

APPENDIX- 14-I-H

GUIDELINES FOR SALE OF GOODS IN THE DOMESTIC TARIFF AREA (DTA) BY EOU/SEZ/EHTP/STP/BTP UNITS:

NOTE: Please see Paragraphs 6.8 and 6.9 of the Chapter 6 of the Exim Policy.

I. DTA SALE ENTITLEMENT FOR EOU UNITS:

Paragraph 6.8 of the Chapter 6 of the Exim Policy provide for sale in DTA by EOU/EHTP/STP units. Such sales in the DTA will be governed by the following guidelines: -

- a) The sale of goods in DTA will be subject to the payment of licable duties as notified from time to time by the Department of Revenue, Ministry of Finance, Government of India. DTA sale includes clearance to any other unit within India under para 6.8.
- b) DTA sale entitlement will be applicable only to those goods and services, which are permissible as per EOU Scheme. No DTA sale will be permissible if such sale is specifically prohibited in the EOU Scheme or the Letter of Permission/Letter of Intent.
- c) Units may opt for DTA sales on a quarterly, half-yearly or annual basis by intimation to the concerned Development Commissioner of the SEZ.
- d) The DTA sales entitlement shall be availed of within three years of the accrual of entitlement.
- e) An application for sale of goods in DTA as per EOU Scheme by the EOUs shall be submitted to the Development commissioner concerned in the form given at Annexure-A. The application shall be certified by an independent Cost/Chartered /Cost and Works Accountant and endorsed by the Bond Officer of Customs/Central Excise having jurisdiction over the unit. The Development Commissioner concerned will determine the extent of the DTA sale admissible and issue authorization in terms of value. However, EOUs. having status holder certificate can sell finished goods into DTA under para 6.8(a) of Foreign Trade Policy under intimation to concerned Development Commissioner and Jurisdictional Central Excise Authority in terms of Para 6.39.9 of Handbook . DTA sale in terms of Para 6.8(a) of Policy shall be allowed only after adjustment of Advance DTA sale permission is granted.
- f) Advance DTA sale permission not exceeding the entitlement accruable on the exports envisaged in the first year shall be permitted and such sale shall be adjusted against the subsequent entitlements in a maximum period of two years. However, drugs and pharmaceuticals units can make advance DTA sale of the production on the exports envisaged in the first two years adjustable against subsequent entitlements within a maximum period of three years from the date of commencement of production by the unit. The Unit shall be required to execute a bond with the Assistant Commissioner Customs/Central Excise concerned to cover the difference between the amount of duties paid on the advance DTA sale and the full duties applicable on such goods.
- g) Advance DTA sales permission would also be admissible in cases of capacity expansion/product diversification. In such cases, the unit would be entitled to advance DTA sales linked to the exports envisaged from the expansion or new production streams or through product diversification. However, no advance DTA sale would be admissible to a DTA unit converted into an EOU except in respect of new production stream as a result of change of technology or on account of its expanded capacity for export.
- h) "The DTA sale entitlement would accrue only if the unit has achieved positive NFE on cumulative basis. In case, a unit has not achieved positive NFE in a particular year and thus becomes ineligible for DTA sale permission, the NFE and DTA entitlement in the subsequent year(s) within a block of 5 years is to be seen with reference to cumulative value of imports and exports of earlier year(s). This will however not alter the period allowed for adjustment of Advance DTA Sale."
- i) EOUs engaged in the manufacture of perishable items like floriculture, horticulture, pisciculture can also avail the facility of simultaneous sale in DTA of such perishable items on quarterly basis, while earning DTA entitlement on exports made during the said quarter. Such permission can be granted in advance by the DC concerned subject to the condition that the unit has achieved positive NFE cumulatively up to the previous quarter.

- j) Units in the service sector can also avail DTA sale as per procedure mentioned above.
- k) DTA sale of instant tea will be allowed up to 20% of FOB value of exports in the form of tea bags or bulk.

