No. CLE-HO/POL/DBK/16-17
November 3, 2016

Members of the Council

**Sub :   Revised All Industry Rates of Duty Drawback (DBK Rates) for 2016-17**
 **(Effective from Nov. 15, 2016)**

**Ref : Customs Circular No.50/2016 dated 31st October 2016**

 **Customs Notification (Non- Tariff) No. 131/2016 dated 31st October 2016**

 **Customs Notification (Non- Tariff) No. 132/2016 dated 31st October 2016**

Dear Member

The Department of Revenue, Ministry of Finance, Government of India has notified the revised All Industry Rates of Duty Drawback covering all export products including leather & leather products & footwear for the year 2016-17 vide **Customs Notification (Non- Tariff) 131/2016 dated 31st October 2016.**  **The revised DBK rates will come into effect from Nov. 15, 2016. The highlights are given below.**

 **Chapter 41**

* Under Chapter 41, the DBK rates for finished leather  increased by 0.7%. Cap increased by Rs.1.40 per sq.mtr.
* For lining leather, Rate increased by 0.7%. Cap increased by Rs. 1.60 per sq.ft

**Chapter 42**

The following are the highlights of Chapter 42 items.

* For Harness made of leather, Rate increased by 0.6% & cap increased by Rs.13/- per piece.
* For Saddles made of leather, Rate increased by 0.2% and cap increased by Rs.76/- per piece.
* For Harness and saddlery made of non-leather including textiles or synthetic materials, rate and cap remain the same.
* Trunks, suitcases, vanity cases, executive-cases (including laptop bags), briefcases, school satchels, travelling bags/luggages and similar containers - with outer surface of leather, of composition leather or of patent leather (42020101), Rates increased by 0.3% and cap remains the same at Rs.530 per piece.
* For Handbags with outer surface of leather or composition leather/patent leather, Rates increased by 0.3% and cap increased by Rs. 55 per piece.
* For Articles of a kind normally carried in the pocket or hand bag, with outer surface of leather, of composition leather or of patent leather, Rates increased by 0.3% and cap remains the same at Rs.70/-
* For Articles of Apparel made of leather, rate increased by 0.2% and cap increased by Rs.80/- per piece.
* For Industrial Gloves made of leather, Rate increased by 0.2% and cap increased by Rs.11.50
* For Other gloves made of leather (Fashion Gloves), Rate increased by 0.3% and cap remains the same at Rs.50/- per pair.
* For Golf Gloves made of leather, Rate increased by 0.2% and cap increased by Rs.5

**Chapter 64**

The following are the highlights of footwear under Chapter 64

* For Leather Shoe for adults, namely boots and half boots, Rate increased by 0.4% and cap remains the same at Rs.310 per pair.
* For, Leather Shoes for adults, other than boots & half boots, Rate increased by 0.4% and cap remains the same at Rs.220 per pair.
* For synthetic footwear i.e. other footwear with outer soles and uppers of rubber or plastics falling under 6402,rate remains same but cap has been reduced by Rs.25/-

**NEW ENTRIES**

Following new entries have been notified.

|  |  |
| --- | --- |
|  | **NEW ENTRY** |
| **Product** | **Unit**  | **DBK 2016-17 (w.e.f. 15.11.2016)** |
| **Rate** | **Cap - Rs.** |
| Wrist band, tie-pin, necklace made of leather **(420309)** | Kg | 6% | 100 |
| Leather woven/braided hand-bag (42020201) | Piece | 8.2% | 360 |
| Handbags or shopping bags, whether or not with shoulder strap, including those without handle ; organizer, file folders, note cases with closing devices - Of plastic and/or or other textile materials (42020204) | Piece  | 7% | 175 |
| Articles of a kind normally carried in pocket or in the handbags – of plastic and/or or textile material  | Piece | 7% | 42 |

**CHANGES IN DESCRIPTION OF EXISTING ENTRIES**

Following product description changes have been made in DBK Schedule.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **NEW RATES** | **OLD RATES** | **Remarks**  |
| **Product** | **Unit** | **DBK****2015-16** | **DBK****2016-17** |
| Belts (with or without an extra buckle) and bandoliers made of leather, whether or not in combination with synthetic material - 420307**Note : Earlier description of this product was Belts (with or without an extra buckle) and bandoliers made of leather. The new entry will facilitate extension of Drawback benefits to belts and bandoliers made of leather in combination with synthetic materials and made of synthetic materials.**  | piece | 6.5% | 38 | 6.8% | 40/- | Rate increased by 0.3% and cap increased by Rs.2 |

* **DBK for file folders, note cases with closing devices and organiser :** The description of product entry at 420202 earlier was*Handbags or shopping bags, whether or not with shoulder strap, including those without handle.* This has been changed to *Handbags or shopping bags, whether or not with shoulder strap, including those without handle ; organizer, file folders, note cases with closing devices.(420202)* so as to extend DBK benefits to file folders, note cases with closing devices and organiser also.
* **DBK for computer tablet covers :** In theProduct Description under tariff no. 420201, computer tablet covers have also been added, thereby making them eligible for Drawback under 42020101, 42020102 or 42020199.
* **Description of articles of leather :** In the notes and conditions of the aforesaid Customs notifications (Non- Tariff) No. 131/2016 dated 31st October 2016, the term article of leather in chapter 42 of the Drawback Schedule has been expanded to include any article wherein 60% or more of the outer and inner surface area taken together is of leather. This is in the light of newer design and commercial practices. The relevant para (Para 14) states the following.

*The term „article of leather‟ in Chapter 42 of the said Schedule shall mean any article wherein (a) 60% or more of the outer visible surface area; or (b) 60% or more of the outer and inner surface area taken together, excluding shoulder straps or handles or fur skin trimming, if any, is of leather notwithstanding that such article is made of leather and any other material.*

* **Non-availment of CENVAT :** Para 12 of the aforesaid Customs notifications (Non- Tariff) No. 131/2016 dated 31st October 2016 states that certificate regarding non-availment of Cenvat facility shall not be required in the case of exports of handloom products or handicrafts (including handicrafts of brass art-ware) or finished leather and other export products which are unconditionally exempt from the duty of Central Excise
* Para 13 of the aforesaid Customs notifications (Non- Tariff) No. 131/2016 dated 31st October 2016 states that whenever a composite article is exported for which any specific rate has not been provided in the said Schedule, the rates of drawback applicable to various constituent materials can be extended to the composite article according to net content of such materials on the basis of a self-declaration to be furnished by the exporter to this effect and in case of doubt or where there is any information contrary to the declarations, the proper officer of customs shall cause a verification of such declarations.
* Apart from revisions in the All Industry Rate of Duty Drawback (AIRs), the Central Government has also amended the Customs, Central Excise and Service Tax Drawback Rules, 1995 vide Notification No. 132/2016-Customs (NT) dated 31.10.2016 for the purpose of deleting sub-rule (1) of rule 8 which did not allow AIR or Brand Rate drawback to exports (other than postal exports or exports under advance authorization) if the amount of drawback is less than 1% of F.O.B. value of export, except where the amount of drawback per shipment exceeded Rs.500. This deletion takes effect from 15.11.2016.

**A statement of comparison of DBK rates between 2016-17 (New Rates) and 2015-16 (Old Rates) along with the DBK Schedule for items under Chapters 41,42,43 and 64 are enclosed herewith. Also enclosed are the aforesaid Customs Notifications and Circular.** Members may kindly note and avail the Duty Drawback accordingly.

With regards

Yours sincerely

**R . Ramesh Kumar**

Executive Director