

CHAPTER - V

Conditions Subject to which Goods may be Removed from a Special Economic Zone to the Domestic Tariff Area

47. Sales in Domestic Tariff Area. -

- 1) A Unit may sell goods and services including rejects or wastes or scraps or remnants or broken diamonds or by products arising during the manufacturing process or in connection therewith, in the Domestic Tariff Area on payment of Customs duties under section 30, subject to the following conditions, namely. -
 - (a) Domestic Tariff Area sale under sub-rule (1), of goods manufactured by a Unit shall be on submission of import licence, as applicable to the import of similar goods into India, under the provisions of the Foreign Trade Policy:

Provided that goods imported or procured from the Domestic Tariff Area and sold as such without being subjected to any manufacturing process shall be subject to the provisions of the Foreign Trade Policy as applicable to import of similar goods into India.
 - (b) Domestic Tariff Area sale under sub-rule (1) of rejects or scrap or waste or remnants arising during the manufacturing process or in connection there-with by the Unit shall not be subject to the provisions of the Import Trade Control (Harmonized System) of Classification of Export and Import Items:

Provided that the Central Government may notify restrictions, as it deems fit on all or any class of such goods mentioned under this clause.
- (2) Scrap or dust or sweeping of gold or silver or platinum may be sent to Government of India Mint or Private Mint from a Unit and returned in standard bars in accordance with the procedure specified by Customs



authorities or may be sold in the Domestic Tariff Area on payment of duty on the gold or silver or platinum content in the said scrap:

Provided that the value of samples of gold or silver or platinum sweepings or scrap or dust taken at the time of clearance and sent to the Government Mint or Private Mint for assaying and assessment shall be finalized on the basis of reports received from the Government Mint or Private Mint, as the case may be.

- (3) Surplus power generated in a Special Economic Zone's Developer's Power Plant in the SEZ or Unit's captive power plant or diesel generating set may be transferred to Domestic Tariff Area on payment of duty on consumables and raw materials used for generation of power subject to the following conditions, namely:-

- (a) proposal for sale of surplus power received by the Development Commissioner shall be examined in consultation with the State Electricity Board, wherever considered necessary:

Provided that consultation with State Electricity Board shall not be required for sale of power within the same Special Economic Zone;

- (b) norms for production of a unit of power shall be approved by the Approval Committee;
- (c) sale of surplus power to other Unit or Developer in the same or other Special Economic Zone or to Export Oriented Unit or to Electronic Hardware Technology Park Unit or to Software Technology Park Unit or Bio-technology Park Unit, shall be without payment of duty;
- (d) for sale of surplus power in Domestic Tariff Area, the Unit shall obtain permission from the Specified Officer and the State Government authority concerned;
- (e) duty on sale of surplus power to the Domestic Tariff Area shall be as provided for in this rule.

- (4) Valuation and assessment of the goods cleared into Domestic Tariff Area shall be made in accordance with Customs Act and rules made there under.

- ¹⁶⁰(5) Refund, Demand, Adjudication, Review and Appeal with regard to matters relating to authorised operations under Special Economic Zones Act, 2005, transactions, and goods and services related thereto,

¹⁶⁰ Inserted vide G.S.R. 772(E) - Dated 5-8-2016



shall be made by the Jurisdictional Customs and Central Excise Authorities in accordance with the relevant provisions contained in the Customs Act, 1962, the Central Excise Act, 1944, and the Finance Act, 1994 and the rules made there under or the notifications issued there under.]

48. Procedure for Sale in Domestic Tariff Area. -

- (1) Domestic Tariff Area buyer shall file Bill of Entry for home consumption giving therein complete description of the goods and/or services namely, make and model number and serial number and specification along with invoice and packing list with the Authorised Officers:

Provided that the Bill of Entry for home consumption may also be filed by a Unit on the basis of authorization from a Domestic Tariff Area buyer.

- (2) Valuation of the goods and/or services cleared into Domestic Tariff Area shall be determined in accordance with provisions of Customs Act and rules made thereunder as applicable to goods when imported into India:

¹⁶¹[*****]

- ¹⁶²(3) Where goods procured from Domestic Tariff Area by a Unit are supplied back to the Domestic Tariff Area, as it is or without substantial processing, such goods shall be treated as re-imported goods and shall be subject to such procedure and conditions as applicable in the case of normal re-import of goods from outside India:

Provided that in the case where such goods are supplied back to the Domestic Tariff Area, as it is, and where the import duty on such goods is 'Nil' and while procurement of such goods no export benefits were allowed against such goods, the Unit may be allowed to supply back such goods to Domestic Tariff Area on the basis of invoice only and filing of Bill of Entry in such cases shall not be required.

