

Instruction No. 22/2022-Customs, F.No. CBIC-50711/5/2021-INV-CUSTOMS, Dated 06th September, 2022

Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
(Investigation- Customs)

To

All the Principal Chief Commissioner/Chief Commissioners of Customs/ Customs (Preventive)/ CGST & Customs
The Principal Director General of Revenue Intelligence,
The Principal Commissioner, Directorate of Logistics,
The Director General of Human Resource Development,
Webmaster, CBIC.

Subject: Disposal of gold-Clarification on Instruction No. 27/2021-Customs dated 03.12.2021-reg.

1 am directed to refer to Instruction No. 27/2021-Customs dated 03.12.2021 read with Corrigendum dated 10.01.2022, prescribing new procedure for disposal of gold, wherein it was envisaged that the seized/confiscated gold (other than ornament/jewellery/articles) shall be transferred to Reserve Bank of India (RBI) through Security Printing and Minting Corporation of India Ltd. (SPMCIL).

2. While the implementation of the new procedure was by and large satisfactory, certain issues were brought to the notice of the Board. The issues are:-

- i. Determination of amount of sale proceeds of gold while refunding the amount in lieu of gold already disposed: There are instances wherein, appellate authorities order for return of the gold seized by setting aside the order of confiscation or otherwise. Normally, if the seized gold is disposed of and not available for return, in lieu of such gold, sale proceeds of such gold is refunded to the owner of the gold, after applicable deductions. In such situations, the field formations find it difficult to determine the actual amount of sale proceeds pertaining to the seized gold, since they are not getting the details of sale proceeds which is credited centrally in a consolidated manner for the standard gold bars delivered to RBI.
- ii. Expanding the scope of Instruction No.27/2021-Customs dated 03.12.2021 to include gold jewellery /articles/ornaments: Field formations stated that many a time they seize 24 carat gold and such 24-carat gold in jewellery or crude form may not attract buyer if auctioned. Hence, inclusion of such 24-carat gold jewellery / articles/ornaments in the new procedure and transfer to SPMCIL for processing and converting into standard gold bars would help speedy disposal of such gold.
- iii. Prescribing quarterly cycle for gold disposal: The Memorandum of Understanding (MoU) signed between CBIC, SPMCIL and RBI mentions, inter alia, that the frequency of transfer of gold shall normally be once every quarter of a year. Hence, the entire cycle of gold disposal needs to be on a quarterly basis.
- iv. Prescribing Minimum quantity of gold for collection by SPMCIL: Arranging logistics and transport of gold involves cost, time and human resources. Therefore, prescribing minimum quantity for the purpose of handing over to SPMCIL, would optimize such cost and human resources.
- v. Capacity Constraints of India Government Mint at Hyderabad and remapping of Zones:-

Para 3.1 and Annexure II of Instruction No.27/2021-Customs dated 03.12.2021 describes mapping of Zones with Focal Commissionerates and IG Mints. SPMCIL has expressed certain capacity constraints in processing gold at IG Mint Hyderabad and requested for re-mapping of Zones for handing over gold.

3. The Board has examined the matter in consultation with RBI and SPMCIL. Accordingly, the following additional instructions are issued for disposal of gold in terms of Instruction No.27/2021-Customs dated 03.12.2021.

3.1. Determination of amount of sale proceeds of gold while refunding the amount in lieu of gold already disposed:

3.1.1. Henceforth, at the time of seizure, it may be ensured by the seizing Commissionerate/agency, that the seizure report has the details of purity of gold in terms of carat. Further, at the time of handing over of gold to SPMCIL in terms of Instruction No.27/2021 dated 03.12.2021, the tariff value and the average market price per IOgm (based on the closing market price reported in three national economic dailies), shall be entered in the stock register (refer to Para 3.4.1 & Form 5 of Chapter 3 of Disposal Manual, 2019).

3.1.2. Whenever seized gold has to be returned on account of any order from a judicial forum and the gold has already been disposed of, the amount to be refunded in lieu of such gold shall be calculated as given below:-

- i. If the seizure is made in the Customs area, calculation shall be based on the tariff value

of gold on the date of transfer of such seized/confiscated gold to SPMCIL; and

ii. If the seizure is made at any place other than Customs area, calculation shall be based on the average market price of gold on the date of transfer of such seized/confiscated gold to SPMCIL.

