

F.No. 421/4/95- Cus -IV

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs, New Delhi

Subject: Sale of cars to STC by foreign privileged persons -Delay in realisation of duty - reg.

In terms of rule 4(ii)(c) of the Foreign Privileged Persons/ Regulation of Customs Privileges Rules, 1957, a foreign privileged person, on relinquishing his post or on his transfer out India may offer the vehicle imported by him for sale to State Trading Corporation, with the permission of Ministry of External Affairs. In terms of rule 5(iv)(i) *ibid*, where such vehicles have been purchased by the State Trading Corporation within three years from the date of its importation, the State Trading Corporation is required to pay the customs duty leviable on such motor vehicles.

2. Instructions have been issued in the past requiring the Customs Houses through which the vehicles are imported by the Foreign Privileged Persons, to maintain register for recording the details of cars in respect of which permission is granted to privileged person by the Ministry of External Affairs of sale to the State Trading Corporation (Ministry's letter No. 442/ 7/ 78 -Cus. IV dated 11.8.1978 reproduced in the Customs Appraising Manual Volume II pages 40-41 refers). It was further prescribed that on receipt of the notice of the permission for sale given by the Ministry of External Affairs, the number and date of the letter granting permission, name and address of the privileged persons, particular of car, the date of its importation, whether duty leviable etc. should be entered in the relevant register together with the details regarding the date of payment of duty, cash challan and the name of the Customs House where the amount deposited. It was further desired that cases in which the duty is recoverable it should be pursued by the concerned Customs House until duty is paid. And in order to ensure that the recovery of duty is not delayed, the Customs House would prepare a monthly list of the cases in which the recovery of duty is not known the list to the concerned Regional Offices of State Trading Corporation asking them to deposit the amount of duty recoverable without any delay.

3. On examining the replies furnished by the Customs Houses in respect of the sale of car to the State Trading Corporation by the privileged persons in course of enquiry by Public Accounts Committee it has been observed by the Board that procedures as prescribed in board's letter dated 11.8.1978, is not being followed by the Customs Houses. It has been reported that the permission of the Ministry of External Affairs, granting sale to State Trading Corporation is not always received by the Customs Houses. Moreover, such permission by the Ministry of External Affairs is being considered as advance intimation only and Customs Houses are mainly depending on the information furnished by the State Trading Corporation in this regard. The duty is being asked from the State Trading Corporation only after the receipt of the intimation from the State Trading Corporation. This has caused a considerable delay in the realisation of duty from the State Trading Corporation.

4. In order to ensure that the recovery of duty on motor-vehicles sold by foreign privileged person is not delayed, it is reiterated that such cases should be pursued by the Customs House

in accordance with the procedure laid down in Ministry's letter F.No. 442/7/78- Cus.IV dated 11.8.1978. The registers referred to in para 3 of the Ministry's letter dated 11.8.1978 should be maintained in the stipulated proforma. As regards non receipt of all the orders granting permission of sale by the Ministry of External Affairs (MEA), Ministry of External Affairs has been advised to allot running serial number (Custom House of Import wise / year wise) so that Custom Houses could check if they. have received all the permissions for sale.

Sd/-
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