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Export Promotion Capital Goods (EPCG) for F.Y 2009-2014

1st September 2009

Eligibility: EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s) / vendor(s), and merchant exporters tied to supporting manufacturer(s) and service providers.

0% (Zero) duty EPCG Scheme: This scheme permits import of capital goods for pre-production, production and post production (including CKD / SKD as well as computer software systems) at zero percent Customs duty, subject to an export obligation equivalent to 6 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 6 years reckoned from Authorization issue-date.

Zero duty EPCG Scheme shall not be available for import of capital goods relating to export of products covered under following chapters/headings of ITC(HS) classification:

Chapters 1 to 24, 25 to 27, 31, 40, 43, 44, 45, 47 to 49, 68 to 70, 71, 81 (metals in primary and intermediate forms only), 89, 93, 97, 98. **ITC(HS)** 7201 to 7212, 7218 to 7220, 7224 to 7226, 7401 to 7406, 7501 to 7504, 7601 to 7603, 7801, 7802, 7901 to 7903, 8001, 8002 and 8401. However, zero duty EPCG Scheme will be available for handicraft exports under Chapters 5, 44, 68, 97.

3% (Three) duty EPCG Scheme: This scheme permits import of capital goods for pre-production, production and post production (including CKD/SKD as well as computer software systems) at 3% Customs duty, subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under EPCG scheme, to be fulfilled in 8 years reckoned from Authorization issue date.

Import of motor cars, sports utility vehicles/all purpose vehicles is allowed only to hotels, travel agents, tour operators or tour transport operators and companies owning/operating golf resorts, subject to terms and conditions.

For SSI units, import of capital goods at 3% Customs duty is allowed, subject to fulfillment of export obligation equivalent to 6 times of duty saved on capital goods, in 8 years from Authorization issue-date, provided the landed C.I.F value of such imported capital goods under the scheme does not exceed Rs. 50 lakhs and total investment in plant and machinery after such imports does not exceed SSI limit. Additionally, when duty saved amount equals Rs.100 crores or more, export obligation is to be fulfilled in 12 years.

Additionally, the exports made under the following category can be counted towards fulfillment of export obligation imposed on E.P.C.G. Licence;

1. Shipments made under Advance Authorization, Duty Free Replenishment Certificate (DFRC), Duty Free Import Authorization (DFIA), Duty Entitled Pass Book (DEPB) or Drawback scheme, or any other incentive schemes.
2. Royalty payments received in freely convertible currency and foreign exchange received for R&D services
3. Payment received in rupee terms for port handling services.

Please get in touch with us for any further questions and to initiate the application process. Thank you.

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