

21st May, 2021

Subject: Latest Amendments in IGCR and some more pending considerations

Dear Members,

ICEA is proud to pronounce that our strenuous efforts for a more comprehensive IGCR rules have finally paid off. We have been relentless in our efforts through policy interventions and continuous follow-ups. ICEA had been advocating a revision in the IGCR rules to facilitate job work, inter-company transfer and other simplifications so as to facilitate manufacture. Draft rules were issued in May 2019 and our comments were sent in July 2019.

Needless to mention, ICEA's highest priority has been to alleviate the issues faced by our members and industry through administrative interventions and reforms.

The Finance Minister had in her Budget Speech announced that the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (IGCR, 2017) would be amended to boost trade facilitation.

Accordingly, by **Notification No. 9/2021-Cus. (NT), dated 1 February 2021**, the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017 (**IGCRD Rules**) were amended *inter alia* to facilitate manufacture of finished goods on job-work basis using imported inputs, and for clearance of capital goods on depreciated value. These amendments were made effective from 2 February 2021. These amendments were introduced to boost the Make in India policy of the Indian government. The changes will enable the domestic industry to become competitive globally while also make them self-reliant in furtherance to the goal of *Aatmanirbhar Bharat*

The CBIC has now issued a **Circular No.10/2021-Customs, dated 17th May 2021** in order to assist the trade in understanding the improvements in the IGCR, 2017 so that they may make full use of the new facilities

The following amendments have been made:

Job-Work: All importers and / or manufacturers are now allowed to get finished goods (100% outsource) and intermediate goods (partial outsource) manufactured on job-work basis. Few sensitive sectors like gold, jewellery and articles thereof, and other precious metals or stone have been excluded from this facility. Refer Rule 6A of the IGCRD Rules.

Clearance of capital goods after use: Importers are now given an option to import capital goods for specified purpose at concessional rate and clear the same after use on payment of applicable customs duties along with interest on the depreciated value, with due permission of the jurisdictional Customs officer. Refer Rule 7(3) of the IGCRD Rules.



Application of IGCRD Rules extended to more end-use based exemptions:

More entries in Notification No. 50/17-Cus., dated 30 June 2017 as amended have been brought under the ambit of IGCRD Rules, with the intent to bring uniformity in the procedures for all end-use based exemptions.

Procedural simplification and e-governance:

- a. **One-time prior intimation:** Importer who intends to avail benefit under IGCRD Rules is required to give one-time prior information to the jurisdictional customs officer along with a one-time continuity bond to cover all the imports undertaken under these Rules. Refer Rule 4 of the IGCRD Rules.
- b. **Storage of imported goods:** The importer is now allowed to store the imported goods at any premises not owned by them, prior to their utilisation at the manufacturing premises, provided that the details of such premises are included in the prior information to be furnished under Rule 4 of the IGCRD Rules.
- c. **Transfer of goods to another job-worker:** The job-worker can send goods to another job-worker, against separate challan or with the same challan of the principal manufacturer itself, duly endorsed by him.
- d. **Clearance of goods by job-worker:** The goods can be directly cleared for home consumption from job-workers' premise, provided adequate records are maintained by the importer and subsequently shown in quarterly returns.
- e. **E-Governance:**
 - i. **Intimation before import:** The importer can furnish information as required under Rule 5, to the Customs officer over e-mail on a consolidated basis for a period not exceeding one year rather than in a transactional manner for every import. Refer Rule 5 of the IGCRD Rules.
 - ii. **Clearance of goods from port:** At the time of filing Bill of Entry, the importer can upload the intimation filed under Rule 5 on e-Sanchit and link the same with the other import documents, to facilitate the clearance of goods at concessional rate of duty. Refer Rule 5 of the IGCRD Rules.
 - iii. **Intimation about receipt of goods:** The importer can furnish intimation about the receipt of the goods directly in the premises of a job-worker over e-mail to the jurisdictional Customs Officer (of the job-worker) along with the copy provided to the jurisdictional customs officer (of the importer). Refer Rule 6 of the IGCRD Rules.

- iv. Intimation about clearance of goods to job-worker: In case where the goods are received first in importers' premises, the goods can be sent to job-worker under a challan, after giving an e-mail intimation to the jurisdictional Customs Officer (of the importer). Such intimation is to be given for every month, job-worker wise, by 5th of next month. Refer Rule 6A of the IGCRD Rules.

Re-Export or clearance for home consumption: An importer shall utilise the imported goods for the intended purpose or re-export the same, within a period of six months from the date of import, failing which the importer is liable to payment of duty with interest, as per the procedure laid out in the said IGCR Rules [*refer rule 7(1) and 7(2)*].

ICEA is thankful to the government of India for the above mentioned amendments. However, there are still some revisions that have been discounted and must be taken into consideration in order for the manufacturing industry to maximise its benefits and support the 'Make in India' initiative.

ICEA's further demand:

1. Timeline for re-export or clearance for home consumption needs to be extended till 12 months from 6 months.
2. Movement of goods from one plant to another should be allowed.
3. SION norms for the goods imported under IGCR Rule needs to be defined.
4. Interest Waiver on Capital Goods

ICEA will continue to pro-actively analyse and scan emerging issues which may arise for the industry in future so that appropriate policies can be created or existing policies can be modified in the best interest of the trade, industry and the Nation.



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Enclosed:

- 1) Customs Notification - 10-2021 - Customs dated 17th May, 2021
- 2) Comparison of IGCR Custom Notification Old Vs. New