II. SALE OF GEM & JEWELLERY PRODUCTS:

DTA sale of Gem & Jewellery items will be permitted on annual basis by the Development Commissioners up to 10% of FOB value of exports during the preceding year subject to following conditions:

- a) The application by an EOU will be submitted to DC concerned on yearly basis (licensing-year) giving the details of production and exports made during the preceding licensing year duly certified by a Chartered Accountant and endorsed by the jurisdictional Custom Authority.
- b) The DTA sale of plain jewellery shall be permitted on payment of concessional rate of duty in Indian Rupees as applicable to sale from nominated agencies. In respect of studded jewellery, duty shall be payable in Indian Rupees as notified by Customs.
- c) Advance DTA sale permission not exceeding the entitlement accruable on the exports envisaged in the first year shall be permitted and such sale shall be adjusted against the subsequent entitlements in a maximum period of two years. The Unit shall be required to execute a bond with the Assistant Commissioner Customs/Central Excise concerned to cover the difference between the amount of duties paid on the advance DTA sale and the full duties applicable on such goods.

III OTHER SUPPLIES IN DTA:

- (i) Sale under para 6.9 of the Chapter 6 of the Exim Policy

The following guidelines shall apply to the sale of goods in the DTA in respect of supplies specified in paragraph 6.9 of the EOU Scheme:

- a) The unit shall, at the time of application, indicate the quantity and value of goods sought to be supplied in the DTA. If the sale is effected against an import license held by the DTA purchaser, the Customs/Central Excise Officer concerned will allow such sales after making a suitable entry on the license of the quantity and value of such sales. The Import license shall cease to be valid for further imports to the extent of such supplies effected by units.
- b) If, the goods proposed to be sold by the units do not require an import license, the Customs/Central Excise Officer concerned will allow such supplies from the unit to the DTA.
- c) Goods supplied under (a) and (b) above will be taken into account for the purposes of achievement of NFE. The unit will file a quarterly statement to the Development Commissioner giving details of the goods cleared in the DTA category-wise.

IV. SALE OF REJECTS

Sale of rejects is also permitted in the DTA, as provided for in para 6.8 (d) of the Chapter 6 of the Exim Policy

V. SALE OF BY-PRODUCTS:

The sale of by-products in the DTA is also permitted as per provision of para 6.8 (g) of the Chapter 6 of the Exim Policy after inclusion of the item in LOP/LOI.

APPLICATION FOR DTA SALE PERMISSION

UNDER PARA 6.8(a) of the Chapter 6 of the Exim Policy -- FOR THE PERIOD
(QUARTERLY/HALF YEARLY/ANNUAL)

I. PROJECT DETAILS:

1. Details of the unit

- (i) Name & Address of the unit:
(ii) IEC No.

2. LOI/LOP/IL No. & Date:

3.	Details of the products approved for manufacture and export in the LOP/LOI/IL	Item(s) of Manufacture/ Service	Present installed capacity
		1. 2. 3.	

4. Date of commencement of production:

II DETAILS OF ADVANCE DTA SALE

5.	Details of advance DTA sale permitted, if any	Approval No. and Date	Particulars of products/ service permitted	Value
1.				
2.				
3.				
Total				

DETAILS OF DISPATCH UNDER PARA 6.8(a),(d),(e)& (g) of the Chapter 6 of the Foreign Trade Policy

6.	Details of DTA sale effected (Please indicate the period)	Description of goods/service sold in DTA as DTA sale	Value
1.			
2.			
3.			
Total			

III. PRODUCTION DETAILS FOR THE APPLICATION PERIOD

Gross production

I.	Description of goods produced/manufactured /service	Total Production including rejects and waste/scrap	
		Quantity	Ex-factory value
1.			
2.			
Total			

IV DETAILS OF PHYSICAL EXPORTS FOR THE APPLICATION PERIOD

	FOB value of Physical Exports	Value of rejected consignment, if any	Net FOB value of Physical Exports
1.			
2.			
3.			
Total			

