



PMC Cell – MM

Oil and Natural Gas Corporation Ltd

Corporate Materials Management

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Circular No. 40/2017

No: MAT/PMC/13(117)-GST/2017

Dated: 06.09.2017

Sub: Exemption from payment of IGST on Temporary Import of Equipment on Lease.

Vide letter No. DLH/Indirect Tax/GST/07/2017-18 dated 01.09.2017 office of the ED-CCF has circulated copy of Customs Notification No. 72/2017-cus dated 16th August, 2017 on the subject cited above. Copy of said communication of the office of ED-CCF along with its enclosures is enclosed for reference of all concerned at Annexure-I.

All concerned are advised to refer to provisions under clause 10.3 of Annexure-I of standard tender/contract conditions for Service Contracts which stipulate that bidder, while quoting, must take cognizance of all concessions permissible under the statutes including the benefit under GST legislations, failing which it will have to bear extra cost and ONGC will not take responsibility towards this. Similar provisions exists in LSTK & other tender documents also. Hence, the work centers are advised to mention in the tender documents that bidders need to take into account Notification No. 72/2017- Customs dtd. 16.08.2017 issued by Ministry of Finance while quoting in the tenders.

Above guidelines should be meticulously followed by all concerned.

(Ashwini Nagia)


ED-Chief MM Services

Distribution: (Through ONGC's intranet website 'ongcreports.net')

All concerned may download the circular from the site. Hard copies are not distributed separately.

Copy to:

1. EO to CMD, ONGC, PDU Urja Bhawan, Vasant Kunj, New Delhi.
2. CEA to Director (T&FS) / Director (Offshore) / Director (HR) / Director (Exploration)/Director (Onshore) / Director (Finance), ONGC, PDU Urja Bhawan, Vasant Kunj, New Delhi.
3. CVO, ONGC, PDU Urja Bhawan, Vasant Kunj, New Delhi.

	OIL AND NATURAL GAS CORPORATION LTD. OFFICE OF EXECUTIVE DIRECTOR - CHIEF CORPORATE FINANCE (INDIRECT TAX DEPARTMENT) 3 rd Floor, Tower-A, Zone-II, Plot No. 5A, Nelson Mandela Road, Vasant Kunj, New Delhi- 110070	
	DLH/Indirect Tax/GST/07/2017-18	Date: 1 st Sept. 2017
From	: ED-CCF, ONGC, New Delhi	
To	: Key Executives of Assets/Basins /Plants/Services /Institutes/Head ICE	
CC	: EO to Director (Finance), ONGC, New Delhi	
Sub	: Customs Exemption on Temporary Import of Equipment on Lease	

The Govt. of India vide Customs Notification No. 72/2017-cus dated 16th August, 2017 (**Annexure-I**) has exempted the levy of IGST on import of goods, subject to following conditions:

- (i) The goods/equipment has been taken on lease by the Importer for use after import in India and Importer executes a bond with bank guarantee to pay IGST on such lease payment.
- (ii) Importer makes a declaration at the time of importation that the goods are being imported temporarily (for a period upto 18 months) for execution of contract.

Accordingly, if the contractor imports equipment on lease for petroleum operations under the contract with ONGC, then such contractor should be eligible for exemption from payment of IGST.

A.R. Patel
(A.R. Patel)

[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)

Notification No. 72/2017 – Customs

New Delhi, the 16th August, 2017

G.S.R. (E)- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue), No.27/2002 – Customs dated the 1st March, 2002 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 124(E), dated the 1st March, 2002 except as respects things done or omitted to be done before such supersession, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts goods of the description specified in column (1) of the Table annexed hereto, from the payment of so much of the customs duty leviable thereon under First Schedule to the Customs Tariff Act, 1975 (51 of 1975) as specified in column (3) of the said Table and from the whole of the integrated tax leviable thereon under sub-section (7) of section 3 of the Customs Tariff Act, 1975 subject to the limitations and conditions specified in column (2) thereof, namely: -

TABLE

Description of goods	Limitations and conditions	Extent of exemption
(1)	(2)	(3)
Machinery, equipment or tools, falling under Chapters 84, 85, 90 or any other Chapter of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).	(1) the goods have been taken on lease by the importer for use after import; (2) the importer makes a declaration at the time of import that the goods are being imported temporarily for execution of a contract; (3) the import of such machinery, equipment or tools is covered under item (b) of clause 1 or item (f) of clause 5 of Schedule II of the Central Goods and Services Act, 2017; (4) the said goods are re-exported within three months of the date of such import or within such extended period not exceeding 18 months from the date of said import, as the Assistant Commissioner of Customs or the Deputy Commissioner of Customs, as the case may be, may allow; (5) where the Assistant Commissioner of Customs or the Deputy Commissioner of Customs, as the case may be, grants extension of the	In the case of- (i) goods which are re-exported within three months of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of five per cent.; (ii) goods which are re-exported after three months, but within six months, of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of fifteen per cent.; (iii) goods which are re-exported after six months, but within nine months, of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of twenty-five per cent.; (iv) goods which are re-exported after nine months, but within twelve months, of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of thirty

	<p>aforesaid period for re-export, the importer shall pay the difference between the duty payable under the relevant clause in column (3) and the duty already paid at the time of their import;</p> <p>(6) the importer executes a bond, with a bank guarantee, undertaking—</p> <p>(a) to pay integrated tax leviable under sub-section (1) of section 5 of the Integrated Goods and Services Act, 2017 on supply of service covered by items 1(b) or 5(f) of Schedule II of the Central Goods and Services Act, 2017;</p> <p>(b) to re-export the said goods within three months of the date of import or within the aforesaid extended period;</p> <p>(c) to produce the goods before the Assistant Commissioner of Customs or the Deputy Commissioner of Customs for identification before re-export;</p> <p>(d) to pay the balance of customs duty, along with interest, at the rate fixed by notification issued under section 28AA of the Customs Act, 1962, for the period starting from the date of import of the said goods and ending with the date on which the duty is paid in full, if the re-export does not take place within the stipulated period; and</p> <p>(e) to pay on demand an amount equal to the integrated tax along with applicable interest payable on the said goods but for the exemption under this notification in the event of violation of any of the above conditions.</p>	<p>per cent.;</p> <p>(v) goods which are re-exported after twelve months, but within fifteen months, of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of thirty-five per cent.;</p> <p>(vi) goods which are re-exported after fifteen months, but within eighteen months, of the date of import, so much of the duty of customs as is in excess of the amount calculated at the rate of forty per cent.,</p> <p>of the aggregate of the duties of customs, which would be leviable under the Customs Act, 1962 read with any notification for the time being in force in respect of the duty so chargeable.</p>
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Note: The goods imported under this concession shall not be eligible for drawback under sub-section (2) of section 74 of the Customs Act, 1962.

[F.No.354/186/2017-TRU]

(Mohit Tewari)

Under Secretary to the Government of India