



भारतसरकार/ GOVERNMENT OF INDIA  
वित्तमंत्रालय/ MINISTRY OF FINANCE  
राजस्वविभाग/ DEPARTMENT OF REVENUE

सीमा शुल्क आयुक्त का कार्यालय/OFFICE OF THE COMMISSIONER OF CUSTOMS

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Date: 27.12.2021

STANDING ORDER NO. 03/2021

Sub: Refund – Erroneous rejection of refund claim – Delay in sanction and disbursement of the refund admissible as per law, even after favourable decision of the Appellate Authority – liability towards interest for delayed payment of refund under Section 27A of the Customs Act, 1962 (CA'62)– reg.

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Attention is invited to all the officers and staff of Mangaluru Customs, regarding delay in processing of the refund claims.

2. In this regard, the following instructions/directions are conveyed for strict compliance:

(i) The Customs refunds should be dealt as per the guidelines envisaged in the Board's Circular No. 24/2007-Cus., dated 2-7-2007 (F. No. 401/229/2006-Cus.III). The directions contained in para 5 (CVC's instructions) and para 6 (System of maintaining online database on Customs duty refunds) of the said Circular dated 2-7-2007 should be strictly complied;

(ii) Any delay on account of wrong decision, due to non-application of mind or improper appreciation/interpretation of the provisions of law etc. may have to be attributed to the failure on the part of the sanctioning authority. In case interest is payable to the claimant as per Sec 27A *ibid* on account of delay, for any reason, the amount of interest may have to be recovered from the concerned officer(s) responsible, in pursuance of the instructions of the Board vide Circular No. 59/95, dated 5-6-1995 [F. No. 438/7/95-Cus.IV]. Further, in case, interest is payable/paid in respect of any refund claim in terms of the Sec. 27A *ibid*, on account of the lapses on the part of any officer(s), besides recovery of the interest amount from the concerned, suitable administrative action should be initiated as per CCS(C) Rules, 1964, for acts leading to loss of revenue, which apparently amounts to a misconduct;

(iii) In case of favourable decision of any authority is not acceptable to the department and is/being contested, the admissible amount of refund in pursuance of such favorable order shall be disbursed, unless a stay against such favourable decision is obtained, by the department, as mentioned in the Board's Circular No. 398/31/98-CX, dated 2-6-1998 [From F. No. 201/04/98-CX.6]. Therefore, refund should be considered and

sanctioned/disbursed in pursuance of such favourable orders as soon as possible to avoid payment of interest under Section 27A, since for the purpose of computation of period under Section 27A, the initial date of submission of the refund claim, is relevant. Wherever the department is against such favourable order warranting sanction of refund, immediate action should be initiated to obtain stay against the operation of such order, to avoid payment of the refund based on such order which is not acceptable to the department.

(iv) It should be noted that the claims for refund arising in certain cases e.g., classification, valuation etc., where the issue had not originated out of an initial refund claim, but had arisen consequent up on the decision/order/decreed of the Appellate authorities/Courts, the time period prescribed under Section 27 (1B) is applicable.

(v) The supervisory officers should identify and convey the relevant details of any such order of the Appellate authority to the concerned refund sanctioning authority and ensure that the consequential refund is processed in terms of the decision of the appellate authority and/or the law, as deemed fit, promptly; and ensure to avoid payment of the interest U/Sec 27A *ibid*.

(vi) A review of the existing OIAs which need to be processed for consideration of the refund claim (s), if any, shall be undertaken and ensure that the refund claim(s) pending, if any, is/are settled, immediately. In fact, the directions in the orders of the Appellate authority or terms of the remand mentioned in the relevant order should be carefully examined, analyzed and the relevant refund claim/matter shall be considered, keeping in view the relevant provisions of the law as well as the instructions of the Board (e.g., Circular No. 695/11/2003-CX. dated 24-2-2003 [F. No. 268/38/2000-CX.8, as mentioned above].

(vii) All concerned officers are hereby sensitized of the consequences of the delay in sanction and disbursement of the refund claims and/or deciding the refund claims without application of mind and/or incorrect appreciation of the provisions of law, including w.r.t. the matters related to unjust enrichment, as envisaged in the above cited instructions/Circulars of the Board.

(3). Difficulty, if any, in implementing this Standing Order, may immediately be brought to the notice of the Additional Commissioner, through designated email ID of Mangaluru Customs. i.e., **commr-cusmnglr@nic.in**.

(इमामुद्दिन अहमद/IMAMUDDIN AHMAD)  
आयुक्त / COMMISSIONER

Copy submitted to:

1. The Chief Commissioner of Customs, Bengaluru Customs Zone, for information.

Copy to:

**File No.GEN/TECH/Misc/3449/2021-TECH -O/O-COMMR-CUS-MANGALURU**

1. The Additional Commissioner of Customs, NCH, Mangaluru
2. All the Dy/ Assistant Commissioners of Customs, NCH, Mangaluru/Karwar Division.
3. The Superintendent of Customs(Refunds/Review & Appeal, CH  
Mangaluru/Karwar.
4. The Superintendent (EDI) for uploading on the Commissionerate Website.