PUBLIC NOTICE NO. 17/2019

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

Attention of all Exporters, Customs Brokers, Members of the Trade and other stakeholders is invited to Board’s Circular No. 33/2019-Customs dated 19.09.2019 providing clarification regarding duty drawback allowed in cases of short realization of export proceeds due to bank charges deducted by foreign banks and subsequent show cause notices issued by Customs field formations for recovery of duty drawback on account of short realization of export sale proceeds due to bank charges deducted from export invoice by the banks.

2. The Board vide the aforesaid Circular it has clarified 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.

3. Accordingly, trade is advised to submit their request for regularization of such short realization to the Assistant Commissioner (Drawback).

4. Difficulties faced, if any, in implementation of this Public Notice may be immediately brought to the notice of this office.

This issues with the approval of Commissioner.

M. RAMANA REDDY
ADDITIONAL COMMISSIONER