

CIRCULAR NO 39/2010-CUSTOMS

Dated : October 15, 2010

Sub: Drawback on supplies made by DTA units to SEZ, issue of drawback cheque books by jurisdictional Commissioner of Customs to Central Excise Commissionerates-reg.

I am directed to invite attention to the Board circular No.43/2007-Cus dated 5th December, 2007 which clarified that the Specified Officer posted in an SEZ is the appropriate authority for granting drawback in respect of goods supplied from DTA units to Developers and units in SEZ except where the unit or Developer issues a disclaimer to the DTA supplier in which case the Commissionerate of Central Excise /Customs & Central Excise having jurisdiction over the DTA unit would sanction drawback. With regard to issue of cheque books for disbursement of drawback claims, the circular provided that the jurisdictional Commissioner of Customs in consultation with the Pay & Accounts Officer shall make arrangements for issue of authorization and drawback cheque books (wherever EDI facilities are not available for directly crediting the said amount to the Bank Accounts of the exporters).

2. It has been reported by Central Excise formations that this arrangement of obtaining authorization and cheque books from the jurisdictional Custom Houses causes delays and some of the divisions are facing difficulties in getting the cheque books issued from the PAOs of the custom houses. It has been suggested that since drawback is required to be disbursed in a time bound manner and has interest clause, the procedure may be modified so as to allow the Commissioner of Central Excise and Customs/ Central Excise to sanction and disburse drawback claims without having to approach the jurisdictional Commissioner of Customs for issue of authorization and cheque books.

3. The matter has been examined in consultation with the office of the Principal, Chief Controller of Accounts. The office of Principal, CCA has informed vide letter no. Coord/2(1)/39/Jamnagar(Cus)/57 dated 30.06.2010 that they have already issued instructions regarding banking arrangements for payment of refund/drawback cheques and the uniform accounting procedure to be followed in that regard vide letter No. Coord/2(8)/98/434 dated 13.06.2005 addressed to all the Commissioners of Customs/Central Excise. As per this instruction, the PAOs are already issuing cheque books to each Central Excise division for payment of refund/drawback claims. There is no need for issuing separate chequebooks for refund and drawback; the same chequebook can be used for making refunds and payment of drawback. The cheque issuing officer is required to submit separate List of Payment for Central Excise (0038) and Customs (0037) to their jurisdictional PAO. After receipt of such List of Payment, separate accounting head shall be maintained. Relevant extracts of letter Nos. Coord/2(1)/39/Jamnagar (Cus)/57 dated 30.06.2010 and Coord/2(8)/98/434 dated 13.06.05 are given below as Annexure.

4. In view of the above, the procedure laid down in the Board circular No. 43/2007-Cus dated 5th December, 2007 is hereby modified to the extent that the Commissioners of Central Excise or Customs and Central Excise, as the case may be, may issue authorization to Dy./Asstt. Commissioners of Central Excise posted in Divisions under them for the purpose of disbursing drawback to DTA units against disclaimers issued by SEZ units/developers. The cheque book issued by the Pay & Accounts Officer of the jurisdictional Central Excise or the Customs and Central Excise Commissionerate, as the case may be, to the Central Excise Division for making refunds may be used for disbursement of drawback and the accounting procedure as laid down in the Principal, CCA's office letter No. Coord/2(8)/98/434 dated 13.06.2005 may be followed in this regard.

5. A suitable Public Notice for information of the trade and Standing Order for guidance of the staff may be issued. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

Receipt of this Circular may kindly be acknowledged.

F.No.602/02/2002-DBK

(Pramod Kumar)

Technical Officer (Drawback