

**APPENDIX – 6G**  
**GUIDELINES FOR SALE / ADVANCE SALE OF GOODS IN THE DOMESTIC TARIFF AREA (DTA)**  
**BY EOU/EHTP/STP/BTP UNITS**

(Please see Para **6.07** and **6.08** of FTP)

**I. DTA SALE ENTITLEMENT FOR EOU UNITS:**

Paragraph **6.07** of the Chapter 6 of the Foreign Trade Policy provides for sale in DTA by EOU/EHTP/STP units. Such sales in the DTA will be governed by the following guidelines:-

- a) The sale of goods in DTA will be subject to the payment of applicable duties as notified from time to time by the Department of Revenue, Ministry of Finance, Government of India as specified in **para 6.07** of FTP. DTA sale includes clearance to any other unit within India under **para 6.07** of FTP.
- b) DTA sale entitlement will be applicable only to those goods and services, which are permissible as per EOU Scheme. No DTA sale will be permissible if such sale is specifically prohibited in the EOU Scheme or the Letter of Permission/Letter of Intent.
- c) Units may opt for DTA sales on a quarterly, half-year or annual basis by intimation to the concerned Development Commissioner of SEZ. However Five Star Export House as defined in **para 1.25** of Foreign Trade Policy (FTP) shall have the option to undertake DTA sales on monthly basis, as well.
- d) An application for sale of goods in DTA (as per EOU Scheme) by the EOUs shall be submitted to the Development Commissioner concerned in the application as given in ANF-6C. The application shall be certified by an independent Chartered Accountant/Cost Accountant and endorsed by the jurisdictional Officer of Customs/Excise/GST having jurisdiction over the unit. The Development Commissioner concerned will determine the extent of the DTA sale admissible **only in case of gems and jewellery and services units as indicated in para 6.07(b) and (c) of FTP and issue authorization in terms of value. For all other sectors , barring those where any DTA sale limits has been prescribed by competent authority, only intimation to the Development Commissioner and Jurisdictional customs/excise/GST authority should be given. Moreover**, EOUs having status holder certificate can sell finished goods into DTA under para 6.07(a) of Foreign Trade Policy under intimation to concerned Development Commissioner and Jurisdictional Custom/Excise/GST Authority in terms of Para 6.39 (g) of HBP. DTA sale in terms of para 6.07 (a) of Policy shall be allowed only after adjustment of advance DTA sale permission is granted.
- e) Advance DTA sale permission not exceeding the exports envisaged in the first year shall be permitted in respect of such DTA, the unit shall ensure that it achieves the positive NFE criterion within a maximum period of 2 years from the date of commencement of the production by the unit. However, drugs and pharmaceuticals units can make advance DTA

sale of the production on the exports envisaged in the first two years. However, in respect of such DTA, the unit shall ensure that it achieves the NFE criterion within a maximum period of 3 years from the date of commencement of the production by the unit. The unit manufacturing excisable goods shall be required to execute a bond with the Deputy Commissioner Customs/Excise concerned to cover the difference between the amount of duties paid on the advance DTA sale and the full duties applicable on such goods.

- f) Advance DTA sales permission would also be admissible in cases of capacity expansion/product diversification. In such cases, the unit would be entitled to advance DTA sales linked to the exports envisaged from the expansion or new production streams or through product diversification. However, no advance DTA sale would be admissible to a DTA unit converted into EOU except in respect of new production stream as a result of change of technology or on account of its expanded capacity for export.
- g) The DTA sale entitlement would accrue only if the unit has achieved positive NFE on cumulative basis. In case a unit has not achieved positive NFE in a particular year and thus becomes ineligible for DTA sale permission, the NFE and DTA entitlement in the subsequent year (s) within the block period as per Para 6.04 of FTP is to be seen with reference to cumulative value of imports and exports of earlier year(s). This will, however, not alter the period allowed for adjustment of advance DTA sale.
- h) EOUs engaged in the manufacture of perishable items like floriculture, horticulture, pisciculture can also avail the facility of simultaneous sale in DTA of such perishable items on quarterly basis, while earning DTA entitlement on exports made during the said quarter. Such permission can be granted in advance by the DC concerned subject to the condition that the unit has achieved positive NFE cumulatively up to the previous quarter.
- i) Units in the service sector can also avail DTA sale as per procedure mentioned above.

## **II SALE OF GEM & JEWELLERY PRODUCTS:**

DTA sale of Gem & Jewellery items will be permitted on annual basis by the Development Commissioners up to 10% of FOB value of exports during the preceding year subject to following conditions:

- a) The application by an EOU will be submitted to DC concerned on yearly basis (licensing-year) giving the details of production and exports made during the preceding licensing year duly certified by a Chartered Accountant/Cost Accountant and endorsed by the jurisdiction Custom Authority.
- b) The DTA sale of plain/studded jewellery as provided under para 6.07 (c) of the FTP shall be on payment of applicable GST and compensation cess along with reversal of basic customs duty exemption availed, if any, as payable on inputs used in such jewellery.

- (c) Advance DTA sale permission not exceeding the entitlement accruable on the exports envisaged in the first year shall be permitted and such sale shall be adjusted against the subsequent entitlements in a maximum period of two years.

### **III OTHER SUPPLIES IN DTA:**

Sale under para 6.08 of the Foreign Trade Policy.

The following guidelines shall apply to the sale of goods in the DTA in respect of supplies specified if paragraph 6.08 of the EOU Scheme:

- a) The unit shall, at the time of application, indicate the quantity and value of goods sought to be supplied in the DTA. If the sale is effected against an import license held by the DTA purchaser, the Customs/Excise/GST Officer concerned will allow such sale after making a suitable entry on the license of the quantity and value of such sales. The Import license shall cease to be valid for further imports to the extent of such supplies effected by units.
- b) If, the goods proposed to be sold by the units do not require an import license, the Customs/Excise/GST Officer concerned will allow such supplies from the unit to the DTA.
- c) Goods supplied under (a) and (b) above will be taken into account for the purposes of achievement of NFE. The unit will fill a quarterly statement to the Development Commissioner giving details of the goods cleared in the DTA category-wise.
- d) For the purpose of sub-para 6.08 (e), the relevant Ministry of Finance Notification are:
  - 1. No.106/58-Cus dated 29.3.58
  - 2. No.152/94-Cus dated 13.7.94
  - 3. No.50/96-Cus dated 23.7.96
  - 4. No.39/96-Cus dated 23.7.96
  - 5. No.84/97-Cus dated 11.11.97

### **IV. SALE OF REJECTS:**

Sale of rejects is also permitted in the DTA, as provided for in para 6.07 (d) on the Chapter 6 of the Foreign Trade Policy

### **V. SALE OF BY-PRODUCTS:**

The Sale of by-products in the DTA is also permitted as per provision of para 6.07 (g) of the Chapter 6 of the Foreign Trade Policy after inclusion of the item in LOP/LOI.