



भारत सरकार
GOVERNMENT OF INDIA
वित्त मंत्रालय MINISTRY OF FINANCE
राजस्व विभाग DEPARTMENT OF REVENUE
केन्द्रीय उत्पाद शुल्क आयुक्त का कार्यालय
O/O THE COMMISSIONER OF CENTRAL EXCISE
मारेलो परिसर, महात्मा गांधी रोड, शिलांग-793 001
MORELLOW COMPOUND, M.G. ROAD, SHILLONG-793 001

Phone: 0364-2504867, Fax: 0364-2504166.

E-mail:- cexshill@excise.nic.in

Trade Facility No. 02/2013 – Central Excise/SH
Dated Shillong the 4th June 2013.

Subject: Procedures / simplified procedures relating to Export of Coal.

Attention of Trade as well as Exporters engaged in export of coal directly from mines or depot is invited to Notification No. 42/2001-CE (NT) dated 26-06-2001 and Notification No. 19/2004-CE (NT) dated 06-09-2004 read with Chapter 7 & 8 of CBEC's Excise Manual of Supplementary Instructions 2005 on the matter of "Conditions and Procedures relating to Export without payment of duty or on payment of duty under claim of the rebate of the duty paid".

The guidelines relating to the conditions and procedures for export of coal are as below:

1.0. EXPORT OF COAL WITHOUT PAYMENT OF DUTY:

1.1. FOR MINER-EXPORTER: The Miner-exporter shall first of all obtain Central Excise Registration from proper Authority under whose jurisdiction his coal mining activities fall and then follow the procedures as below:

(i). SUBMISSION OF LETTER OF UNDERTAKING (LUT): The Miner-Exporter shall submit a Letter of Undertaking in **Form UT-1** to the Deputy / Assistant Commissioner of Central Excise having jurisdiction over the Mining area or depot before he exports. The Letter of Undertaking is normally valid for a period of 12 calendar months. He can also execute a bond if he desires.

(ii). EXPORT INVOICE: The Miner Exporter shall raise an Excise Invoice under Rule 11 of Central Excise Rules 2002 which shall state prominently "FOR EXPORT WITHOUT PAYMENT OF DUTY".

1.2. FOR MERCHANT-EXPORTER:

- (i). **EXECUTION OF BOND**: The exporter has to necessarily execute a bond with the jurisdictional Deputy / Assistant Commissioner of Central Excise before export takes place. The bond can be executed by either the ***Merchant-exporter himself or the Coal Mine Owner on behalf of the Merchant-exporter***. The procedure of execution of bond is as below:
- (a) If the *bond is executed by the Coal Mine Owner (already registered with Central Excise authority) on behalf of the Merchant- Exporter*, then he would be liable for discharging all liabilities under Central Excise Law & Procedure and the application in form ARE-1 will be in his name but mentioning the ***IEC No. of the Merchant-exporter***. Once the Coal Mine Owner allows the bond executed by him for exports by merchant exporters, the responsibility for accounts of export coal is on him and all other procedures for admission of the proof of export would be the same as in the case of Miner-Exporters.
- (b) If the *Merchant-Exporter himself executes a bond to export coal* directly from a mine or number of mines then he needs to execute a ***General Bond in Form B-1*** to cover a particular consignment or a consolidated B-1 general bond to cover a series of export consignment before the Deputy / Assistant Commissioner of Central Excise having jurisdiction over the Mine or Depot. The bond will be with adequate Surety or Security as may be approved by the concerned officer. The security is normally 25% of the bond amount if the exporter is not registered with Export Promotion Council and the surety is for the full bond amount. The bond shall be on non-Judicial Stamp paper of the value as applicable to the state in which it is being furnished. **(The Miner- Exporter can also execute a bond in lieu of LUT)**
- (ii). **FORM CT-1**: The Merchant-Exporter who *himself* has executed the bond for export has to obtain certificate in ***Form CT-1*** from the jurisdictional Superintendent of Central Excise office for the purpose of procuring Coal. The merchant exporter can obtain CT-1 form in lot of 25 covering a period of one to three months. He shall send CT-1 form to the mine-owner from whom coal is to be procured for export without payment of excise duty. Before sending CT-1, the Merchant Exporter should debit estimated amount of duty liability against the Bond which is required to be specified in part II of the CT-1 form. On the basis of this CT-1, the merchant exporter can clear goods for export without payment of duty by making suitable entries in part II of CT-1. This provisional debit will be converted into actual debit after the goods are cleared from the place of miner. (Chapter 7 part II para 6.2 and 6.2.1 of CBE&C Manual, 2005). *The Miner-Exporter who is also exporting coal other than the quantity of coal produced from his own mines is required to obtain CT-1 for the quantity procured from other Mine-owners. But the Miner-Exporter who has opted for execution of a bond in lieu of LUT and exports coal produced from his mines only is not required to obtain CT-1.*

