

3% Duty Free Import Scheme (DFIS)

To

All Members of the Council

Dear Members,

Sub: - 3% Duty Free Import Scheme (DFIS) – Comprehensive information.

As an export promotion measure to boost export of Sports Goods from India the Central Government has exempted certain essential inputs, to an extent of 3% of previous year's FOB value to the manufacturer-exporters of sports goods.

Under the Scheme, the Council will issue necessary certificates namely **Export Performance Certificate (EPC)** and **Import Certificates (IC)** to manufacturer-exporters of Sports Goods, in terms of Sl. No. 521 read with condition No.99 of the Customs Notification No.12/2012 dated 17/03/2012, amended vide notification No. 12/2013 dt. 18/04/2013.

The Council has brought out following comprehensive Note for the purpose of easy understanding of the provisions of the scheme, and its implementation by the Council:

This Note contains the following:

- List of eligible inputs.
- Conditions for availing the scheme.
- Operative guidelines for implementation by SGEPC.
- Applications proforma for issue of Export Performance Certificate (Annex I).
- Applications proforma for issue of Import Certificate (Annex II).

Members are requested to kindly take note of the above, and avail the DFIS accordingly.

With regards,

(Tarun Dewan)
Executive Director

3% Duty Free Import Scheme (DFIS) for Manufacture-Exporter of Sports Goods

In terms of Customs Notification No.12/2012 dated 17/03/2012, amended vide notification No. 21/2013 dt. 18/04/2013 Manufacturer-exporters of Sports Goods are permitted duty free import of certain essential inputs to an extent of 3% of previous year's FOB export value.

The 3% duty free scheme (DFIS) has been notified vide Sl. No. 521 read with condition No.99 of the Custom Notification No.12/2012 dated 17/03/2012 amended vide notification No. 21/2013 dt. 18/04/2013.

. The notified inputs under Sl. No.521 are given below:-

Sl. No.	Chapter or Heading or Sub-Heading	Description of goods.
521	Any Chapter	The following goods, namely:- (a) Nylon gut (b) PU or nylon grip sheets for hockey sticks (c) Butyl bladders for inflatable balls (d) Willow clefts, ash wood or beech wood (e) Cork bottoms (f) PVC/Synthetic rubber bladder for Inflatable Ball. (g) Manau Cane (h) Table tennis rubber (i)Table tennis bat handles (j)Table tennis blade (k) TPU/PU Leather cloth or TPU/PU laminated with cotton for inflatable balls (l) Extra Tec (cricket bat facing tape) (m) Resin hardener TTP-33S and release paper for composite hockey sticks. (n) Table Tennis Glue. (o) Evazote foam for protective equipments e.g. leg guards, thigh guards. (p) Plywood for carom board. (q) PVC Leather Cloth for Inflatable Balls or Sports Gloves. (r) Latex Foam for Shin Guard or Goal Keeper Gloves or Other Sports Gloves.

		(s) PEVA/EVA foil for Shin Guard or Sports Gloves. (t) Stitching thread for Inflatable Balls or Sports Gloves. (u) Printing Ink for Inflatable Balls or Sports Gloves.
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Conditions No.99 is reproduced below:

“99 if,-

- (a) the goods are imported by a manufacturer, for use in the manufacture of sports goods for export by that manufacturer and manufacturer is registered with the ‘Sports Goods Export Promotion Council’;
- (b) the total value of specified goods imported in a year shall not exceed 3 percent, of the FOB value of sports goods exported by the manufacturer during the preceding financial year;
- (c) the importer produces a certificate from the ‘Sports Goods Export Promotion Council’ certifying the value and quantity of exports made during the preceding financial year mentioned in sub-condition (b); and also the value and quantity of goods already imported under this notification during the current financial year”.

Operative Guidelines for implementing the 3% Duty Free Import Scheme (DFIS).

ELIGIBILITY:

Only those exporters who are registered as manufacturer-exporter of Sports Goods with the “Sports Goods Export Promotion Council” are eligible for availing the DFIS.

The eligible exporters should have valid RCMC and they should be currently on the membership roll of the Council.

ISSUANCE OF EXPORT PERFORMANCE CERTIFICATE (EPC)

An application for obtaining Export Performance Certificate (EPC) for the preceding financial year shall be submitted to the Council, along with required declarations prescribed therein as per **Annex-I**.

The details to be furnished in the application shall pertain to the export bills realized as evidenced by the Bank Realization Certificate given by the Bank.

