



**Controller General of Defence Accounts**  
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**(IFA WING)**

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IFA/161

Dated : 08 /11/2016

To,

All the PIFAs/IFAs (Services/Command)  
PCsDA/CsDA (Nominated IFAs)

**Sub: Special Addition Duty and VAT.**

The GOI Customs Notification No. 102/2007, Provided for exemption of 4% special Additional Customs Duty leviable in terms of Section 3(5) of Customs tariff Act 1975 in respect of goods imported for sales as such, by the importers to others was purportedly issued to provide a level playing field to traders vis a vis manufacturers who do not pay local sale tax/VAT while importing goods directly for their own use and to remove the burden of double tax on such type of importers. The importers can file a claim for refund of the said additional duty of Customs paid on the imported goods on fulfilling certain conditions mentioned therein and production of proof of payment of VAT.

2. It has been reported by one of the IFAs, that consequent to withdrawal of all the Custom Duty exemptions wef 1<sup>st</sup> Apr 2016 vide Customs Notification No. 14/2016, the Vendors are claiming Custom Duty involving SAD & VAT in the Price Bid. However, as per the extant orders that the Vendors can get the re-imbusement of SAD as and when the imported goods are sold where VAT is included in the invoice. Thus, there is a possibility that a firm can obtain refund of SAD from the Customs Authorities as well as payment of VAT to the Vendors thereby enjoying a double benefit.

3. You are therefore requested to intimate the practice followed in your Command so as to enable to review the case accordingly. Nil report may also be forwarded.

*A. Mishra*

Ajay Mishra  
Jt. CGDA (Fin)