

F. No. 83/1/2015-CX.3 (Pt.)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

New Delhi, 1st July, 2016

The Principal Chief Commissioners/Chief Commissioners of Central Excise & Service Tax (All);

The Principal Chief Commissioners/Chief Commissioners of Customs (All);

The Director Generals/Directors of Central Excise & Service Tax (All);

Webmaster, CBEC.

Subject: Clearance of bunker fuels to Indian Ship/Vessel carrying containerized cargo – reg.

Madam/Sir,

I am directed to refer to Sl. No. 65A of notification no. 12/2012-CE dated 17.03.2012 as amended whereby clearance of bunker fuels (i) IFO 180 CST (ii) IFO 380 CST, for use in ships or vessels has been permitted without payment of Central Excise duty subject to the conditions specified under Sl. No. 52 of the annexure to the notification. In this connection, trade has requested that a procedure be prescribed for supply of bunker fuel for such use from bonded stocks of bunker fuel being maintained by the Oil Manufacturing Companies (OMCs) at the ports located in the coastal areas where the specified ships/ vessels operate.

2.1 The issue has been examined. To facilitate dispensation of bunker fuel from existing export warehouse for petroleum products, warehousing facility is being extended to the bunker fuel for consumption as per exemption under Sl. No. 65A of notification no 12/2012-CE dt 17.3.2012. Existing warehouses from where bunker fuel would be dispensed shall be deemed to be registered under Central Excise. The existing warehousing and export warehousing procedures prescribed shall be followed mutatis mutandis for clearance of bunker fuel from refinery to the warehouses of the OMCs and for further supply to the eligible ships and vessels. (Circular no 579/16/2001-CX dated 26-6-2001, circular no. 581/18/2001-CX dated 29.06.2001 and circular no. 798/31/2004-CX dated 8.9.2004 refers.)

2.2 In pursuance of powers conferred under sub-rule (2) of rule 20 of the Central Excise Rules, 2002 read with the conditions in the exemption notification (ibid), Board specifies the following procedure and conditions for supply of indigenous bunker fuel namely, IFO 180 CST and IFO 380 CST, without payment of Central Excise duty from the warehouse of the OMCs to the eligible ships/vessels under notification no 12/2012-CE dated 17.03.2012.

Procedure for availing exemption

3.1. The Master of the eligible Indian Ship/vessel or his authorised agent shall submit two copies of the undertaking to the OMCs, from which it intends to procure bunker fuel, in the format enclosed as **Annexure A**. A copy of registration certificate of the ship and fuel consumption rate certificate shall be enclosed with the undertaking. The undertaking shall be submitted only once and in case of any change in the details, a new undertaking shall be submitted. OMCs shall retain one copy of the undertaking and forward second copy to the jurisdictional Assistant or Deputy Commissioner of Central Excise or Customs, as the case may be, to whom the undertaking is addressed.

3.2. OMCs shall supply bunker fuel under the provisions of this circular to ships and vessels registered under the Merchant Shipping Act, 1958 (44 of 1958) flying Indian flag and carrying containerized cargo. OMCs shall submit a one-time undertaking in the format prescribed as **Annexure B** to dispense bunker fuel available in the warehouse in terms of the conditions of the notifications for the intended purpose only.

3.3 The Master of the eligible Indian ship/vessel or his authorised agent on each filling of the bunker fuel shall give a dated acknowledgment of the receipt of bunker fuel to the OMCs. Such acknowledgment can even be given on the copy of delivery note/challan or sale invoice retained by the OMCs.

3.4 Liability of duty, interest and penalty arising out of violation of the condition of the notification shall shift to the Master of the Vessel, once dated acknowledgment of the receipt of bunker fuel is given to the OMC concerned.

Submission of utilisation certificate

4.1 The Master of the ship/vessel or his agent shall submit a utilization certificate to the OMCs from whom they obtained bunker fuel in the format enclosed as **Annexure C**. Utilization certificate shall be submitted for each quarter of the year within two months of completion of the quarter.

4.2 In case of non-receipt of utilisation certificate within the stipulated period, the OMC shall submit details of the supplies for which utilization certificate has not been received, within one month of the period prescribed for submission of utilization certificate. For example, for the quarter of April to June, 2016, utilization certificate shall be submitted by the Master of the Vessel or his agent, by end of August, 2016 and in case of non-receipt of utilization certificate, OMCs shall submit necessary details of non-receipt of utilization certificate to the Assistant/Deputy Commissioner by the end of September, 2016.