V NET FOREIGN EXCHANGE EARNINGS

NFE achieved on exports in the last five years or less as applicable (Calculation Chart enclosed)

VI PARTICULARS OF PROPOSED DTA SALE

Description of the items proposed to be sold in DTA	Value
1.	
2.	
3.	
Total	

DECLARATION

I/We hereby declare that the information given above is true and correct

Signature of the applicant
Name
Designation
Seal of the Company

CHARTERED ACCOUNTANTS CERTIFICATE

We have checked and verified the figures mentioned above from the records and books of account of company and found them true and correct

Signature
Name
Membership No
Seal

CERTIFICATE BY CENTRAL EXCISE AUTHORITY

Verified from the records and found correct by Inspector / Supdt. Of Central Excise & Customs I/C of the factory

Signature
Name
Seal

Note: Each page may be verified and signed by the Chartered Accountant

CALCULATION CHART (TO BE CERTIFIED BY A CHARTERED ACCOUNTANT SHOWING NFE ACHIEVED IN THE LAST FIVE YEARS OR LESS AS APPLICABLE)

1. DETAILS OF EXPORTS:

(Rs. in Lakhs)

i)	F.O.B. value of physical exports made in the last five years or less as applicable	Rs.
ii)	Value of supplies made under para 6.9 of the Chapter 6 of the Exim Policy	Rs.
iii)	Total	Rs.

2. DETAILS OF CAPITAL GOODS INCLUDING DG SET AND OTHER OFFICE EQUIPMENTS IMPORTED IN THE LAST FIVE YEARS OR LESS AS APPLICABLE

(I) CIF VALUE OF IMPORTED CAPITAL GOODS (YEAR WISE) IN THE LAST FIVE YEARS OR LESS AS APPLICABLE					
Ist year	IIInd year	IIIrd year	IVth year	Vth year	Total

(II) VALUE OF IMPORTED CG PROCURED FROM ANOTHER EOU/SEZ UNIT OR FROM A LEASING COMPANY IN THE LAST FIVE YEARS OR LESS AS APPLICABLE					
Ist year	IIInd year	IIIrd year	IVth year	Vth year	VIth year

3.	AMORTISED VALUE OF CAPITAL GOODS (Please see Note below for calculation)	Rs.

4.	DETAILS OF IMPORTED RAW MATERIAL	
(i)	Total CIF value of imported raw materials, consumables including POL products and components etc. in the last five years or less applicable	Rs.
(ii)	Value of purchases made under Para 6.9 (b) & para 6.13(a) &(c) of Chapter 6 of the Exim Policy in the last five years or less applicable	Rs.
(iii)	Value of goods indicated at (i) & (ii) above held in stock or under process at the end of the relevant period	Rs.
(iv)	Value of raw materials etc. used in goods produced and cleared from the unit $\{(i) + (ii) - (iii)\}$	Rs.

5. Total value of indigenous raw materials, consumables Rs. _____ components etc, used in goods produced and cleared _____ from the unit in the last five years or less as applicable

6. OTHER OUTFLOW OF FOREIGN EXCHANGE IN THE LAST FIVE YEARS OR LESS AS APPLICABLE

(i)	Dividends	Rs.
(ii)	Profit	Rs.
(iii)	Technical know how fee	Rs.
(iv)	Royalty	Rs.

(v)	Commission	Rs.
(vi)	Foreign travel	Rs.
(vii)	Any other outflow in foreign exchange (Please indicate details)	Rs.
Total		Rs.

7. NFE achieved

A - B > 0

Where A = FOB value of exports

B = Sum total of value of imported inputs used. Proportionate (amortised) value of imported capital goods, technical know-how fee and other expenses made in foreign exchange

Note: The proportionate (amortized) value of imported capital goods and technical know-how fee shall be calculated as per the formula given in note (iii) of para 6.10.4 of the Chapter 6 of the Handbook of Procedures (Vol. I).