3.1.3. The average market price shall be approved by the Joint Pricing Committee.

3.1.4 For all the lots that have already been handed over to SPMCIL till date, tariff value or average market price, as the case may be, on the date of handing over of gold to SPMCIL shall be taken as the basis and the average market price shall be approved by the Joint Pricing Committee.

3.2. Prescribing quarterly cycle for gold disposal: For the disposal of seized/confiscated gold, following cycle is prescribed for various actions in the Instruction No. 27/2021 dated 03.12.2021.

Actions	Dates by which action to be completed for every quarter			
	April to June	July to September	October to December	January to March
Inventory certifications	30th April	31 st July	31 st October	25th January
Intimation to SPMCIL	5th May	5th August	5th November	1st February
Handing over to SPMCIL	20th May	20th August	20th November	10th February
* Delivery to RBI	20th June	20th September	20th December	10th March
Realization of amount	25th June	25th September	25th December	15th March

*SPMCIL shall deliver the standard gold bars to the RBI preferably within one month of collection, which may be further extended on the basis of mutual agreement between the parties. Further, SPMCIL may inform RBI, adequately in advance, before delivering standard gold bars.

3.3. Prescribing Minimum quantity of gold for collection by SPMCIL:

3.3.1. Field formations may intimate SPMCIL only when they have a minimum of 10 kg gold ripe for handing over.

3.3.2. However, in the January-March quarter irrespective of the quantity, the gold ripe for transfer shall be handed over to SPMCIL at the stipulated deadline.

3.3.3. Moreover, it may also be noted that if the gold ready to be handed over to SPMCIL is more than minimum prescribed quantity, the field formations may intimate SPMCIL more than once in a quarter also (i.e. if another lot exceeding the minimum quantity accumulates within the same quarter, the formation need not carry it over to the next quarter).

3.4. Revised mapping of Zones with mints: To address the issue relating to capacity constraint at India Government Mint at Hyderabad, the mapping of Zones is revised as below and Annexure II of Instruction No.27/2021 -Customs dated 03.12.2021 stands amended to that extent.

Mapping of Customs Commissionerates to Focal Customs Commissionerates and IG Mints

Name of the IG Mint	Name of the Focal Customs Commissionerate	Commissionerates Mapped with Focal Customs Commissionerate
Hyderabad	Customs Commissionerate, Hyderabad	All Customs Commissionerates under Customs & CGST Zones of Hyderabad and Visakhapatnam.
Kolkata	Customs (Preventive) Commissionerate, West Bengal	All Customs Commissionerates under Customs Zones of Kolkata and Patna (Prev.); All Customs Commissionerates under Customs & CGST Zones of Bhubaneshwar and Guwahati (NER).

Mumbai	Customs Commissionerate, Mumbai (General)	All Customs Commissionerates under Customs Zones of Ahmedabad. Delhi, Delhi (Prev.), Mumbai-I. Mumbai-II, Mumbai-111, Bengaluru, Chennai, and Tiruchirappalli (Prev.); All Customs Commissionerates under Customs & CGST Zones of Thiruvananthapuram, Bhopal, Meerut, Nagpur and Pune.
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3.5. Expanding the scope of Instruction No.27/2021-Customs dated 03.12.2021 to include gold ornaments/jewellery /articles:

- 3.5.1. The guidelines prescribed in Instruction No. 27/2021 is now made applicable to seized/ confiscated gold in any form of 24 carat purity i.e. including gold ornaments/jewellery/articles of 24 carat purity, and such gold may be disposed of in terms of the said Instruction.
- 3.5.2. Other forms of gold may be disposed of by following procedure at para 11.4 of Disposal Manual 2019. Change in the procedure, if any, for other forms of gold will be communicated in due course.
4. Instruction No. 27/2021-Customs dated 03.12.2021 read with Corrigendum dated 10.01.2022 stands suitably modified to this effect. All the field formations under your Zone may suitably be sensitized in this regard.
5. Any difficulty that may arise during the course of implementation of these revised guidelines shall be brought to the notice of Board immediately for making suitable amendments.

(Harish Kumar Vashistha)
Commissioner (Investigation-Customs)