GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE
DIRECTORATE GENERAL OF FOREIGN TRADE

Policy Circular No.37 (RE-2005)/2004-2009 5th December, 2005

To

1. **All Licensing Authorities**
2. **Development Commissioners of SEZs**
3. **EPZ Division of Deptt. of Commerce**

Subject: Reimbursement of excise duty paid on Fuels procured from Depots of Domestic Oil Companies.

In terms of para 6.11 © (iv) of Foreign Trade Policy, the EOU/EHTP/STP/BTP Units are entitled to reimbursement of duty paid on fuels procured from Domestic Oil Companies as per the rate of drawback notified by the DGFT from time to time. Till August, 2004, the EOUs were getting reimbursement of import duty in the form of duty drawback based on the rate fixed by DGFT and also getting exemption from payment of excise duty under CT3. This practice was prevalent in case of fuels procured either directly from the refineries or from the depots of Domestic Oil Companies. From September, 2004, the procedure for movement of fuel from the oil refineries to depots of domestic oil companies has been revised and consequently fuels from the depots of oil companies are not allowed to be procured under CT3 and are subject to payment of excise duty. Representations have been received for reimbursement of excise duty paid on procurement of fuel from oil depots.

2. The matter has been considered. In this connection, attention is drawn to provision contained in para 8.5 of FTP in terms of which deemed export benefits are available both at the input stage as well as terminal stage. The supplies are eligible for deemed export drawback in terms of para 8.3 of the policy on the central excise/customs duty paid on inputs/components and also eligible for refund of terminal excise duty paid on the finished goods provided the recipient of the goods does not avail CENVAT credit/rebate on such goods. The Drawback rate fixed by DGFT for furnance oil and high speed diesel take into account the customs duty on crude oil deemed to have been imported by the oil companies. This, however, does not take into account the excise duty paid on the procurement of fuel from the depots of domestic oil companies. Accordingly, it has been decided that fuels procured from the depots of domestic oil companies on payment of excise duty by EOU/EHTP/STP/BTP will be eligible for reimbursement in the form of terminal excise duty in addition to drawback rates notified by DGFT from time to time provided the recipient unit does not avail CENVAT credit/rebate on such goods. Supplies taken directly from the refineries will continue to get exemption from payment of excise duty under CT3.

3. In so far as supply to SEZ is concerned, which is treated as a physical export, the matter is under consideration in consultation with the Deptt. of Revenue.

4. This issues with the approval of Competent Authority.

(P.K.Santra)
Dy. Director General of Foreign Trade
For Director General of Foreign Trade

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