

## **Excise Free Goods on Sale in Duty Free Shops in India against Rs. 35K Baggage Allowance**

- **Measure to Make Indian TVs Competitive with Bangkok and Singapore Baggage Goods**
- **No Export Status, Only Excise Exemption to Supplies**

*The Government issued notification on 23 May 2013 so as to allow excise duty-free sale of goods manufactured in India to international passengers or members of crew arriving from abroad at the Duty Free Shops (DFSs) located in the arrival halls of international airports and to passengers going out of India at the DFSs located in the departure halls of international airports in the country. Directions have also been issued to specify the procedure for removal of the goods from the factory of production without payment of duty to go downs or retail outlets of DFSs and related matters.*

*Passengers or members of crew coming from aboard are entitled to a duty-free baggage allowance subject to the conditions specified in the Baggage Rules, 1998. DFSs located in the arrival halls sell duty-free imported goods. Indigenous goods are also being sold in the arrival halls, but they are not duty free. Passengers going out of India are permitted to purchase duty-free imported goods from DFSs located in the departure halls of international airports. However, excise duty-free indigenous goods are not available for sale in such DFSs. It is in this context that representations were received requesting to permit excise duty-free sale of goods manufactured in India both on the arrival side as well as the departure side so as to ensure parity with the imported goods and to promote brand INDIA.*

*The Government held discussions with the different stake-holders and decided to permit excise duty-free sale of indigenous goods to passengers or members of crew arriving from abroad within the overall permissible baggage allowance under the Baggage Rules, 1998 and to permit excise duty-free sale of indigenous goods to passengers going abroad. Now, a passenger arriving from abroad shall have the choice to buy either duty-free imported goods or duty-free indigenous goods within his overall permissible baggage allowance.*

### **[Central Excise Notification No. 19 dated 23<sup>rd</sup> May 2013]**

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944(1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods falling under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as indigenous goods) when brought into duty free shops located in the arrival halls at the International Customs Airports from the factories of their manufacture situated in India for sale to passengers or members of crew arriving from abroad, from the whole of the duty of excise leviable thereon which is specified in the said Schedule, subject to the following conditions, namely:-

(i) the owner of the duty free shop shall follow the procedure specified by the Central Board of Excise and Customs vide Circular No. 970/04/2013-CX, dated 23<sup>rd</sup> May, 2013, governing the movement of excisable indigenous goods to the warehouses or retail outlets of Duty Free Shops appointed or licensed under the provisions of the Customs Act, 1962 (52 of 1962) and sale therefrom to the passengers or members of crew arriving from abroad;

(ii) the passenger or member of crew arriving from abroad shall be allowed clearance of excisable indigenous goods in his bonafide baggage, free of duty, subject to the maximum permissible allowance as applicable to such passenger or member of crew under the provisions of the Baggage Rules, 1998, issued vide notification of the Government of India, in the Ministry of Finance (Department of Revenue) No. 30/1998-Customs (N.T.), dated the 2<sup>nd</sup> June, 1998, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R.296 (E), dated the 2<sup>nd</sup> June, 1998, as amended from time to time;

(iii) the permissible allowance including the restrictions and prohibitions, if any, shall be determined under the said Baggage Rules read with all the "Appendixes" and "Annexure", which shall apply, *mutatis mutandis*, to sale of indigenous excisable goods to passengers or members of crew arriving from abroad;

(iv) the value of goods which shall be allowed clearance free of duty to the passenger or member of crew arriving from abroad within the permissible allowance as specified under the said Baggage Rules shall include the value of excisable indigenous goods, duty free as well as the value of imported goods purchased duty free;

(v) where the value of goods exceeds the maximum permissible allowance which is allowed to be cleared duty free, the passenger or member of crew arriving from aboard shall be liable to pay duty as applicable to dutiable articles in excess of such permissible allowance imported by a passenger or a member of crew in his baggage under the Baggage Rules, 1998 read with the Customs Act, 1962 and the rules made thereunder:

*Provided that where there are any quantitative restrictions on goods to be allowed as baggage under the said Baggage Rules, the duty payable on such goods in excess of such quantitative restrictions and other*

consequences such as penalty, etc. shall apply *mutatis mutandis* to indigenous goods sold in the Duty Free Shops as are applicable under the said Baggage Rules, 1998 read with the Customs Act, 1962 and the rules made thereunder to the imported goods sold in excess of such quantitative restrictions.

