sale proceeds due to bank charges deducted from export invoice by the banks, by way of issuing of show cause notices by the field formations. Exporters have contended that these short realizations are actually service charges deducted by intermediary banks while remitting payments from abroad and that said charges are documented by the banks. It has been requested such short realized export sale proceeds may be considered as full realisation and that duty drawback not be recovered for such short realization.

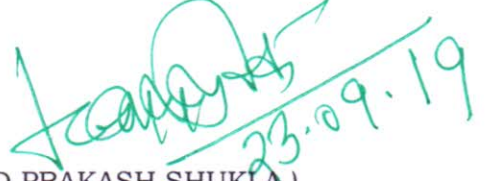
2. The matter has been examined by the Board. In this regard, RBI has clarified that such deductions are enabled under notification No. FEMA 23(R)2015-RB dealing with Foreign Exchange Management (Export of Goods and Services) Regulations 2015. In respect of various export promotion schemes, para 2.52 of FTP 2015-20 also states that free foreign exchange remitted by buyer after deduction of bank service charges are taken as export realization under export promotion schemes of FTP. Earlier also, in respect of agency commission paid to agents abroad for securing export contracts, Board vide Circular No. 64/2003- Customs dated 21.07.2003 has allowed such commission up to the limit of 12.5% of FoB value to be considered for payment of duty drawback without deducting it from FoB value in line with the RBI's Circular No.AD (MA Service) 17, dated 19.5.1999 and DGFT's Policy Circular No. 55 (RE- 98) dated 10.02.1998.

3. In view of the above, it has been clarified by the Board office that duty drawback may be permitted on FoB value without deducting foreign bank charges. It is further clarified that since agency commission up to the limit of

12.5% of the FoB value has been allowed, such deduction on account of foreign bank charges is allowed within this overall limit of 12.5% of the FoB value. From the average rates of agency commission and foreign bank charges in respect of export shipments, it is seen that these deductions fall within the aforesaid overall limit of 12.5% of FoB value allowed by the Board. Agency commission and foreign bank charges, separately or jointly, exceeding this limit should be deducted from the FoB value for granting duty drawback.

4. Accordingly, field formations may consider on merits exporter's requests for regularising such short realisation on account of foreign bank charges based on documentary evidence such as export invoice, bank's confirmation regarding foreign bank charges, etc. to justify such deductions. Field formations are also requested to deal with the show cause notices already issued by them accordingly.

5. These instructions may be brought to the notice of all concerned. Difficulties faced, if any, in implementation, may please be brought to the notice of this Office.

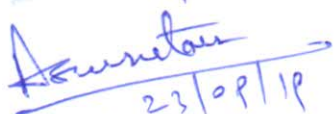
  
( VED PRAKASH SHUKLA )  
(वेद प्रकाश शुक्ला )  
COMMISSIONER/ आयुक्त  
CUSTOMS (PREV.), LUCKNOW  
सीमा शुल्क लखनऊ

C.No. VIII(25) 162-Tech/Trade &Public Notice/2019

Dated : 23.09.2019

Copy to:-

1. P.A to the Chief Commissioner of Customs (P) Patna Zone, Patna.
2. The Deputy/Assistant Commissioner, Customs (P) Division, Lucknow/ Bareilly/Gorkahpur/Nautanwa/Varanasi/CCSI Airport Lucknow/ ICD, Panki/ JRY/ Agra.
3. The Superintendent (Systems), Customs (P) Hdqrs., Lucknow for uploading the same at Website of the Commissionerate.
4. Notice Board/Guard File.

  
23/09/19  
Deputy Commissioner (Tech)  
उप आयुक्त (तक)  
Customs (P): Lucknow  
सीमा शुल्क लखनऊ

for