

F.No.268/29/94-CX-8

Government of India
Ministry of Finance
(Department of Revenue)

Central Board of Excise and Customs, New Delhi

Subject : Method of calculation of the depreciation which should be allowed to "capital goods" at the time of assessment of duty from free trade Zone/100%/Export Oriented Units to Domestic Tariff Area - Regarding

Attention is invited to Notification No. 57/94-CE dated 1st March 1994 permitting 100% EOU to pay the duty on depreciated value if capital goods, material handling equipments, captive power plants or as the case may be, captive generating sets are allowed by the Board, to be cleared to DTA.

2. In the above connection it is observed that rate of depreciation as already been prescribed vide Circular No. 305/52/85-FTT dated 15/4/87 in case of DTA clearance of imported goods.
3. A doubt has been expressed as to whether the aforesaid method of calculation should also be applicable in cases where the indigenous Capital Goods are cleared by such units.
4. The issue has been examined and it has been decided that the method for calculating depreciation assessment in the above circular should apply *mutatis mutandis* to those cases also where Capital Goods have been procured from domestic market and are cleared by such units to DTA. The rate of depreciation of such goods should be as follows :

For every quarter during 1st year	4%
For every quarter during 2nd year	3%
For every quarter during 3rd year	2.5%
For every quarter during 4th year and thereafter	4%
Subject to an overall limit of 70%	

Sd/-
(I.P.Lal)
Deputy Secretary to the Government of India