

Re-Importation/Re-Exportation of Goods

Re-importation of indigenously manufactured/imported goods:

Often goods indigenously manufactured when exported are returned back for various reasons including cancellation of export order or after exhibition/display etc., these are returned or the machinery etc., is returned after use in particular project/contract and completion of the contract etc. Imported goods which may have discharged duties at the time of original importation have also to be often sent out for repair, reconditioning etc. Private, personal imported property may also have to be sent abroad for repair within the warranty period and returned. There are also goods which may have to be sent for special processes like electroplating, polishing or coating and re-imported.

2. It is to be noted that under Section 12 on import duties of Customs are leviable and no distinction is made whether the goods being imported had discharged duties earlier and they are being re-imported after exportation for particular purposes. Similarly, even if goods are indigenously manufactured which had been exported earlier under various export incentive schemes or duty drawback claim or even without any export incentive claim, when these are re-imported they attract and have to discharge the customs duty leviable on like import goods (as the duty is on the act of importation) unless an exemption is issued.

3. To avoid repeat total duty on the full value of the imported goods when sent abroad for repairs, certain relief from duty liable has been provided. Similarly, where the goods are indigenously manufactured the basic intention is that when re-importation is effected on customs clearance for consumption in the market, they should bear the Central Excise duties which are otherwise leviable and which may not have been discharged at the time of exportation. Further, the exporters should not get away with any benefits which may have been given as an export incentive and these benefits should be recovered by way of duty. Exemption notification has been issued under Notification No.94/96-Cus. dated 16.12.1996 covering re-importation of indigenously manufactured goods under duty drawback/rebate claims export under bond or under other export incentive claims and the same may be referred to. Thus, certain duties have to be paid equivalent to the export incentives etc., on re-importation. It is only where the goods were exported earlier on payment of Central Excise duty, without claiming any rebate, and without claiming any export incentives such as duty

drawback or benefits of the duty exemption schemes, EPCG scheme or under DEPB scheme and where the indigenously manufactured goods are being returned that no customs duties are leviable.

4. Where the indigenously manufactured goods are exported for repair and returned without claiming any benefits as provided in the said notification, duty is to be paid on a value comprising fair cost of repairs including cost of materials used in repairs, insurance and freight charges both ways.

5. For availing the benefit of the said notification the Assistant Commissioner has to be satisfied that the goods are the same which were exported earlier and certain other conditions as laid down in the said notification.

6. Where the goods manufactured in India or parts thereof are re-imported into India for repairs or reconditioning or reprocessing/refining/remaking etc., and returned, complete exemption from the import duties leviable is available in terms of notification No.158/95-Cus dated 14.11.1995 if the re-importation takes place within a specified period, the goods are re-exported within six months of re-importation, the Assistant Commissioner is satisfied as regards the identification of the goods and certain other conditions for ensuring re-export (including execution of bonds etc.) are fulfilled.

7. A separate exemption notification also has been provided to take care of re-importation of the private personal property which was imported earlier but exported out for any alteration, renovation, repair free of charge etc. If the goods are repaired on free of charge basis in accordance with the terms of warranty given by the manufacturers and in accordance with the established trade practice and subject to certain laid down conditions about non-availment of any drawback or other facilities, the whole duty of customs is exempted in terms of notification No.174/96-Cus. However, if any alterations, renovations or additions or repairs executed subsequent to their export, certain custom duties are payable equivalent to the cost of alterations/renovations/additions.

Re-Exportation:

There are often occasions where imported goods may have to be re-exported. Such situations arise where the import goods found defective after customs clearance or these are not found according to specifications or requirements of the Indian consignee. Various machinery items after import for

use in certain projects or otherwise are also often sought to be re-exported by the original owner. Re-exports can be made by sea, air, baggage or post.

2. Section 74 of the Customs Act provides for grant of 98% of the Customs duties leviable at the time of importation, by way of Drawback if it is re-exported by the importer, subject to laid down conditions to be satisfied. The re-export is to be allowed within two years from the date of import – (which period can be extended on sufficient grounds being shown) and goods have to be identified with the earlier import documents and duty payments - to the satisfaction of the Assistant Commissioner at the time of export. If such goods have been used in India after importation, refund is granted on a proportionate basis under Notification No.19/95-Cus dated 6.2.1995, as amended, and there being no refund admissible if the goods have been used after the re-importation which have been out of customs control for more than 36 months after the date of clearance for home consumption and the date when the goods are placed under customs control for export. For specific categories of goods as mentioned in notification if these are used no drawback of the import duty paid is permissible. In respect of motor vehicles imported for personal and private use drawback formula is slightly different and same is calculated by reducing the import duty paid according to the laid down percentage for use for each quarter or part thereof, but upto four years of use.