(iii). The conditions under this procedure is that the coal cleared by exporter for export directly from mines / depot should be exported within six months from the date of such clearance for export or such extended period, if any, as may be permitted by the Deputy/Assistant Commissioner of Central Excise or the bond-accepting authority.

2.0. EXPORT OF COAL ON PAYMENT OF DUTY UNDER CLAIM OF REBATE:

2.1. INVOICE: After obtaining registration from Central Excise authority under Rule 9 of *Central Excise Rules 2002*, the Miner-Exporter must remove coal under the cover of *Invoice in terms of Rule 11 ibid*. The condition of payment of duty is satisfied once the exporter records the details of removal in the Daily stock accounts maintained under the said Rule 10 of *the Central Excise Rules 2002*, whereas the duty may be discharged under Rule 8 of the said rules i.e. monthly basis.

3.0. FORM TO BE USED FOR EXPORT: ARE-1 FORM is the Central Excise document for Export which shall be prepared in Quadruplicate by *both Miner-Exporter and Merchant Exporter*. This document in which certain declarations are required to be given by the exporter shall bear a running serial number beginning from the first day of the financial year and should be signed by the exporter or his authorised agent. The different copies of **ARE-1 forms** should be of different colours as indicated below:

Original (First copy)	White
Duplicate (Second copy)	Buff
Triplicate (Third copy)	Pink
Quadruplicate (Fourth copy)	Green

(It will be sufficient if the copies of ARE-1 contain a colour band at the top or right hand bottom in accordance with above colour scheme).

Note: *If the export of coal is on payment of duty, the miner-exporter must record the Invoice No. and Date on the copies of ARE-1. In case, it is under LUT or Bond, the ARE-1 should clearly indicate the full postal address of authority before whom the bond/ LUT is executed.*

4.0. SELF-CERTIFICATION METHOD & DISTRIBUTION OF COPIES ARE-1: The Exporter himself should remove the coal consignment for export under *Self-Certification method* and for this purpose, the Exporter or his Manager or a person who is a permanent employee of the said coal mine-owner, as the case may be, shall certify on all copies of **ARE-1**. The exporter or his manager or his permanent employee shall certify in the following manner:

“Certified that the description and value of the coal have been checked by me and the coal has been loaded and weighed under my supervision“

*Signature and Stamp
(Name and Designation of the signing person)*

Thereafter, the exporter shall distribute the copies of ARE-1 form in the following manner:

<i>Original & Duplicate</i>	<i>Send to the place of export along with the goods.</i>
<i>Triplicate & Quadruplicate</i>	<i>Send to the Superintendent or Inspector of Central Excise having jurisdiction over the mines or depot within twenty four hours of removal of the coal to be exported.</i>

5.0. EXAMINATION BY CUSTOMS OFFICER AT EXPORT POINT: The exporter shall present the coal consignment along with original and duplicate copies of ARE- 1 to the duly appointed customs officer at export point. On receipt of the same, the Customs officer shall verify the coal consignments to see that the identity & quantity mentioned in ARE-1 is correct and also verify documents in terms of customs law requirements. If everything is in order, the customs officer shall allow export and certify in the ARE-1 that the goods are duly exported citing the Shipping Bill or Bill of Export number and date. Thereafter, the Customs officer shall return the original copy of ARE-1 to the exporter and forward the duplicate copy to the rebate sanctioning or bond accepting authority. The duplicate copy could also be handed over to the exporter in a sealed cover.

6.0. PROOF OF EXPORT: The Merchant-Exporter shall file a statement in the prescribed format at least once in a month giving the details of removal of coal for export under bond and the proof of shipment received for earlier clearances as well as the cases where proof is pending along with the copies of ARE-1 form as specified above.

