

Controller General of Defence Accounts

उलान बटार मार्ग, दिल्ली छावनी 110 010

Ulan Batar Road, Delhi Cantt. 110 010

No. AT-IX/Acq/Level Playing

Date :- 09-06-2015

To,


All PCsDA/CsDA/PIFAs/IFAs

PCOA(Fys) Kolkata/CsFA(Fys)

Subject:-Level Playing Field for private sector manufacturers' vis-a-vis DPSUs/OFB


Please find enclosed copy of Ministry of Defence I.D. No.9(46)/2014/Level Playing Field Pvt. Sector(Taxes)/DP (Plg.V) dated 27.05.2015 on the above subject for your information, guidance and necessary action please.

This has the approval of Jt.CGDA.


(M.P.S.Pundir)
Sr.A. O.

Copy to,

- 1.EDP Section (local) with a request to upload the same on CGDA website.
- 2.IFA Section(Local) For information and dissemination to lower level IFAs.


(M.P.S.Pundir)
Sr.A. O.

Ministry of Defence

Department of Defence Production

Sub: Level Playing Field for private sector manufacturers' vis-à-vis DPSUs / OFB.

ADD. COA (A BS)

In order to remove anomalies in the structure of excise duties / custom duties for private sector manufacturers' vis-à-vis DPSUs/OFB, the Ministry of Finance, Department of Revenue has issued a Notification No.29/2015-Customs dated 30th April 2015 and Notification No. 23/2015-Central Excise dated 30th April 2015 (copies attached) vide which the excise duty exemptions available to Ordnance Factories and Defence Public Sector Undertakings have been withdrawn and the exemptions from CVD (Counterveiling Duty), SAD (Special Additional Duty) has also been withdrawn for DPSUs and OFB and primary contractors of the Ministry of Defence. However, the exemptions from Basic Custom Duty (BCD) would continue. The direct import by the Ministry of Defence would also continue to be exempt from BCD, SAD and CVD. These notifications are effective from 1st June 2015.

2. The above changes in the taxes/duty structure would require certain changes in the Defence Procurement Policy (DPP) and Defence Procurement Manual (DPM) so as to prevent the occurrence of "inverted" duty structure. For example, under Appendix 'G' (Page 113 of DPP 2013), under 'Buy Indian' and 'Buy & Make Indian' cases, L-1 bidder is determined on the basis of quoted cost of the items except excise duties but taking into account other levies/taxes/duties payable to Central/State/Local Governments. This may require a change as "L-1 is determined on the basis of quoted cost except excise duty and all other levies/taxes/duties payable to Central/State /Local Government". Similar changes may also be required in DPM so that L-1 bids are determined by excluding all taxes and duties payable to Central/State/Local Government. MoD (Finance) may initiate proposals for making necessary changes in DPP/DPM accordingly.

Import

Mr. This be referred in budget with a copy and re. to AT. CE

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3. Hon'ble RM has also directed that the CGDA / MoD (Finance) may also keep the data of the additional cost incurred by the Ministry of Defence due to the issuance of the above notifications and send the details to the Ministry of Finance month-wise.

4. This has the approval of Secretary (Defence Production).

Encl: as above



(Sanjay Garg)

Joint Secretary (DIP)

Tel: 23015505

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|---------|--------------|---------------|-------------|
| 1. VCAS | 2. VCNS | 3. VCoAS | 4. FA (DS) |
| 5. CGDA | 6. DG (Acq.) | 7. JS (G/Air) | 8. JS (O/N) |

MoD I.D. No. 9(46)/2014/Level Playing Field Pvt. Sector (Taxes)/DP (Plg.V) dated 27th May 2015

36

F. No. 354/140/2013-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

Room No. 153, North Block
New Delhi, the 5th May, 2015

Office Memorandum

Subject: Providing level playing field to private sector manufacturers vis-à-vis defence PSUs (DPSUs) and Ordnance Factories - regarding.

Kindly refer to letter D.O. No./SDP/2015 dated 17.2.2015 from Secretary (Defence Production) addressed to Revenue Secretary on the aforesaid subject.

