

F. No. 609/33/2017-DBK

Government of India

Ministry of Finance, Department of Revenue

Central Board of Indirect Taxes & Customs

New Delhi, dated 28th May, 2020

To,

All Principal Chief Commissioners / Chief Commissioners
of Customs/ Customs (Preventive)/ Customs & Central Tax
under CBIC

Madam/Sir,

Subject: Special drive for disposal of applications for fixation of Brand Rate of Duty Drawback.

To mitigate the hardship caused by the Covid-19 pandemic to the trade and industry and other stakeholders, Board vide Instruction No. 03/2020- Customs dated 09.04.2020 had initiated a special refund and drawback disposal drive from 09.04.2020 to 30.04.2020 with the objective of priority processing and disposal of all pending refund and drawback claims so as to provide immediate relief to the business entities and especially MSMEs.

2. Representations have also been received in the Board from exporters about delay in fixation and disbursement of Brand Rate of duty drawback. The reports regarding age wise pendency status of applications for fixation of Brand Rate received from the Zones show that a majority of them are pending beyond the period of six months.

3. Brand Rate of duty drawback can be claimed on the basis of actual incidence of duties under Rules 6 or 7 of Customs and Central Excise Duties Drawback Rules, 2017 (Drawback Rules, 2017). Prior to the Drawback Rules, 2017, claims for Brand Rate of duty drawback were filed in terms of Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. In addition to the Brand Rate fixation, payment of provisional All Industry Rate (AIR) of duty drawback in cases of export under claim for Brand Rate is to be allowed under Rule 7(3) to the claimants. A facility to obtain a provisional Brand Rate is also available under Rule 6(2) and 7(3) on such request being made by the exporter. A gist of the Brand Rate scheme, including the Normal scheme and the Revised Simplified scheme, is annexed for ready reference.

4. With a view to tackle such pending claims for Brand Rate fixation and consequent disbursement of the claim, it has been decided that a special drive should be undertaken by the Customs Zones to dispose off the pendency so that no application received upto 31.05.2020 is pending at the end of the drive on 30.06.2020. Due precaution should be taken to have minimal physical interface with the exporters/ representative during the process and required applications, documents, etc. should be obtained electronically to the extent possible.

4.1 During this drive, the following guidelines may be kept in view while disposing off the claims:

(a) All applications that are complete in all respects for fixation of final Brand Rate, for which verification has been completed or held as not to be required, should be disposed off;

(b) Exporter's request for provisional Brand Rate should also be considered and disposed. For this purpose, any claim pending for provisional AIR under Rule 7 of Drawback Rules, 2017 should also invariably be processed;

(c) Cases where no application for provisional Brand Rate has been filed, an option may be offered to the applicant to apply for provisional Brand Rate, and the same may be considered as per the Rules;

(d) For exporters who have filed application under the Normal scheme but who fall under the select five categories of exporters eligible for Revised Simplified scheme may be offered an option to change their application from the Normal scheme to the Revised Simplified scheme so as to make them eligible for the simplified procedure and allow quick release of provisional Brand Rate;

(e) All cases where provisional Brand Rate is allowed should be finalised within another two months i.e. by 31.08.2020;

(f) Applications where the verification was completed or Brand Rate letter issued by Central Excise authorities even after 01.07.2017 (when the Brand Rate work was transferred to Customs formations) but the drawback disbursal is pending, such verification report or Brand Rate fixed may be accepted by the Customs authorities and also be considered for disbursal of Brand Rate unless there are specific reasons necessitating further verification, etc.;

(g) Rules 6(1)(b) and 7(2) of Drawback Rules, 2017 provide that the Principal Commissioner/ Commissioner of Customs will determine the amount or rate of drawback in respect of export goods after making such inquiry as they deem fit. In order to expedite the fixation of Brand Rate with minimal contact with the trade, in case of applications that are pending verification, the Principal Commissioner/ Commissioner may assess the need to conduct the inquiry keeping in mind factors such as exporter's antecedents, past export performance, nature of product, the rate claimed vis-à-vis rate for similar product allowed in past claims, the degree of variation in these rates, AIR applicable to similar export goods, etc. Principal Commissioner/ Commissioner may accordingly examine the pending claims and consider expeditious grant of provisional Brand Rate on merit. However, all aspects relating to the claim must be examined fully while giving the final Brand Rate.

4.3 Field formations are also requested to ensure that the data uploaded in the DDM portal (DPM-Cus-13 and DPM Cus-13A) relating to Brand Rate is properly validated and updated for perusal of the Board.

Encl: as above

Yours faithfully,

(Gopal Krishna Jha)
Director (Drawback)
Tel: 23365535