

**Circular No. 17/2019-Customs**

F.No. DGEP/G&J/06/2019  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes & Customs  
(Directorate General of Export Promotion)  
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New Delhi, dated 19<sup>th</sup> June, 2019

To,

All Pr. Chief Commissioners/ Chief Commissioners of Customs/ Customs (Prev.)  
All Pr. Chief Commissioners/ Chief Commissioners of Central Tax/ Central Excise  
All Pr. Commissioners/ Commissioners of Customs/ Customs (Prev.)  
All Pr. Commissioners/ Commissioners of Central Tax and Central Excise

Madam/Sir,

**SUB: Applicability of Additional Customs duty on goods re-imported under Customs Notification No. 94/96-Customs dated 16.12.1996 exported earlier for exhibition purpose/ consignment basis - reg..**

Representations have been received for clarifying the issue of availability of exemption from the additional duty of customs leviable under Section 3 of Customs Tariff Act, 1975 under notification no. 94/96-Customs dated 16.12.1996 on the re-import of jewellery which had been earlier exported either for participation in exhibition or on consignment basis.

2. Matter has been examined. It is to recall that during the 2016-17 Union Budget, Central Excise duty of 1% (without input tax credit) or 12.5% (with input tax credit) was imposed on articles of jewellery falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985. As per section 3 of the Central Excise Act, 1944, all goods produced or manufactured in India are leviable to duty of Central Excise at rates prescribed in the First Schedule to the Central Excise Tariff Act, 1985. As per Rule 4 of the Central Excise Rules, 2002, such duties are however collected by the Government at the time of removal from the place of manufacture/ warehouse of such manufactured goods. After the levy of Central Excise Duty on articles of jewellery during Budget 2016-17, Articles of Jewellery (Collection of Duty) Rules, 2016 were notified vide Notification no.34/2016 (N.T.) dated 26.07.2016 by the Government. As per Rule 6 of the said rules, liability to pay Central Excise duty arises at the time of first sale by the manufacturer/ principal manufacturer from his registered premises. However, such payment of Central Excise duty is done on a monthly basis by the 5<sup>th</sup>/6<sup>th</sup> day of the following month. Prior to imposition of Central Excise duty on jewellery, the same was exported without Bond/LUT as clarified by Circular no. 928/18/2010-CX dated 28.06.2010. On imposition of Central Excise duty, such

jewellery was exported under self declaration and submission of LUT to Customs without the need to get the LUT ratified by jurisdictional central excise authorities vide Circular Nos. 1021/9/2016-CX dated 21.03.2016 and 1042/30/2016-CX dated 26.07.2016.

3. Re-import of jewellery which was exported under bond/LUT for exhibition abroad or on consignment basis, per se indicates that there was no sale involved. Thus, there was no liability to pay Central Excise duty as it arises only at the time of first sale by the manufacturer as per provisions under the Articles of Jewellery (Collection of Duty) Rules, 2016, inspite of leviability of Central Excise duty that had already arisen at the time of manufacture. Condition 1(d) of the notification no. 94/96-Cus requires payment at the time of re-import of Central Excise duty not paid initially at the time of export. As in the present case, no duty was required to be paid for goods which have not been sold and have been re-imported, hence the said condition requiring payment of Central Excise duty in such cases appears to be not applicable even if the re-import is taken to be falling under condition 1(d) of the notification. However, such cases appear to fall more appropriately under residuary entry at Sl. No. 3 of the said notification as the goods were allowed to be exported under simple LUT which was even not required to be registered with Central Excise authority. Hence, in effect, claim of re-import under condition 1(d) or 3 does not materially alter the situation. Therefore, no duty is payable in such cases of re-import provided all other conditions of the notification are met.

4. In the case where the export has taken place under claim of rebate, then it is clear that Central Excise duty has been paid. This means that as per Rule 6 of Articles of Jewellery (Collection of Duty) Rules, 2016, sale has taken place and then at the time of re-import, rightly it has to be done under condition 1(c) of the notification which requires repayment of the rebate claimed by the exporter.

5. Difficulties, if any, may be brought to the notice of the Board.

6. Hindi version would follow.

Yours faithfully,

Sd/-  
(Saroj Kumar Behera)  
Additional Director