49. Domestic Tariff Area removals - abatement of duties in certain cases. -

- (1) A Unit may remove capital goods to Domestic Tariff Area after use in Special Economic Zone on payment of duty ¹⁶³[or Integrated Goods and Services Tax] as under:-

¹⁶¹ Omitted vide Notification no. G.S.R. 72 (E).- dated 3-2-2009

¹⁶² Instruction no 105 dated 5th February 2021 issued related to goods returned back to DTA by IT/ITes SEZ unit.

¹⁶³ Inserted vide Notification No GSR 909 (E) dated 19-9-2018



- (a) duty shall be levied on such goods on the depreciated value thereof and at the rate in force on the date of removal of the goods;
- (b) depreciation in value shall be allowed for the period from the date of commencement of production or where such capital goods have been received in the Unit after such commencement of production from the date such goods have been put to use for production till the date of presentation of Bill of Entry for home consumption;
- (c) depreciation shall be allowed in straight line method as specified below, namely-
 - (i) for computer and computer peripherals for every quarter in the first year at the rate of ten per cent. for every quarter in the second year at the rate of eight per cent. for every quarter in the third year at the rate of five per cent. for every quarter in the fourth and fifth year at the rate of one per cent.;
 - (ii) for capital goods other than computer and computer peripherals for every quarter in the first year at the rate of four per cent. for every quarter in the second year at the rate of three per cent. for every quarter in the third year at the rate of three per cent. for every quarter in the fourth and fifth year at the rate of two and half per cent. and thereafter for every quarter at the rate of two per cent.

Explanation.- For the purpose of computing depreciation for any part of a quarter, the rate applicable to such quarter in full shall be considered;

- (2) Goods supplied by a Unit to Domestic Tariff Area on payment of duty may be brought back to the Unit for the purpose of repair within a period of six months from the date of clearance, or within such period as may be extended by the Specified Officer or within the warranty period whichever is later, on payment of duty on the value of repairs subject to the condition that the identity of goods is established to the satisfaction of the Specified Officer;
- (3) Goods on which any export entitlements were availed at the time of procurement of goods may be supplied back to the Domestic Tariff Area on payment of duty equivalent to the export entitlements availed subject to the condition that the identity



of goods being supplied back to the Domestic Tariff Area is established to the satisfaction of the Specified Officer:

Provided that where no export entitlements are availed, such goods may be supplied back to the Domestic Tariff Area without payment of duty.

¹⁶⁴(4) A Unit may remove following goods from the Special Economic Zone to Domestic Tariff Area without payment of duty: -

- (a) goods imported and admitted into the Special Economic Zone after payment of applicable duty and such goods are cleared into Domestic Tariff Area, without any processing, subject to the condition that the identity of goods is established to the satisfaction of the Specified Officer;
- (b) used packing materials except metal containers;
- (c) Computer and computer peripherals, including printer, plotter, scanner, monitor, key board and storage units (whether imported or procured from Domestic Tariff Area) donated with the approval of the Specified Officer to the recognized non-commercial educational institutions or registered charitable hospitals or public libraries or public funded research and development establishments or organizations of Government of India or Government of a State or Union Territory, after two years of admission of goods and use by a Unit,

50. Temporary Removals to Domestic Tariff Area. -

- (1) The Unit may temporarily remove following goods to Domestic Tariff Area without payment of duty ¹⁶⁵[and Integrated Goods and Service Tax], namely: -
 - (a) capital goods and parts thereof for repairs and return thereof;
 - (b) goods for display, export promotion, exhibition and return thereof;
 - (c) goods for ¹⁶⁶[***], test, repair, refining and calibration and return thereof;
 - (d) laptop or notebook computers or video projection systems for use by authorized employees of a Unit or developer;

¹⁶⁴ Instruction no 105 dated 5th February 2021 issued related to goods transferred to DTA by IT/ITes SEZ unit which was imported earlier.