7.0. RECORDS TO BE MAINTAINED:

7.1. DAILY STOCK ACCOUNT REGISTER: The Miner-Exporter removing coal for export either on payment of duty under claim for rebate or under LUT/Bond should maintain proper records on a daily basis in a legible manner as per Rule 10 of the Central Excise Rules, 2002 indicating the following particulars:

- i. Description of goods produced;
- ii. Opening Balance;
- iii. Quantity produced;
- iv. Quantity removed / cleared;
- v. Assessable value;
- vi. Amount of duty payable; and
- vii. Amount of duty actually paid.

7.2. RUNNING BOND REGISTER: The Merchant-Exporter who himself has executed a bond for export shall maintain a **Running Bond Register** wherein the duty amount of Coal received under CT-1 and cleared for export would be debited. The debit cannot exceed the credits in the bond account at any point of time and where it is about to happen, another bond for

additional amount is to be furnished. The merchant-exporter is permitted self-debit and self-credit and is not required to go to the Bond accepting authority for making the entries in the register. The miner-exporter opting to execute bond in lieu of LUT is required to follow the same manner as applicable to merchant-exporter.

8.0. CLAIM OF REBATE / CREDIT:

8.1. The Miner-Exporter who has removed coal for export on payment of duty can file the claim for rebate before the Deputy / Assistant Commissioner having jurisdiction over the area.

The following documents shall be required for filing claim of rebate:

- (i). A request on the letterhead of the Exporter containing claim of rebate.
- (ii). Original copies of ARE-1 duly certified by Customs authorities,
- (iii). Invoices issued under Rule 11 and
- (iv). Self-attested copies of Bill of Export.

8.2. The Merchant-Exporter is permitted self-debit and self-credit and is not required to go to the Bond accepting authority for making the entries in the register. He shall immediately claim the credit in the bond register of the amount which has been debited at the time of procurement of coal for export once the proof of export as stated above is submitted and acknowledged by the Deputy / Assistant Commissioner of Central Excise the Exporter. (The Miner-Exporter opting to execute bond in lieu of LUT is required to follow the same manner as applicable to merchant-exporter.)

9.0. RESPONSIBILITY OF RANGE AND DIVISION OFFICER OR BOND ACCEPTING AUTHORITY: It shall be the responsibility of the Range Office and Division Office or the Bond accepting authority to verify the correctness of Statement in prescribed format and ARE-1 (Original) furnished by the exporter within the shortest possible time. The said Statement and ARE-1 will be tallied by the Range Officer with the triplicate copies of ARE-1 already with them and duplicate copy of ARE-1 received directly from the place of export (hard copies or electronic summary or e-mail) within 15 days of the receipt. The Divisional Officer shall accept the proof of export if found proper or initiate necessary action in case of any discrepancy.

10.0. RESPONSIBILITY OF EXPORTER EXPORTING COAL UNDER BOND/LUT: In case of non-export within six month from the date of clearance for export or such extended period, if any, as may be permitted by the Deputy/Assistant Commissioner of Central Excise or the bond-accepting authority and any discrepancy, the exporter shall himself deposit the excise duties along with interest on his own immediately on completion of the statutory time period or within ten days of the Memorandum given to him by the Range/Division office or the Office of the bond-accepting authority. Otherwise, necessary action can be initiated to recover the excise duties along with interest and fine/penalty. Failing this, the bond shall be enforced and proceedings to recover duty and interest shall be initiated against the exporter.

11.0. CANCELLATION OF EXPORT DOCUMENTS:

- 11.1.** If the coal consignments cleared under ARE1 are not exported for any reason and the exporter intends to divert the goods for home consumption, he may request in writing the authority who accepted the bond to allow cancellation of his application, and diversion of the same for home consumption. He will be permitted to do so provided he agrees to pay the duty as specified in the application along with interest at the rate of twenty four per cent per annum on such duty from the date of removal for export from the mines or depot till the date of payment of duty. The permission shall be granted within 3 working days. After the duty is discharged, the exporter may remove the coal.
- 11.2.** If the exporter, after clearing the goods for export without payment of duty, intends to change the destination or buyer or port/place of export, he may do so provided he informs the bond accepting authority in writing about the changes and makes necessary changes in all the copies of ARE-1. If he intends to cancel the original export documents and issue fresh ones, the same may be done under permission and authentication by bond accepting authority who will ensure that the serial no. and date of the initial documents are endorsed on the fresh documents. In such cases, if bond was furnished for single consignment, fresh bond may not be asked.

