

F.No. 305/6/95- FTT (Pt)

Government of India
Ministry of Finance
Department of Revenue, New Delhi

Subject : Export of goods manufactured by 100% EOU/ EPZ units to Nepal in Indian currency - Duty applicability

I am directed to say that as per the provisions of the notifications issued under Rule 13 and Rule 14 of the Central Excise Rules, 1944, the export of excisable goods to Nepal and Bhutan is permissible under bond without payment of excise duty subject to certain conditions, one of which is that the payment for the exports is received in freely convertible currency. At the sometime the policy of the Ministry of Commerce and the instructions of the Reserve Bank of India permit exports from 100% EOU and EPZU units against payments in Indian currency. A doubt has accordingly arisen whether that exports by 100% EOU/ EPZ units to Nepal may be made against payments in Indian currencies without recovery of excise duties.

2. The matter has been examined by the Board and I am directed to say that in terms of the Central Excise Rules 13 & 14 and the notification issued thereunder exports to Nepal are required to suffer the applicable duties if the payment for such exports is received in rupee account; the same treatment should apply also to exports to Nepal by 100% EOU/ EPZ Units. Hence, Export under bond under Rule 13 and 14 of the Central Excise Rules, 1944 without payment of excise duties, is **not** permissible in the case of exports by 100% EOU/ EPZ Units to Nepal where the payment is received on rupee account. For applicable duties of excise in respect of excisable goods, the relevant notification should be referred which requires for 100% EOU/ EPZ unit to pay the customs duties applicable to such goods. If the export goods are not excisable, they will pay appropriate customs duty as if imported into India. Accordingly, exports may be permitted to Nepal from 100% EOU/ EPZs by following Nepal invoice procedure and collections of appropriate duties when the payment is received in Indian currency.

3. It is desired by the Board that the aforesaid clarification may be brought to the notice of the Trade by issue of suitable standing orders.
