

APPENDIX-6M

GUIDELINES FOR CONVERSION OF DOMESTIC TARIFF AREA (DTA) UNIT INTO EXPORT ORIENTED UNIT (EOU)/ ELECTRONIC HARDWARE TECHNOLOGY PARK (EHTP)/ SOFTWARE TECHNOLOGY PARK (STP)/ BIO-TECHNOLOGY PARK (BTP) UNIT

(Please see Para 6.38 (a) of HBP)

DTA units intending to get converted into EOU/EHTP/STP/BTP unit will follow the procedure as below for such conversion:-

- (1) Apply to concerned Development Commissioner (DC) in a manner as applicable to new units.
- (2) After getting approval of the project and obtaining Letter of Permission (LOP) from DC, execute Legal Undertaking (LUT) in prescribed format with DC.
- (3) Thereafter, execute B-17 Bond with concerned Customs/Excise authority.

WHERE ADVANCE AUTHORISATION IS PENDING FOR REDEMPTION

(3.1) If the unit is having outstanding export commitment under advance authorization scheme, following procedure before execution of Bond with Customs/Excise/GST Authority need to be adopted :

(i) Approach concerned Customs/Excise/GST Authority and obtain certificate showing physical verification of unutilized material held in stock against all advance authorizations (not yet redeemed) and such raw material as intended to be carried forward to EOU;

(ii) Approach Regional Authority along with a copy of the following documents:

- (a) LOP/LUT executed with DC,
- (b) Certificate of stock verification obtained from Customs/Excise/GST Authorities.
- (c) LUT with RA as annexed.
- (d) Details of imports/exports against all advance authorizations and utilized/ balance materials as per prescribed consumption register.

The firm must submit original authorizations and connected documents of exports to concerned R.A.

(iii) RA, will calculate unfulfilled export obligation, as per prevailing norms. In case norms are not fixed, R.A. will take up with Norms Committee for its fixation. Such export performance would only be taken into account, as within valid export obligation period of Advance Authorization ;

(iv) R.A. will thereafter communicate "No objection" to DC and Customs/Excise/GST Authority with endorsement to applicant unit.

(v) The unit will approach the Customs/Excise/GST Authority for execution of B-17 bond:

(vi) Raw material obtained under Advance Authorization, which is having valid export obligation period can only be carried over;

(vii) Where export obligation period has expired, only course available is payment of duties, interest and penalty as applicable, proportionate to unfulfilled export obligation ;

(viii) RA would accordingly process case for discharge of obligation and redemption of bond LUT executed against all the advance authorizations issued already.

EPCG AUTHORIZATION

In case there is an outstanding export obligation under EPCG Scheme, the conversion would be permitted only if either the unit has fulfilled the stipulated Export obligation within the stipulated EO period and obtained EODC or has made payment of applicable duties and interest, taxes and compensation cess on capital goods imported under the EPCG scheme and has paid penalties imposed, if any, for non fulfillment of export obligation.

ANNEXURE

FORM OF LEGAL UNDERTAKING FOR CONVERSION OF DTA UNIT INTO EOU

M/s _____ were granted Advance/ EPCG Authorization Nos. _____ dated _____ for manufacture and export of _____ subject, inter-alia, to condition that they would achieve required export obligation as per provisions of Duty exemption/EPCG Scheme.

The unit filed a Bond with Bank Guarantee/ legal undertaking with President of India through Commissioner of Customs-----for achieving the above mentioned commitments.

As against above commitments, the unit's actual performance has been as under: -

<u>Year</u>	<u>Import</u>	<u>Export</u>
	<u>CG</u>	
	<u>RM</u>	

The unit applied for conversion from Duty Exemption /EPCG scheme to EOU Scheme which was approved vide letter No. _____ dated _____ subject inter-alia to the

condition that penalty imposed by appropriate Authority under the F.T.(D&R) Act, 1992, as amended, for non fulfilment of the conditions of approvals would be paid.

In view of the approval for conversion from DTA to EOU Scheme, I/We _____
_____ hereby undertake as under:

- (i) That I/We -----shall continue to be under obligation to fulfill the conditions of above authorization even after getting converted into EOU
- (ii) That I/We _____ shall pay whatever penalties are imposed by the Development Commissioner under FT(DR) Act, 1992, as amended, for non-fulfilment of the terms and conditions of Authorization
- (iii) That I/We _____ shall adhere to the mode of payment of penalties, if any, and time frame in which penalties are required to be paid to the Director General of Foreign Trade without any demur or protest.

Full and expanded description
of the unit with full address.

IN WITNESS WHEREOF the unit hereto has duly executed this agreement on
_____ this _____ day of
_____ 20__ signed, sealed and delivered by the unit in the presence of :

1 Name _____

Address _____

2. Name _____

Address _____

(To be authenticated/affirmed by 1st class Magistrate/ Notary Public)

Accepted by me on behalf of the President of India.

Dy./Jt.DGFT