12.0. SIMPLIFIED PROCEDURES FOR EXPORT BY SSI UNITS: Small Scale Industries (SSI) Units which are exempted from Central Excise Duty on account of their turnover below prescribed limit do not have to follow ARE-1 and Bond procedure. Following is the `simplified procedure to be followed by a Unit whose annual turnover is below Rs 1.5 crore –

- 12.1. FILING OF DECLARATION:** Coal Miners exempted for payment of duty on account of their turnover below prescribed limit will not be required to take Central Excise Registration. They shall however, file a declaration before the proper Central Excise authority and obtain declarant code number [notwithstanding they are exempted from declaration, but for this procedure].
- 12.2 DOCUMENTATION:** The Declarant's Code Number should be mentioned on all clearance documents which are as follows:
- (i). Clearance should be under own invoice of the SSI unit. The SSI unit need not have separate series of Invoice for export.
 - (ii). The Invoice should be machine serial numbered (or by franking machine) starting from 1st April every year and should be pre-authenticated by the SSI unit himself.
 - (iii). Invoice should indicate name and address of buyer, destination, description, value, progressive total of total value of coal cleared for home consumption since beginning of financial year, transport vehicle number, date and time of removal of goods from his mine.

- (iv). If the export is direct, the SSI unit should mention ***“FOR EXPORT”*** on top of Invoice and his own Export-Import Code (IEC) Number, if any. If export is through merchant exporter, Miner should mention at top of Invoice – ***‘EXPORT THROUGH MERCHANT EXPORTER’***. IEC Number of such merchant exporter should be mentioned in such case.

12.3. RECORDS AND RETURNS/STATEMENT:

- (i). SSI units shall maintain a simple record of quantity and value of production and clearance. Entries in production record should either be allowed to be made at the close of the day or before the commencement of the production on the following day. Entries need not be made on days when there is no production or clearance of goods.
- (ii). SSI units shall file a prescribed quarterly statement to the Jurisdictional Range Superintendent containing various particulars.

12.4. PROOF OF EXPORT AND SUBMISSION THEREOF: The following documents shall be accepted as proof of export:

- (i). In the case of direct export by the Miner- exporter, duly attested photocopy of Bill of Export bearing the particulars and date of clearance document under which the goods are cleared from the mines having endorsement on its reverse by the Customs officers of the particulars of vehicle number by which the coal was exported out and date of export;
- (ii). In the case of export through Merchant-exporter, the document prescribed by Sales Tax Department will be accepted as the proof of export. Sales made by miner to the merchant exporter which ultimately are exported are exempt from Central Sales Tax.
- (iii). The proof of export should be submitted to the Range Officer within a period of 6 months from the date of clearance of coal from the mines.

12.5. PROCESSING OF PROOF OF EXPORT BY RANGE OFFICE:

- (i). The Range Superintendent will maintain Miner-wise record on the basis of the quarterly return and the proof of exports submitted by the miner-exporter from time to time in order to ascertain that the clearances for exports and the proofs of exports are duly accounted.
- (ii). If the Range Superintendent finds that the clearances for home consumption and the clearances for export where proof of exports have not been furnished within 6 months, when taken together, are likely to exceed the exemption limit, he should issue show cause notices for safeguarding revenue. These show cause notices, however, should be kept pending for another three months by which time proof of exports are expected to be received.

- (iii). In case, clearances of such miners for home consumption plus clearance for export where proof of export were not furnished within 6 months exceed the exemption limit, they should take Central Excise Registration and follow the regular ARE-1 procedure.

13.0. This is issued in modification of Trade Facility No. 15/2012-CE/SH dated 19-10-2012.

Authority:

- (i) Notification No. 42/2001-CE (NT) dated 26-06-2001 & 19/2004-CE (NT) dated 06-09-2004.
(ii) Chapter 7 & 8 of CBEC's Excise Manual of Supplementary Instructions 2005.

Sd/-
(Gaigongdin Panmei)
Commissioner

Disclaimer: This is only for the facilitation of the public. For any doubts, the original statutes and notification may be referred to. For any clarification, the Deputy / Assistant Commissioner of Central Excise, Shillong Division may be contacted at O/o The Assistant Commissioner, Central Excise & Service Tax Division, 2nd Floor, Meghalaya State Warehousing Financing Co-operative Society Ltd., Nongrim Hills, Shillong 793003, Tel No. 0364-2522927.