

F.No.201/03/2010-CX.6

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise and Customs

New Delhi, the 26th March, 2012

To

All Chief Commissioners of Central Excise

All Chief Commissioners of Customs & Central Excise

All Chief Commissioners of LTU

Sir/Madam,

Sub: Revised Treaty of Trade between India and Nepal.

As you are aware, Duty refund procedure (DRP) prescribed by Notification No. 20/2004-CE(NT) dated 6.9.2004 has been rescinded vide Notification No. 25/2011-CE(NT) dated 5.12.2011 *we.f* 1st March, 2012. Export to Nepal under claim of rebate is permissible under Notification No. 19/2004-CE(NT) dated 6.9.2004 as amended by Notification No. 24/2011-CE(NT) dated 5.12.2011 issued under rule 18 of Central Excise Rules, 2002 and under bond/LUT vide Notification No. 42/2001-CE(NT) dated 26.6.2001 [as amended by Notification No. 26/2011-CE(NT) dated 5.12.2011] in terms of Rule 19 of Central Excise Rules, 2002.

2. Clarifications have been sought as to whether in view of rescinding of Notification No. 20/2004-CE(NT) dated 6.9.2004, goods cleared under DRP invoices by Indian exporters from their factories etc. prior to 1st March, 2012 but yet to be exported to Nepal within the time limit of six months prescribed in Notification No. 20/2004-CE(NT) are to be treated as exports under DRP procedure or as normal export in terms of Notification No. 19/2004-CE(NT) dated 6.9.2004 as amended. It is clarified that such exports shall be treated as exports under the DRP procedure and duty refund will accordingly be credited to the Govt. of Nepal as per the procedure laid down under the DRP. The rebate element will not be admissible to Indian exporters in respect of such goods.

3. Further, Board has also been requested to clarify whether exports under claim of rebate under amended Notifications No. 19/2004-CE(NT) dated 6.9.2004 or under bond in terms of amended Notification No. 42/2001-CE(NT) dated 26.6.2001 are to be permitted even when the export proceeds are paid in Indian Rupees. It is clarified that neither Rule 18 or Rule 19 of Central Excise Rules, 2002, nor the above mentioned notifications make any distinction on the basis of mode of payment of currency for exports. It is therefore clarified that exports to Nepal will continue to be permissible irrespective of whether the payments are made in Indian currency or foreign convertible currency as long as they are in accordance with applicable RBI guidelines.

4. Difficulties, if any, faced in this regard may be brought to the notice of Board immediately.

5. Field formations and Trade may also be suitably informed.

6. Hindi version will follow.

V.P. Singh

Under Secretary(CX-6)