2. In this context, it is to inform that notification No.39/96-Customs dated 23.7.1996 has been amended vide notification No. 29/2015-Customs dated 30.4.2015 so as to withdraw the exemption from additional duty of customs levied under section 3 of the Customs Tariff Act (both CVD and SAD) in respect of certain entries relating to defence supplies where there is no corresponding excise duty exemption. Exemption from Basic Customs Duty in respect of these entries, however, would continue. Further, as discussed exemption from Basic Customs Duty, CVD and SAD in respect of direct imports by the Government of India and the State Governments would continue.

3. Notification No.62/95-Central Excise and No.63/95-Central Excise, both dated 16.3.2015, have been amended vide notification No. 23/2015-Central Excise dated 30.4.2015 to withdraw the excise duty exemption presently available to Ordnance Factories and Defence PSUs.

4. The aforesaid changes will be effective from 01.06.2015. Copies of both the amending notifications are enclosed alongwith for ready reference. In case of need for any clarification, the Department of Defence Production may revert back to this office.

Enc.: As above

Himanshu Raina
S.S. 2015
(Himanshu Raina)
Technical Officer (TRU-I)

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Shri. Sanjay Garg
Joint Secretary
Department of Defence Production
South Block
New Delhi.

JS (DIP)'s Office
Dy. No. 724
Date 5/5/15

1/1 (PSC)

TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

New Delhi, the 30th April, 2015

Notification
No. 29/2015-Customs

G.S.R. .- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 39/96-Customs, dated the 23rd July, 1996, published in the Gazette of India, Extraordinary, vide number G.S.R. 291(E), dated the 23rd July, 1996, namely:-

In the said notification,-

(A) in the TABLE,-

- (i) against S. No. 9, in column (3), the words "or by a person authorised by that Government, or shipped on the order of a Department of that Government and appropriated to such order at the time of shipment" shall be omitted;
- (ii) after S. No. 9 and the entries relating thereto, the following serial number and the entries shall be inserted, namely:-

"9A.	The following goods required for construction of, or fitment to, ships of Indian Navy or Coast Guard:- (i) machinery, equipment, components and raw materials; (ii) spares and test equipment for maintenance, testing and tuning of imported equipment; (iii) parts required for manufacture of indigenous equipment by Indian suppliers for supply to Indian Navy or Coast Guard.	If imported by a person authorised by the Government of India, or shipped on the order of a Department of that Government and appropriated to such order at the time of shipment.";
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(iii) against S. No. 10, for the entry in column (3), the entry "If the said goods are imported by the Government of India or State Governments." shall be substituted;

(iv) after S. No. 10 and the entries relating thereto, the following serial number and the entries shall be inserted, namely:-

<p>"10A. (i) Aircrafts, aircrafts parts, aircraft engines and aircraft engine parts;</p> <p>(ii) Production tooling including jigs, tools, fixtures, tools and gauges, ground support equipments, test/measuring equipments, scientific and technical instruments, apparatus and equipments including spare parts and components thereof, consumables;</p> <p>(iii) Arms, ammunition and military stores;</p> <p>(iv) Tools and gauges which are for use only with ammunition and explosives of service use; ammunition chemicals; electric detonators; fire directing and fire control instruments such as range finders, predictors, platters, computers; sight dial; signal equipment including wireless equipment and component parts thereof, used exclusively by the defence services; test equipment for radars for service use; military bridging stores and equipment; ASDIC and ECHO sounding equipment; specialised cameras for Air Force use; mines sweeping gear and parachutes;</p> <p>(v) Radars, torpedoes, sonar sets, mine laying gear, diving equipment and their spares, accessories, jigs, tools, testing equipment and components;</p> <p>(vi) Spare parts, accessories, jigs, tools, testing equipment, components, special raw materials and half wroughts</p>	<p>If,-</p> <p>(a) the said goods are imported by the contractors of the Government of India, Public Sector Undertakings of the Central Government or the State Governments and the sub-contractors of such Public Sector Undertakings; and</p> <p>(b) in the case of imports by contractors or sub-contractors or Public Sector Undertakings referred above, the importer furnishes at the time of import a duty exemption certificate showing :-</p> <p>(1) the details of the purchase order placed by the Ministry of Defence or Ministry of Home Affairs, as the case may be on the contractors or sub-contractors and on the said Public Sector Undertakings and the quantity of the items required to be imported to execute the said order; and</p> <p>(2) the details of the purchase order placed by the said contractors or sub-contractors or the said Public Sector Undertakings, on their foreign suppliers indicating the description and quantity of the items .</p> <p><i>Explanation.-</i></p> <p>(i) in the case of imports by contractors of the Government of India, who are contractors of Research and Development Laboratories or Establishments under the Ministry of Defence, the certificate shall be signed by the Chief Controller of Research and Development (R) of the said Laboratories or Establishments;</p> <p>(ii) in the case of imports by Public Sector Undertakings of the Central Government</p>
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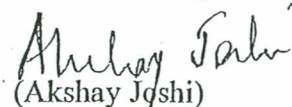
<p>like steel forgings and castings, to be processed into finished components for armoured and specialised vehicles peculiar to the defence services;</p> <p>(vii) Guided weapons and their accessories;</p> <p>(viii) Components, spares, jigs, fixtures, tools, dies, moulds and test equipment required for the manufacture and testing of guided weapons and their accessories;</p> <p>(ix) Raw material and special materials required for the manufacture of guided weapons and their accessories;</p> <p>(x) Rock drills and breakers;</p> <p>(xi) All types of ground support equipment for guided weapons and their accessories.</p>	<p>under the Ministry of Defence, the certificate shall be signed by the functional Director of such Undertaking; and</p> <p>(iii) in other cases where a certificate is to be furnished by the importer at the time of import in terms of condition (b) above, the certificate shall be signed by an officer not below the rank of a Joint Secretary to the Government of India, in the Ministry of Defence or Ministry of Home Affairs, as the case may be.”.</p>
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(B) in paragraph 2, after item (viii) and the entries relating thereto, the following items and entries shall be inserted, namely:-

