

# **EXPORT PROMOTION COUNCIL FOR EOUs & SEZs**

**Ministry of Commerce & Industry, Government of India**

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**Subject : Announcement of Union Budget 2017-18 – Clarification for EOUs - reg**

Hon'ble Finance Minister ShriArunJaitley presented Union Budget 2017-18 on February 01, 2017. The salient features with regard to Special Economic Zones have already been circulated vide EPCES Circular No. 242.

On the basis of changes proposed in the Union Budget, Joint Secretary (TRU-I), Department of Revenue, Ministry of Finance vide its D.O. letter F.No. 334/7/2017-TRU dated 1/2/2017, addressed to all Principal Chief Commissioners/Chief Commissioners and Principal Commissioners, issued a clarification with regard to EOUs regarding levy of excise duty, on goods produced or manufactured in India at rates specified in the First and Second Schedule to the Central Excise Tariff Act, 1985.(Annex III of the said letter), which provides as under:-

“As per the provisio to sub-section (1) of Section 3 of the Central Excise Act, 1944, goods produced or manufactured by Export Oriented Units (EOUs) and cleared to domestic tariff area (DTA) are liable to excise duty equal to the aggregate of duties of customs leviabale on like goods when imported into India. For such clearances from EOUs to DTA, Notification No. 22/2003-CE dated 31.3.2003 prescribes effective rates of excise duty on such DTA clearance under different circumstances.

In this context, proviso to sub-section (1) of Section 5A of the Central Excise Act, 1944 states that unless specifically provided in a notification, no exemption therein shall apply to excisable goods which are produced or manufactured by an EOU and cleared to the DTA.

.....It has been stated that EOUs are not able to avail benefit of such exemptions on inputs imported or procured domestically by them. The matter has been examined. As mentioned above, non-applicability of exemptions under notifications issued under Section 5A of the Central Excise Act, 1944 is only in respect of inputs/raw materials procured by them domestically and utilized for production/ manufacture of goods which are cleared by them to DTA.

**In view of the above it is hereby clarified that EOUs will also be eligible to import or procure raw materials/inputs at other concessional / NIL rate of BCD, excise duty / CVD or SAD, as the case may be, provided they fulfill all conditions for being eligible to such concessional or NIL duty. For these purposes, if an EOU is already registered with the**

**jurisdictional Central Excise Authority, it will not be required to take any fresh registration under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 or the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and Other Goods) Rules, 2016, as the case may be. Further, there will be no need for an EOU to separately comply with the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 for availing the CVD exemption, if the procedure under the Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2016 is followed by it for availing exemption / concession from BCD on imports of inputs/raw material.**

A copy of this communication is attached alongwith for ready reference.

This is for kind information of the members.

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