Vajiram & Ravi

# What is Duty Drawback Scheme?

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## About Duty Drawback Scheme:

- It is a trusted and time-tested scheme **administered by CBIC to promote exports**.
- It **rebates the incidence of Customs and Central Excise duties**, chargeable **on imported and excisable material,** respectively, when **used as inputs for goods to be exported.**
- The duty drawback provisions are **described under the Customs Act, 1962.**
- This **WTO compliant scheme** ensures that exports are zero-rated and do not carry the burden of the specified taxes.
- It is a crucial program to **help exporters offset some of the costs accrued during** the **export process**, particularly in the supply or value chain.
- The following are the **eligible goods** for the duty drawback:
    - **To export goods imported into India**
    - To export goods imported into India after having been taken for use
    - To **export goods manufactured**/produced **out of imported material**
    - To **export goods** manufactured/**produced out of indigenous material**
    - To export goods manufactured /produced out of imported or indigenous materials.
- The following are the **minimum criteria** to claim **for processing drawback claims:**

- Any **individual must be** the **legal owner of the goods** at the time the goods are **exported**.
- He/she **must have paid customs duty on imported goods.**
- Duty drawback is available on most goods on which customs duty was paid on importation and which has been exported.

## Key Facts about Central Board of Indirect Taxes and Customs (CBIC):

- CBIC (erstwhile Central Board of Excise and Customs) is a part of the **Department of Revenue under the Ministry of Finance**, Government of India.
- CBIC **administers all the indirect tax-related matters** in India.
- It deals with the tasks of formulation of policy concerning levy and collection of **Customs, Central Excise duties, Central Goods & Services Tax and IGST**, **prevention of smuggling** and administration of matters relating to Customs, Central Excise, Central Goods & Services Tax, IGST, and **Narcotics** to the extent under CBIC's purview.
- The Board is the administrative authority for its subordinate organizations, including Custom Houses, Central Excise and Central GST Commissionerates, and the Central Revenues Control Laboratory.
- It also **ensures that taxes on foreign and inland travel** are **administered as per the law,** and the collection agencies deposit the taxes collected to the public exchequer promptly.

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### Q1: What is the World Trade Organization (WTO)?

WTO is an international organization that promotes and regulates global trade among nations. The WTO was established on January 1, 1995 by replacing the General Agreement on Tariffs and Trade (GATT). GATT had been in existence since 1948. It has 164 member countries, representing over 98% of global trade. It is headquartered in Geneva, Switzerland, and operates on a consensus-based decision-making process.

**Source:** CBIC starts transfer of duty drawback to exporter a/cs