“ (ix) All goods falling under S. No. 7, 9A, 10A, 18, 21, 23, 26, 27, 28 and 36 of the TABLE above.”.

2. This notification shall come into force with effect from the 1st day of June, 2015.

[F.No. 334/5/2015-TRU]


(Akshay Joshi)

Under Secretary to the Government of India

Note:- The principal notification No.39/96-Customs, dated the 23rd July, 1996 was published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i), vide number G.S.R. 291 (E), dated the 23rd July, 1996 and last amended vide notification No. 26/2015-Customs dated the 9th April, 2015, published in Gazette of India, Extraordinary part II, Section 3, Sub-section (i), vide number G.S.R.276 (E), dated the 9th April, 2015.

Note.-

1. The principal notification No. 62/95-Central Excise, dated the 16th March, 1995, published in the Gazette of India, Extraordinary, vide number G.S.R. 254(E), dated the 16th March, 1995, was last amended vide notification No. 42/2011-Central Excise, dated 30th December, 2011 published vide number G.S.R. 937(E), dated 30th December, 2011.
2. The principal notification No. 63/95-Central Excise, dated the 16th March, 1995 was published in the Gazette of India, Extraordinary, vide number G.S.R.255(E), dated the 16th March, 1995, and was last amended by notification No. 29/2011-Central Excise, dated the 24th March, 2011 published vide number G.S.R. 241(E), dated the 24th March, 2011.

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II, SECTION 3, SUB-SECTION (i)]

Government of India
Ministry of Finance
(Department of Revenue)

New Delhi, the 30th April, 2015

Notification
No.23/2015 – Central Excise

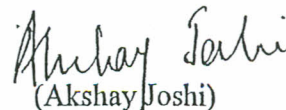
G.S.R. (E).- In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944) read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby directs that each of the notifications of the Government of India in the Ministry of Finance (Department of Revenue), specified in column (2) of the Table hereto annexed shall be further amended, in the manner specified in the corresponding entry in column (3) of the said Table, namely :-

Table

S. No.	Notification number and date	Amendments
(1)	(2)	(3)
1.	62/1995-Central Excise, dated the 16 th March, 1995 [G.S.R. 254(E), dated the 16 th March, 1995]	In the said notification, in the TABLE, - (i) S.No. 1 and the entries relating thereto shall be omitted; (ii) S.No. 6 and the entries relating thereto shall be omitted.
2.	63/1995-Central Excise, dated the 16 th March, 1995 [G.S.R.255(E), dated the 16 th March, 1995]	In the said notification, in the TABLE, - (i) S.No. 2 and the entries relating thereto shall be omitted; (ii) S.No.16 and the entries relating thereto shall be omitted.

2. This notification shall come into force with effect from the 1st day of June, 2015.

[F.No. 334/5/2015-TRU]


(Akshay Joshi)

Under Secretary to the Government of India