Applicant-exporters are required to furnish correct and complete information certifying the realization of sports goods export proceeds by the banker, supported with Chartered Accountant's verification. The EPC shall be issued only on the basis of export realization during the year.

Such applications shall be submitted to the Head Office of the Council.

The Council will process the applications and will issue the Export Performance Certificate, duly allotting specific Serial Number, also mentioning the duty free import entitlement @ 3% of FOB export value.

ISSUANCE OF IMPORT CERTIFICATE (IC)

For each import clearance of the permitted components under the DFIS, the exporters are required to follow the following procedure.

At the time of import, the exporters will apply to the Head Office of the Council. Such applications should be submitted in the format prescribed in **Annex-II**, along with the original Export Performance Certificate and other documents required therein.

The Council, upon receipt of the said application, will issue the Import Certificate (IC), which has to be produced before the Customs at the time of Import clearance of consignments to facilitate duty free imports of permitted items under DFIS.

The Council will issue the IC for the first consignment specifying the previous import as Nil.

After obtaining the IC, the exporter should produce it before Customs to clear the consignment.

The Customs will endorse on back of IC, the assessed value of the import consignment and return it back to the exporter.

Such original IC, duly endorsed by the Customs, should be submitted to the Council while applying for subsequent IC.

Thereafter, for subsequent consignments, the IC will be issued duly specifying the quantity & value of imports already made against the previous ICs. Such value of import will be debited on the reverse of original Export Performance Certificate also.

The member-exporters are required to follow the above procedure for each subsequent import consignment to avail the benefits under DFIS.

Import Certificate can be applied on the basis of provisional bill of entry or invoice also. It may please be noted that for each import certificate, separate application would be required to be submitted in the Office of SGEPC.

The exporter may obtain any number of Import Certificates, which will be debited to Export Performance Certificate. The exporter shall submit Bill of Entry issued by Customs within 30 (Thirty) days to SGEPC.

The Council reserves the right to call for any other documents/information that may be relevant for the purpose of issuing Export Performance Certificate and import certificates under the DFIS.

PAYMENT OF 'SERVICE CHARGES' TO THE COUNCIL UNDER DFIS

Applications should be accompanied by 'service charges' in the form of Demand Draft or Banker's Pay Order in favour of Sports Goods Export Promotion Council.

SERVICE CHARGE

An amount of Rs. 2000/-+ 14.5% (Service Tax)(15% from month of June 2016 onwards) for obtaining Export Performance Certificate and Rs. 1000/-+ 14.5% (Service Tax)(15% from month of June 2016 onwards) as processing fee for each Import Certificate issued by SGEPC, will be payable by the member exporter".

ANNEX-I

**PERFORMA FOR SUBMISSION OF APPLICATION TO SGEPC FOR ISSUE OF
EXPORT PERFORMANCE CERTIFICATE FOR
2016-17**

(TO BE FURNISHED ON THE LETTER HEAD OF THE EXPORTING FIRM)

To

The Executive Director,
Sports Goods Export Promotion Council,
1E/6, Jhandewalan Extension,
New Delhi-110055

Sub: **Issue of Export Performance Certificate**

Dear Sir,

1. We wish to state we have exported Sports Goods and have realized the export proceeds amount of Rs.....as per the Bank Realization Certificate (enclosed) towards the realizations effected between 1st April, 2015 to 31st March, 2016. The quantity of Sports Goods exported equivalent to above value is.....
2. We hereby confirm and declare that the statement made above is true and correct to the best of our knowledge. We understand and agree that in the event of the above statement being found to be incorrect or false, our Export performance Certificate will be cancelled and we shall be liable for any penal action that may be taken by the SGEPC or by the Government of India under the relevant rules.
3. We hereby agree to provide all information sought by SGEPC, in connection with this application.

Name of Exporter.....

RCMC No.....

IE Code No. issued by DGFT.....

Name of the Authorized Signatory.....

Signature of Authorized Signatory.....

Date:

VERTIFICATON (On CA'S Letterhead)

We have verified the statement made by the exporter at Point No. 1 of the declaration made in the application submitted to Sports Goods Export Promotion council seeking issue of "Export Performance Certificate" to enable import of certain inputs, notified vide Sl. No. 521 of the customs Notification No. 12/2012-Customs dated 17/03/2012 amended vide notification No. 21/2013, dt/ 18/04/2013.