Reconciliation and recovery

5.1 Assistant/Deputy Commissioner shall write to the Master of the Ship or Vessel or his agent from whom utilization certificate has not been received to submit the same within thirty days with a copy to the OMCs, failing which recovery proceedings would be initiated.

5.2 In cases where utilization certificate is not received even after expiry of thirty days as prescribed in para 5.1, demand for recovery of duty, interest and penalty, in terms of the undertaking submitted to avail the exemption read with the provisions of the Central Excise Act, 1944 shall be initiated against the Master of the Vessel. Similar action would follow in cases where bunker fuel is not used for the intended purpose. However, in cases where utilization certificate is received, no further action would be necessary.

Removal of difficulties by Commissioner

6. The jurisdictional Commissioner of Central Excise, in order to remove any difficulty in implementation of the procedure, issue suitable orders to remove the difficulty within the overall framework of law and the procedure prescribed by this circular.



(ROHAN)

Under Secretary to the Government of India

Encl.: Annexure A, B and C

Annexure A (Undertaking by Master/Agent of the Vessel)
(To be submitted only once)

To,
The Assistant/Deputy Commissioner,
..... Division,Commissionerate,
(Address)

Through : (Name and address of the OMC owning the warehouse)

Subject : Undertaking to use bunker fuel for intended purpose – reg.

Madam/Sir,

I master/authorized agent of Ship/Vessel .V.....
(Reg. No.) flying Indian flag and capable of carrying containerized cargo, intend to avail benefit of exemption of Central Excise duty available to bunker fuel vide Sl. No. 65A of notification no. 12/2012- CE dated 17-3-2012. I understand that the exemption from the Central Excise duty available to the bunker fuel, as specified in the notification, is available for intended use only and is contingent upon fulfillment of conditions prescribed at Sl. No. 52 of the annexure to the notification. Certificates evidencing registration and class of ship and consumption rate of fuel are enclosed.

2. I undertake to use bunker fuel received under exemption as prescribed in the notification and to submit utilization certificate as prescribed by the Circular No. 1034/22/2016-CX dated 01.07.2016. In case of failure to comply with any of the conditions prescribed in the notification or on non-submission of utilization certificate, I undertake to pay duty, interest and penalty in terms of Central Excise Act, 1944, read with this undertaking, submitted in terms of condition prescribed to avail the exemption.

Yours sincerely,

(Name and designation)
(Master of the Vessel or Authorised Agent/Signatory)

Date and Place.

Encl : (i) Certificate of registration and class.
(ii) Certificate showing rate of consumption of fuel.

Annexure B (Undertaking by OMCs)

(To be submitted only once)

To,
The Assistant/Deputy Commissioner,
..... Division,Commissionerate,
(Address)

Subject : Undertaking to dispense bunker fuel to eligible ships – reg.

Madam/Sir,

I authorized signatory of the warehouse undertake to dispense bunker fuel exempted vide Sl. No. 65A of notification no. 12/2012- CE dt 17-3-2012, following the conditions prescribed in the notification and the procedure prescribed by the Circular No. 1034/22/2016-CX dated 01.07.2016.

2. In case of failure to comply with the conditions in the notification, I undertake to pay duty, interest and penalty in terms of Central Excise Act, 1944, read with this undertaking, submitted in terms of conditions prescribed to avail the exemption.

Yours sincerely,

(Name and designation)

Date and Place.

(Annexure C) Utilization Certificate
(To be submitted quarterly)

1. Vessel Name :
2. Owner/Operator:
3. Fuel Oil taken from the OMC (Company's Name and address) during the quarter,

Sl no.	Bunker fuel type	Challan/Invoice no	Date	Quantity

I,, Master/Agent of the vessel, resident ofcertify that the bunker fuel oil as detailed above has been consumed for the intended purpose and balance quantity not consumed is lying in the vessel which shall also be used for the intended purpose. During this period the ship/vessel has travelled a total ofnautical miles. Record of voyages (voyage no, source and destination), EXIM and domestic containers carried, and fuel consumption rate are available in our records from which I have ascertained and am satisfied that this utilization certificate is true to the best of my knowledge and belief.

Date and Place

(Name and designation)