¹⁶⁵ Inserted vide Notification No. G.S.R. 909(E) dated 19-09-2018

¹⁶⁶ Omitted vide G.S.R. 585(E) - Dated 12-6-2017, before it was read as, 'job work'



- (e) any other goods with the prior approval of the Authorized Officer.
- (2) A Unit may transfer goods to Domestic Tariff Area or abroad for repair or replacement or testing or calibration, quality testing and research and development purposes under intimation to the Specified Officer and on maintenance of records for movement of such goods.
- ¹⁶⁷(3) A Unit may transfer goods for quality testing or research and development purposes, to any recognized laboratory or institution, without payment of duty, on giving an undertaking to the authorized officer for the return of such goods:
- Provided that if such goods have been consumed or destroyed in the process of testing or at the time of research and development, a certificate from the laboratory or institution to that effect shall be furnished to the Specified Officer by the Unit.

51. Procedure for temporary removals in Domestic Tariff Area. -

- (1) Removal of goods for the activities covered under sub-rule (1) to (3) of rule 50 shall be undertaken by the Unit on the cover of serially-numbered pre-authenticated challans, authenticated by the Managing Director or owner or working partner or the Company Secretary or by any person duly authorized in this behalf by the Company or owner or working partner;
- (2) Before making use of pre-authenticated serial numbered challans, the serial numbers of the same shall be intimated to authorized officer.
- (3) Identification marks, namely, make and model and serial number and specification of the goods received back after such test or repair or calibration or reengineering or re-conditioning should match with those mentioned in the pre-authenticated challan issued by the authorized representative of the Unit and signed by the Authorized Officer at the time of taking out such goods into Domestic Tariff Area;
- (4) The goods shall be brought back to the Special Economic Zone within one hundred and twenty days from the date of taking the goods out of the Special Economic Zone or within such extended period as may be permitted by the Specified Officer;
- (5) If a Unit fails to bring back the goods into Special Economic Zone within the period specified in sub-rule (4), the duty applicable on such goods shall be paid by the Unit:

¹⁶⁷ Instruction No 107 dated 26-08-2021 issued for recognized laboratory for Pharma Companies.



- (6) Subject to the provisions in sub-rule (1), the Unit may remove goods, including capital goods, to another unit in the same or in another Special Economic Zone, or to Export Oriented Unit or to Electronic Hardware Technology Park Unit or to Software Technology Park Unit or Bio-technology Park Unit or to a domestic tariff area unit for test or repairs or calibration or re-engineering or reconditioning and return:

Provided that transfer of goods within the same Special Economic Zone shall be undertaken on maintenance of records by the supplying and receiving units.

- (7) A Unit may take out lap top computers and video projection system(s) out of the Special Economic Zone temporarily for use by the authorized employees of such unit subject to following procedure, namely: -
- (a) Unit shall account for the laptop computers or video projection system(s);
 - (b) Unit shall issue a certificate authorizing the employee by name and giving the full specification, namely, serial number and model number and make of the laptop computers and video projection system intended to be taken outside the processing area temporarily and a copy of the certificate shall be endorsed to Specified Officer and acknowledgement received by the Unit;
 - (c) Unit shall maintain a record of such certificate of authorization issued under clause (b) for temporary removal of laptop computer or video projection system.

52. Other Entitlements. -

- (1) Supplier of precious and semi-precious stones and synthetic stones and processed pearls from Domestic Tariff Area to Units shall be eligible for grant of Replenishment Licence as provided under the Foreign Trade Policy and Handbook:

Provided that the application for the Replenishment Licence shall be made to the Development Commissioner.

- (2) Free on Board value of export of the Unit can be clubbed with Free on Board value of export of entrepreneur in the Domestic Tariff Area or vice versa for the purpose of according status holder certificate.
- (3) A Unit may retain hundred per cent. of their export proceeds in their Foreign Currency account.



- (4) Software units may be allowed to use the computer system for training purpose (including commercial training) subject to the condition that no computer terminal shall be installed outside the Special Economic Zone premises for this purpose.
- (5) A Unit may install one fax machine imported or procured duty free at a place of its choice, outside the Special Economic Zone, subject to intimation of its location to the Specified Officer.
- (6) The Unit may install personal computers not exceeding two in number imported or procured duty free in the registered or administrative office and the Unit may also install equipment like modem etc. required for the purpose of electronic connectivity.
- (7) For information technology and information technology enabled services, persons authorized by the software units may access the facility installed in the Unit through communication links.

