

INSTRUCTION

F.No.605/30/2015-DBK
Government of India
Ministry of Finance: Department of Revenue
Central Board of Excise and Customs
(Drawback Division)

New Delhi dated the 28th September, 2016

To

Principal Chief Commissioners/ Chief Commissioners
Principal Director Generals/Director Generals
Principal Commissioners / Commissioners
(All under CBEC)

Ma'am/Sir,

Subject: Discontinuation of practice of making manual debits on physical copy of Advance Authorizations registered at EDI Customs port-reg.

It was brought to Board's notice that even for Advance Authorizations registered electronically at EDI Customs location i.e. where electronic ledger gets maintained, the physical authorizations, that are simultaneously issued and presented, are endorsed by Customs with manual debits of usage and this practice is not uniformly followed at all EDI ports of registration. It was informed that such manual endorsements replicate work, cause delay, and at times also lead to errors, all of which impose transaction costs on trade.

2. The matter was reviewed by the Board by obtaining inputs from field formations and the DGFT. Taking the overall picture into account that normally only few advance authorization holders registered for imports want to simultaneously avail domestic sourcing on the same authorisation, the Board, as a measure of enhancing the ease of doing business for exporters has decided that the practice of evidencing debits manually on physical copy of Advance Authorization shall be discontinued with respect to future authorizations electronically registered at Customs EDI locations. Henceforth, the officer examining the imported goods and/ or giving Out-of-Charge order shall also re-check that the proper debit of the authorisation in the EDI system has been made.

3. Once the manual debits on physical copy are discontinued as mentioned in para 2 above, if a holder of Advance Authorisation is desirous of obtaining ARO/Invalidation letter etc. for domestic sourcing from the Regional Authority (which issued the authorisation of DGFT), it is required to request the Group DC/AC to issue an Advice Letter for the intended quantity and value (which AC shall update in the record) in favour of the concerned Regional Authority and thereafter, the holder of Advance Authorization may apply (based on the Advice Letter) to the Regional Authority to issue ARO etc. The DC/AC should ensure that requests for such Advice Letter are processed immediately and the Advice issued on the same day. A copy of the Advice Letter issued shall be replicated to the official email of the RA concerned from the official email

of the Group DC/AC and record thereof placed with the office copy of the Advice Letter. This is to obviate need for verification of Advice Letter by the RA concerned which causes delay and to prevent fraud. The Commissioner shall designate the Addl/Joint Commissioner in-charge of the advance authorization group for monitoring such cases and to coordinate with Regional Authorities where necessary.

4. In the light of this change, in case the Commissioner of Customs at port of EDI registration of advance authorization decides to permit clearance manually at the time of an EDI breakdown it may take suitable safeguard and also ensure subsequent entry of debits on EDI for proper accounting.

5. It may be noted that the change does not effect the use of TRA facility at non-EDI port w.r.t. advance authorisation registered at EDI Customs location, since the authorisation gets debited in EDI System at the EDI port of registration and only the advice for release moves to the non-EDI port.

6. The physical advance authorizations which DGFT is issuing, concurrently with electronic transmission of certain types of authorizations, shall continue to be presented for the time being, till DGFT's electronic transmission to Customs server includes certain details being specified by licensing authorities such as the higher bank guarantee or cash security than normally due (including no bank guarantee) or the additional conditions imposed such as restricted export obligation periods or absence of facility of extension of EO period in case of certain products, details of invalidation for domestic procurement prior to EDI registration at port of import, etc. This aspect would be separately reviewed with DGFT.

7. These instructions shall be brought to the notice of all stake holders through issuance of Public Notice by Commissioners. The Public Notice should be forwarded to all Regional Authorities/Zonal Officers of the DGFT. Suitable Standing Orders for guidance of officers should also be issued. Difficulty, if any, may be brought to notice of the Board.

(Dinesh Kumar Gupta)
Director
Tel: 23360581

Copy to:

The Director General of Foreign Trade, Udyog Bhawan, New Delhi. The Board requests for suitable advise to the Regional Authorities.