



EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

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EPCH ORGANIZED AN AWARENESS SEMINAR ON "CUSTOMS CLEARANCE OF EXPORT AND IMPORT CARGO" AT RAJIV GANDHI BHAWAN, NEW DELHI ON 7TH DECEMBER'2013

The Export Promotion Council for Handicrafts (EPCH) organized an Awareness Seminar on "Customs Clearance of Export and Import Cargo" at Rajiv Gandhi Bhawan, New Delhi. The seminar was conducted by Dr. Ram Singh, Associate Professor, Indian Institute of Foreign Trade (IIFT).

The session on custom clearance was aimed to educate the participants about various types of shipping bills used by exporters as well as various types of bills of entry filed by importers.

Dr Ram Singh explained the procedure involved in getting the import and export cargo cleared. The effort was made to apprise the participants about each step from filing of shipping bill / bill of entry to "Let Export Order" or " Out of Charge Order" by customs. Over 40 member exporters and buying agents actively participated in the interactive seminar.

Dr. Singh also informed the participants about the Customs Tariffs Act, various circulars and notifications and their implications on exports & imports. Further, he informed the gathering about various Government incentives/benefits that are available to the exporters and how these can be availed by them. He laid stress on proper and correct filing of shipping bills in order to claim various benefits and also to facilitate smoother and faster clearance of goods at the customs.

He further informed the provisions related to conveyances carrying imported or exported goods, clearances of imported goods and export goods, goods in transit, warehousing, duty drawback, special provisions relating to SEZ, special-provisions regarding baggage goods imported or exported, provisions relating to coastal goods and vessels carrying coastal goods.

After detailed deliberations, the following major questions were raised by the participants :-

Q1. What is Custom Duty?

Ans: Customs Duty is a type of indirect tax levied on goods imported into India as well as on goods exported from India. Taxable event is import into or export from India. Import of goods means bringing into India of goods from a place outside India. India includes the territorial waters of India which extend up-to 12 nautical miles into the sea to the coast of India. Export of goods means taking goods out of India to a place outside India.

Q2. Suppose, a company in India imports packaging material, Will they have to pay the Import Duty?

Ans: There can be two purposes for the import of packaging material:

Sale in India: If the purpose of importing the packaging material is to sell in India, the import duty will be levied on it.

Export to Foreign Country:In case of export of these materials to the foreign country, the company may claim the Duty Drawback provided by the Government of India.

Q3. In case an exporter wants to store his imported cargo (which is intended to be moved in successive lots in future) at the Warehouse at Port, What is the procedure?

Ans: Instead of clearing the whole consignment the importer has been allowed to clear the consignment in convenient lots after paying appropriate duty on that particular portion that is cleared. During the

intervening period the goods are stored in custody in a place called warehouse. The consideration the importer is required to pay for this facility is as under:

- He should bind himself to pay the government a sum equal to double the amount of total duty determined, with such surety or security (collaterals) as may be required. This is called **Double Duty Bond**.
- He should agree to pay duty on the goods cleared from such warehouse at the rate of duty and valuation prevalent on the date on which Bill of Entry in respect of such goods is presented.

However, the warehouse charges would imply on the goods kept in the warehouse.

Q4. Suppose, an exporter has exported a container of goods to Japan against the purchase order raised by the buyer and when the goods reached Japan, it was not found that a particular part was not as per the agreed quality and needs to be replaced. Taking the situation the exporter imports back the consignment and the entire tariff, freight charges etc. are borne by him and it becomes very tiresome. What should be done in such cases?

Ans: It is suggested that the exporter should not call/import the container in his name. The import of the consignment by the exporter should be done in the name of some SEZ where he can make the changes and then export it to the buyer at Japan.

In such cases, a surveyor may be hired at the time of opening of the consignment.

Q5. How to claim Duty Drawback on exports?

Ans: If shipping bill was filed at a customs location where in no EDI facility is available, triplicate copy of shipping bill with other documents to support the application for drawback need to be filed. The exporter approach respective customs department and collect details of documents under the product which he intends to claim draw back. If such requisite information/documents are not filed, such application for drawback may be returned to exporter advising to re-apply with required documents. However, the shipment will not be stopped due to this reason.

If export documents are filed electronically, the exporter or his authorized customs broker files necessary information about draw back with required documents at the time of filing documents for export procedures and formalities. In such cases, the amount of drawback is directly credited with exporter's bank by customs authorities.

If the amount of drawback is not credited with exporter's bank within a stipulated period of time after export, he can contact customs department.

Q6. Is there any facilitation of Duty Drawback in case of export of samples?

Ans: There is no facility of Duty drawback to the exporters in case of export of samples. However, in case of paid samples, there is the provision.

Q7. What is the procedure for claiming the Duty drawback in case of goods exported say for example is a mix of Wood, Glass, and Beads etc.?

Ans: There are cases where the goods exported are mix of several products which separately/individually qualifies for different rates of drawback. In such cases it is suggested, in order to avoid the last minute problem of claiming the exact percentage of duty drawback; the exporter should get a certification from the Chartered Certified Engineer that elaborates the correct percentage of the composition of the products, which ultimately helps the Custom in deciding the right percentage of duty drawback.

Q8. It has been observed that in case of export of goods to Focus market, where Focus Market Scheme is applicable, the landing certificate is also required for claiming the benefits. Is it true?

Ans: Prior to the liquidation of the drawback entry, the custom has made it mandatory to seek the Landing certificate in order to ensure the export of goods to the declared country of destination. This helps in confirming the shipment so that the accorded benefits may be extended to the genuine cases only.

Q.9. What may be the corrective measure in cases where the exporter by mistake, has filed a less drawback duty than as has been mentioned by the Government?

Ans: The CHA would help in such cases. The amendment in shipping bill is allowed within 3 months of the date of shipment. However, it is suggested that such amendments should be brought before the Exit Outward is issued.

Q.10. What is FIRC (Foreign Inward Remittance Certificate)?

Ans: When any foreign exchange (currency) is received in the exporter's bank account, Bank wants a confirmation from exporter's side as per RBI rule to know the purpose of such remittance.

Then the exporter has to submit the purpose/amount/ bank account etc. to the bank. This is the procedure of giving disposal instruction of remittance. Once these are submitted, the exporter may ask to get the FIRC.

Q.11. Suppose, I have to receive the payment in parts from a foreign buyer, what should be done?

Ans: In case of intention to receive the payment in part from the foreign buyer, it is advisable that the exporter takes the FIRC first from the bank for the whole amount of currency then to claim for the BRC (Bank Realisation Certificate). The exporter should not go for claiming the BRC on direct basis.

Q.13. What is the difference between FIRC and BRC? What is the sequence of receiving both of these certificates?

Ans: FIRC is issued against any receipt of amount from foreign countries by a bank to their customers. It can be an advance payment against export proceeds, ocean or airfreight, or remuneration or wages under consultancy charges or for any other reasons.

BRC means Bank Realization Certificate issued by bank to their customers against any specific documents. Normally BRC is issued by a bank to their customers who have been in to export business for each shipment. Various export promotion agencies provide incentives, import duty exemptions and other financial assistance to the exporters. These agencies require proof of export by exporters to claim such benefits. One of the proof of exports other than export promotion copy of shipping bill (EP copy of shipping bill), Mate Receipt issued by the carrier and/or customs authorized ARE-1 (for goods under central excise only) is Bank Realization Certificate BRC issued by the respective bank who receive foreign amount for exporters.

So once after receiving the amount under each shipment, the exporter approaches their bank and submits the proof of exports and FIRC details (Foreign Inward Remittance Certificate) to obtain a BRC under each shipment.