We hereby certify that the total FOB value & quantity of exports of Sports Goods based on the export proceeds realization furnished by.....(Name of the Bank) of M/s.....during the year 2015-16 were of the value of Rs.....(in words.....) and.....(quantity).

NAME & ADDRESS
(of the Chartered Accountant's firm)

SIGNATURE
(of the Chartered Accountant)

SEAL AND STAMP
MEMEBRSHIP NO.
(of the firm of Chartered Accountant)
DATE:
PLACE:

BANK CERTIFICATE

(On Bank's Letterhead)

This is to certify that M/s_____ has realized an amount of Rs._____ (in words_____) against export of Sports Goods during the year 2015-16 i.e. between 01.04.2015 to 31.03.2016 as per the statement enclosed.

Signature of Bank Official with Name & Designation.....

Name of the Bank with complete address & Seal.....

Date.....

Statement of bank realization of Export Proceeds

<u>S.No.</u>	<u>Invoice No.</u>	<u>Invoice Date</u> (DD.MM.YYYY)	<u>Product</u>	<u>FOB Value</u>	<u>Date of Realization</u> (DD.MM.YYYY)	<u>Bank Ref. No</u>
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ANNEX-II

APPLICATION PROFORMA for issue of 'IMPORT CERTIFICATE' under 3% Duty Free Import Scheme (DFIS) as per Sl. No. 521 of the Customs Notification No. 12/2012-Customs dated 17/03/2012 amended vide Notification No. 21/2013 dt. 18/04/2013.

(To be submitted on the "letter head" of the Applicant Exporter)

CERTIFICATE NO:
(for SGEPC use)

1. NAME & ADDRESS OF EXPORTER

2. RCMC NO. OF EXPORTER

3. IE CODE NO.

4. EXPORT PERFORMANCE CERTIFICATE NO.

5. ITEM(s) INTENDED TO BE IMPORTED FOR WHICH
IMPORT CERTIFICATE IS SOUGHT

Sl.No	Items (with HS code)	Quantity	Value	Bill of Entry No. & Date

6. COUNTRY OF IMPORT

7. OVERSEAS SUPPLIER NAME'S & ADDRESS

8. QUANTITY & VALUE OF IMPORT

(for the imports already effected during 2011-12 under Customs Notification No. 12/2012 Custom dated 17/03/2012, amended vide notification no. 21/2013 dt. 18/04/2013.

<u>ITEMS</u>	<u>QUANTITY</u>	<u>VALUE (in Rs).</u>	<u>BILL OF ENTRY No. & DATE</u>
(a) Nylon gut			
(b) PU or nylon grip sheets for hockey sticks.			
(c) Butyl bladders for inflatable balls			
(d) Willow clefts, Ash wood or Beech wood			
(e) Cork bottoms			
(f) PVC/ Synthetic rubber bladder for Inflatable Balls.			
(g) Manau Cane			
(h) Table tennis rubber			
(i) Table tennis bat handles			
(j) Table tennis blade			
(k) TPU/PU leather clothor TPU/PU laminated with cotton for inflatable balls			
(l) Extra Tec (cricket bat facing tape)			
(m) Resin hardener TTP-33S and release paper for composite hockey sticks.			
(n) Table Tennis Glue.			
(o) Evazote foam for protective equipments e.g. leg guards, thigh guards			
(p) Plywood for Carom Board.			

(q) PVC Leather cloth for Inflatable Balls or Sports Gloves.			
(r) Latex foam for Shin Guard or Goal Keeper Gloves or other Sports Gloves.			
(s) PEVA?EVA foil for Shin Guard or Sports Gloves.			
(t) Stitching Thread for inflatable Balls or Sports Gloves.			
(u) Printing Ink for inflatable Balls or Sports Gloves.			

SIGNATURE & SEAL OF EXPORTER

ENCLOSURES:

1. Provisional Bill of Entry issued by Customs or Invoice for the proposed Import consignment (in support of Col. 5,6,7).
2. Export Performance certificate (Original)
3. Bills of Entry concerning imports during 2014-15 affected under Customs Notification No. 12/2012-Customs dated 17/03/2012 amended vide Notification No. 21/2013 dt. 18/04/2013.
4. Original IC previously issued, duly endorsed by the Customs.
5. Pay Order/Demand Draft of Rs. 1000/-+14.5 % (Service charges)(15% from June 2016 onwards) as application fee.