

24th May, 2004

F.No 305/75/2000-FTT(Vol VI)
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise & Customs)

Subject: Posting of Cost Recovery Officer in EOU/EHTP/STP Regarding

I am directed to invite your attention to the Boards Circular No 31/2003-Cus dated 7TH April,2003 wherein it has been clarified that the EOUs and EHTP/STP units will be given an option of either using the services of Customs and Central Excise Officers on payment of cost recovery charges or on payment of Merchant Over Time. In the said circular it was also clarified that Customs /Central Excise officer already promoted against cost recovery posts will not be reverted back but will continue to function in higher cost recovery posts till these officers get promotion against a permanent post in their own cadre. The purpose of this was to limit the scope and extent of exercising the "MOT" by assessee.

2. The circular appears to have created an impression in the field formations that the officers occupying cost recovery posts on promotion have a right to continue in the post indefinitely till they are absorbed against permanent vacancy in the equivalent posts. The matter has been examined in the Board. It is hereby clarified that as per Board's guidelines issued under F.No. A-11018/7/90-Ad.IV dated 2-5-1990, cost recovery posts are created/sanctioned on a yearly basis only. For continuation of cost recovery officer beyond a period of one-year, clearance/sanction is required from IFU. Hence, in all such cases, where there is requirement to continue the cost recovery officers beyond one year, the concerned Commissionerate would be required to take prior sanction of IFU. Paragraph 6 of Board's Circular 31/2003-Cus dated 7-4-2003 stands modified to the above extent.

3. It is further clarified that where an officer posted against a cost recovery post attends or is assigned to more than one EOU, the cost of the post shall be equally shared among all such EOUs. This aspect shall be mentioned in the posting order of cost recovery officer itself by the concerned Commissioner of Customs or Central Excise, as the case may be. Past cases where this practice was not being followed, need not be opened. This will apply to cost recovery charges payable for the year 2004-2005.

4. It may be noted that as per Board's letter F.No. A-11018/8/91-AD IV dt 1.4.1991 the cost recovery charges to 100% EOU is equal to the average cost of the post.

5. Wide publicity may be given to the above said Circular in the form of public notice.

6. Hindi version follows

7. Please acknowledge the receipt.

Ranjit Kumar
Sr. Technical Officer(FTT)
Tel No 23093859