

F. No. 609/11/2020-DBK
Government of India
Ministry of Finance, Department of Revenue
Central Board of Indirect Taxes & Customs

New Delhi, dated 30th January, 2020

To,
All Principal Chief Commissioners / Principal Directors General,
All Chief Commissioners / Directors General,
CBIC

Subject: Revision of All Industry Rates (AIRs) of Duty Drawback.

Madam/Sir,

Government has notified the revised rates of Duty Drawback, also referred to as All Industry Rates (AIRs), vide Notification No. 07/2020-Customs (N.T.) dated 28.01.2020 which will come into force on 04.02.2020. The notification may be downloaded from Board's website and carefully perused for details.

2. The salient features of the revised rates of Duty Drawback are as follows –

(i) Each tariff item in the Schedule annexed to the above mentioned Notification has been provided with an AIR specified under column (4) with cap of Duty Drawback amount given under column (5) in the Schedule. For claiming these AIRs, the relevant tariff item have to be suffixed with suffix 'B' e.g. for export of goods covered under tariff item (TI) 610901, the drawback serial no. should be declared as 610901B;

(ii) The notification also specifies in the Table annexed thereto, lower AIRs on export of items covered under Chapters 61 and 62 of the Schedule (viz. articles of apparel and clothing accessories) made under Special Advance Authorization Scheme (para 4.04A of Foreign Trade Policy 2015-20) in terms of Notification No. 45/2016-Customs dated 13.08.2016. For claiming the alternative AIR, the relevant tariff item has to be suffixed with suffix 'D' instead of the usual suffix 'B' mentioned above.;

(iii) AIRs of Duty Drawback have been increased for certain items pertaining to marine products and seafood (Chapter 3, 15, 16, 23), chemicals (Chapter 29), finished and lining leather, leather articles and footwear (Chapter 41, 42 and 64), cotton and MMF textiles (Chapter 50 to 60), carpets (Chapter 57), made-ups (Chapter 63) and glass and glass ware (Chapter 70). The increase in AIRs is on account of various factors such as the changes in duties, price (CIF) of imported inputs, FOB value of export goods, import intensity of inputs etc.;

(iv) AIRs have been rationalized for bicycles tubes (Chapter 40), wool yarn/fabrics/readymade garments (Chapter 51 and 61-62) and silk yarn/fabrics/readymade garments (Chapter 50 and 61-62) among other items on account of reasons such as decrease in BCD rate, changes in price (CIF) of imported inputs, FOB value of export goods, import intensity of inputs etc.;

(v) 31 new tariff items have been introduced in the Schedule pertaining to sectors viz. chemicals (18 items), textiles and readymade garments (6 items), leather articles and footwear (6 items) and glass handicraft/ art ware (1 item). Descriptions of three tariff items in Chapters 42 viz. TIs 42020102, 42020204 and 42020302 have been revised for better product differentiation;

(vi) 10 tariff items under Chapter 64 prescribing AIR of 0.4 per cent in case of export products manufactured by units operating under Section 65 of Customs Act, 1962 have been deleted as no drawback is admissible for such goods in terms of notes and conditions given in notification No. 07/2020-Customs (N.T.) dated 28.01.2020.

(vii) Appropriate caps of duty drawback amount have been provided wherever felt necessary to prescribe upper limit of duty drawback. For items under TI 8701 (Tractors), TI 8703 (Motor cars and other motor vehicles) and TI 8708 (Parts and accessory of motor vehicles of headings 8701 to 8705), caps have been removed in the Schedule.

3. Commissioners are expected to ensure due diligence to prevent any misuse. The shipping bills with parameters considered to be sensitive should be handled with adequate care at the time of export. There is also need for continued scrutiny so as to prevent any excess drawback arising from mismatch of declarations made in the Item Details and the Drawback Details in a shipping bill.

4. Close watch should also be kept by the field formations regarding any changing trend of export valuation or drawback outgo in respect of goods where caps have been removed or increased as compared to the existing caps. Any change in pattern should be immediately brought to notice of the Board. Commissioners may also inform, with appropriate data, the details of specific products where drawback cap needs to be reviewed or imposed.

5. Suitable public notice and standing order should be issued for guidance of the trade and officers. Any inconsistency, error or difficulty faced should be intimated at the earliest to the Board.

Yours faithfully,

(Gopal Krishna Jha)
Director (Drawback)
Tel: 23360581