



3. ◆◆◆◆◆◆◆◆ All concerned are directed to comply with above instructions.

**(H. O. TIWARI)**

COMMISSIONER OF CUSTOMS,

(EXPORT)

Encl : As above

**F.No.450/66/2005-Cus.IV**

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs

\*\*\*

November 24th, 2005

**Subject: Conversion of foreign going vessels to coastal vessel- Customs duty collection of ship stores consumed during coastal run-reg.-**

The undersigned is directed to bring your kind attention to Circular No. 58/97, dated 6-11-1997 issued vide F. No. 450/77/95-Cus. IV on the procedure for collection of duty on ship stores consumed during coastal run. During the deliberations of Inter Ministerial Group consisting of representatives of Ministry of Shipping, Ministry of Commerce and Planning Commission under the Chairmanship of Secretary (Revenue), one of the issues that came up was the delay being caused by Customs authorities for conversion of foreign going vessel to coastal vessel. It was also mentioned by the Ministry of Shipping that whenever any vessel is converted from foreign going to coastal, customs require a notice of three days. Such conversions are quite frequent in the tanker industry. Sometimes due to exigency of operation, a coastal vessel is required to be converted to foreign going for loading at foreign ports, when the vessel is waiting at the anchorage outside the port limits in India. In such cases, customs require the vessel to be brought inside the port at berth for carrying out conversion formalities.

2. It may be noted that as per the provisions of Circular No. 58/97, dated 6-11-1997 issued vide F. No. 450/77/95-Cus. IV, there is no requirement of advance notice of three days for converting foreign going vessel into coastal vessel. All field formations should scrupulously adhere to the provisions of Circular No. 58/97, dated 6-11-1997. Paragraph 3 of the above circular mentions about the option of payment of duty on the entire quantity of Bonded stores carried by the ship, or only on estimated quantity of the Bonded stores that may be utilized during coastal run when the vessel is converted into coastal vessel. Similarly steamer agent is entitled to refund of duty in case of unutilized duty paid stores. The assessment in all such cases should be completed within prescribed time. However, it should be ensured that conversion of foreign going vessel to coastal vessels and vice versa should be expeditious and without any delay. Further, in case of exigencies, when the vessel is anchored outside the port limit, full cooperation should be extended to the master of the vessel/ steamer agent for getting the expeditious conversion of coastal vessel to foreign going vessel, if necessary by deployment of Customs staff to such vessel for completing the conversion process and to subject to safeguard of revenue.

3. All concerned may be directed to comply with above instructions.