



सीमा शुल्क आयुक्त का कार्यालय  
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F.No.S-12 / 01 / 2009-Apprg.

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**PUBLIC NOTICE NO. 12 / 2009**

**Sub: Clarifications in respect of quantum of Bond and Bank Guarantee (BG) under Advance Authorization and Export Promotion Capital Goods schemes- reg.**

Attention of the CHAs/ Import-Export trade and all concerned is invited to CBEC's Circular No.4/2009 Cus dated 28.01.2009 on the above mentioned subject. Doubts were raised with regard to inclusion of interest amount in the Bond and Bank Guarantee(BG) to be executed under Advance Authorization and Export Promotion Capital Goods schemes.

2. The matter has been examined by the Board. Para 3 of Board's Circular No.58/2004-Cus. dated 21.10.2004 states that, for clearances under Advance Authorisation and EPCG licence the bond shall be taken for an amount equivalent to the duty ordinarily leviable on the goods but for the exemption. The said circular has not envisaged the concept of adding interest amount to the duty foregone for quantifying the amount for bond/BG purposes. This is because the interest element is penal in nature and will arise only if the authorization holder defaults in discharging his obligations under the above schemes. Hence, it is not the intention of the Board to add the interest component either simple or compound for the purpose of calculation of bond amount under the said Para in respect of clearances of EPCG/Advance Authorisations. The assessee, however, binds himself to pay the interest in case of default as specified in condition 4 of the Bond format enclosed to the circular No.58/2004-Cus.

3. Accordingly, it is clarified that the Bond under Para 3 of Circular No.58/2004-Cus. shall cover only the duty ordinarily leviable on the goods but for the exemption. Similar analogy will apply for quantification of the BG amount.

4. However, the bond executed under both the schemes should include a condition that the interest and other charges as applicable will be paid by the authorization holder in case of non compliance of the conditions of the notifications under the above mentioned schemes.

5. Difficulties faced, if any, in implementation of the above may please be brought to the notice of undersigned.

6. Hindi version follows.