

## **Exemption from 4% ITA CVD on Goods Sold from SEZ to DTA**

Ministry of Finance had imposed an additional duty of customs @4% under Sub-section (5) of Section 3 of Customs Tariff Act, 1975. The additional duty of customs was imposed on ITA-I items. However, Ministry of Finance had issued Notification No. 8/2005-Central Excise dated 1-3-2005 and Notification No. 9/2005-Central Excise dated 1-3-2005, exempting goods sold from EOUs and SEZ units respectively to DTA from this levy of 4% additional duty of customs.

Ministry of Finance issued Notification No. 45/2005-Customs dated 16-5-2005 wherein goods produced or manufactured in a Special Economic Zone and brought to any other place in India have been exempted from the 4% of additional duty of customs.

Ntfn 45 In exercise of the powers conferred by sub-section(1) of section 16.05.2005 25 of the Customs Act, 1962 (52 of 1962), the Central Government, (DoR) being satisfied that it is necessary in the public interest so

to do, hereby exempts all goods **cleared from produced or manufactured** in a special economic zone and brought to any other place in India in accordance with the provisions of [the Special Economic Zones Act, 2005 (28 of 2005) and the Special Economic Zones Rules, 2006], from the whole of the additional duty of customs leviable thereon under sub-section (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975): [Amended by 16/21.02.2007]

Provided that no such exemption shall be applicable if such goods, when sold in domestic tariff area, are exempted by the State Government from payment of sales tax or value added tax.

[Provided further that no such exemption shall be applicable to the following goods, namely:-

- (a) ~~Microprocessor for computer, other than mother boards;~~
- (b) ~~Floppy disc drive;~~
- (c) ~~Hard disc drive;~~
- (d) ~~CD-ROM drive;~~
- (e) ~~DVD Drive;~~
- (f) ~~USB Flash memory;~~
- (g) ~~Combo drive~~
- (h) ~~Cellular Phones, and~~
- (i) ~~Radio trunking terminals.]~~

[Second proviso inserted by 16/21.02.2007 and Omitted by 19/27.02.2007]

*Explanation.*- For the purposes of this notification, "special economic zone" means the special economic zones notified by the Government of India, under section 4 of the Special Economic Zones Act, 2005 (28 of 2005). [Amended by 16/21.02.2007; The words "cleared from" substituted by 18/01.03.2011]