

## **Customs – Circulars**

### **Circular No. 17/2019**

**Date – 19.06.2019**

**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**

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.

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.

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 5th/6th 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.

There was no liability to pay Central Excise duty in re-import of jewellery which was exported under bond/LUT for exhibition abroad or on consignment basis as it arises only at the time of first sale by the manufacturer.

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.

For more details, please follow - <http://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-17-2019.pdf;jsessionid=65FE764380DE32481F55074622F3B18B>