[F. No. 354/192/2010-TRU (Pt)]

**[Central Excise Notification No. 18 dated 23<sup>rd</sup> May 2013]**

In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944(1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby rescinds the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 145/1989-Central Excise, dated the 19<sup>th</sup> May, 1989, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R.561 (E), dated the 19<sup>th</sup> May, 1989, except as respects things done or omitted to be done before such rescission.

[F. No.354/192/2010-TRU (Pt)]

**[Central Excise Notification No. 07 (Non Tariff) dated 23<sup>rd</sup> May 2013]**

In exercise of powers conferred by sub-rule (1) of rule 20 of the Central Excise Rules, 2002, the Central Government hereby extends the facility of removal of all excisable goods falling under the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) from the factory of production, intended for storage in a godown or retail outlet of a Duty Free Shop in the Departure Hall or the Arrival Hall, as the case may be, of International Airport, appointed or licensed as "warehouse" under Section 57 or 58 of the Customs Act, 1962 (52 of 1962), as the case may be, and for sale therefrom, against foreign exchange to passengers going out of India or to the passengers or members of crew arriving from abroad, subject to limitations, conditions and safeguards as may be specified by the Central Board of Excise and Customs in terms of sub-rule (2) of rule 20 of Central Excise Rules, 2002

[F.No.209/08/2011-CX.6]

**[Central Excise Notification No. 08 (Non Tariff) dated 23<sup>rd</sup> May 2013]**

In exercise of powers conferred by clause (b) of section 2 of the Central Excise Act, 1944 read with sub-rule (1) of rule 3 and rule 33 of the Central Excise Rules, 2002, the Central Board of Excise and Customs makes the following further amendment in the notification No.38/2001-Central Excise (N.T.) dated the 26<sup>th</sup> June, 2001 [G.S.R. 467 dated 26<sup>th</sup> June, 2001], namely: -

In the said notification, in the TABLE, after S.No.9 and the entries relating thereto in column (2) and (3), the following shall be inserted, namely:-

(1)	(2)	(3)
"10.	<p>Officers of Customs under whose jurisdiction the godowns and retail outlets of Duty Free Shops at the International Airport are located, namely:-</p> <ol style="list-style-type: none"> <li>1. Commissioner</li> <li>2. Commissioner (Appeals)</li> <li>3. Additional Commissioner</li> <li>4. Joint Commissioner</li> <li>5. Assistant Commissioner or Deputy Commissioner</li> <li>6. Superintendent/Appraiser</li> <li>7. Examiner/Preventive Officer/Inspector</li> </ol>	<ol style="list-style-type: none"> <li>1. Commissioner</li> <li>2. Commissioner (Appeals)</li> <li>3. Additional Commissioner</li> <li>4. Joint Commissioner</li> <li>5. Assistant Commissioner or Deputy Commissioner</li> <li>6. Superintendent</li> <li>7. Inspector"</li> </ol>

[F.No.209/08/2011-CX.6]

**[Central Excise Notification No. 09 (Non Tariff) dated 23<sup>rd</sup> May 2013]**

In exercise of powers conferred by sub-rule (2) of rule 9 of the Central Excise Rules, 2002, the Central Board of Excise and Customs makes the following further amendment in the notification No.36/2001-Central Excise (N.T.) dated the 26<sup>th</sup> June, 2001 (GSR 465 E dated 26<sup>th</sup> June, 2001) , namely:

In the said notification, after para (2), the following shall be inserted, namely:-

“(2A) hereby declares that where a godown or retail outlet of a Duty Free Shop is appointed or licensed under the provisions of sections 57 or 58 of the Customs Act, 1962 (52 of 1962), as the case may be, such godown or retail outlet shall be deemed to be registered as warehouse under rule 9 of the Central Excise Rules, 2002.

*[F.No.209/08/2011-CX.6]*