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## Provisional Assessment Complicated for Simplification

- 4 100% Bank Guarantee for Duty Difference Replaces 20% of Provisional Duty System in 2011 Notification
- 4 Surety System Abandoned
- 4 Demand to be Raised for Violation of FTP and other Laws under 40 Year Old Ministry Circular of Feb 1977



Subject: Guidelines regarding Provisional Assessment under section 18 of the Customs Act, 1962.

SNo.	Class of Importer	Amount of Bank Guarantee or Cash deposit to be obtained as "security" of the differential du	Remarks
1.	Imports by <b>Authorised Economic Operators (AEO -T3)</b>	<b>0%</b> (including cases at Sl. No. 4 to 6b.)	<i>In terms of Circular no. 33/2016-Customs dated 22nd July 2016, as amended.</i>
2.	Imports by Authorised Economic Operators ( <b>AEO – T1 and AEO - T2</b> ) (excluding importers mentioned at Sl. No.3)	(a) <b>0%</b> (in terms of Sl. No. 5(b), 6(a) and (b) <b>50% (for AEO-T1)</b> or <b>25% (for AEO-T2)</b> of the applicable bank guarantee or cash deposit specified at Sl. No. 4, 5(a), 5(c), 6(b)(1).	<i>In terms of Circular no. 33/2016-Customs dated 22nd July 2016, as amended.</i>
3.	Imports by <b>Public Sector Undertakings/</b> Government Central/State/UT and their undertakings)	<b>0%</b> including cases at Sl. No. 4 to 6b.)	
4.	Cases referred to <b>SVB</b>	As per circular No. <b>5/2016 Customs dated 9.2.2016</b> issued from F. No. 465/12/2010-cus v	
5(a)	Cases related to verification of origin under <b>FTAs</b> based on the reasonable belief that the matter involves mis-declaration of origin / value addition.	<b>100%</b>	<i>Based upon "Operational Certification Procedures" contained in the non-tariff notifications issued on Rules for determination of Origin</i>
5(b)	Cases selected on random basis for verification of origin.	<b>0%</b>	
5(c)	Cases related to verification of signatures and seals under <b>FTAs</b>	<b>100%</b>	<i>Provided that the Principal Commissioner of Customs or the Commissioner of Customs may reduce the amount of security where there are good and justifiable reasons to do so.</i>
6(a)	Cases, where the importer is not able to make <b>self-assessment</b> and has sought provisional assessment.	<b>Not applicable</b>	<i>As this such cases will be provisionally assessed by the proper officer as deemed fit.</i>
6(b)	Cases, where the proper officer deems it necessary to order a provisional assessment, whether for the chemical purposes of test or <b>requirement of information or causing inquiries:</b> (1) <b>Where differential duty has been estimated.</b> (2) Where, despite best efforts by the proper officer, <b>differential duty cannot be computed</b>	<b>100%</b>  <b>0%</b>	<i>Provided that the Principal Commissioner of Customs or the Commissioner of Customs may reduce the amount of security where there are good &amp; justifiable reasons to do so.</i>  N.A.

38-CBEC The Customs (Provisional Duty  
22.08.2016 Assessment) Regulations 2011  
(DoR) issued under notification no.  
81/2011 - Customs (NT) dated  
25.11.2011 were reviewed in view of references from  
the field formations regarding guidelines on the im-  
plementation of Regulation 2(2) and Regulation 4.  
2. Regulations 2(2), 3 and 4 require three  
elements - namely, (a) deposit of 20% of the  
differential duty between "provisional duty" and  
duty to be "finally assessed or re-assessed"; (b)  
execution of a bond; and (c) surety or security or  
both, as deemed fit.

**2.1** Section 18 of the Customs Act, 1962 defines  
the cases where provisional assessment may be  
resorted, as under:

(1) Notwithstanding anything contained in this  
Act but without prejudice to the provisions of  
section 46,-

- (a) where the importer or exporter is unable to  
make self-assessment under sub-section (1)  
of section 17 and makes a request in writing  
to the proper officer for assessment; or
- (b) where the proper officer deems it necessary to  
subject any imported goods or export goods  
to any chemical or other test; or
- (c) where the importer or exporter has produced  
all the necessary documents and furnished  
full information but the proper officer deems  
it necessary to make further enquiry; or
- (d) where necessary documents have not been  
produced or information has not been furnished  
and the proper officer deems it necessary to  
make further enquiry,

**2.2** Further, Section 18 goes on to state how  
a provisional assessment is to be carried out:

"the proper officer may direct that the duty  
leviable on such goods be assessed provisionally  
if the importer or the exporter, as the case may  
be, furnishes such security as the proper officer  
deems fit for the payment of the deficiency, if any,  
between the duty as may be finally assessed and  
the duty provisionally assessed."

**2.3** Thus, the provisions of section 18 of the  
Customs Act, 1962, require that in cases where  
goods are to be provisionally assessed:

- (a) the importer binds himself for the payment of  
deficiency, if any, between the duty as may  
be finally assessed and the duty provisionally  
assessed; and
- (b) furnishes such security as the proper officer  
deems fit for the payment of the deficiency.

**2.4** In view of the requirement that the importer  
binds himself to pay the deficiency, if any, between  
the duty as may be finally assessed and the duty  
provisionally assessed, it would be necessary to  
obtain a bond for meeting the aforesaid condition.

**2.5** Insofar as the requirement of obtaining a  
20% deposit of the duty provisionally assessed,  
the Board has decided that this condition be dis-  
pensated, particularly, as it necessitates following  
the procedure of refunds in cases where final  
assessment is in favour of the importer. Such  
requirements add to the transaction costs, lead  
to delays in clearance and detract from the ease  
of doing business.

**2.6** It was also noted that Regulation 4 required  
that the importer should furnish such surety or  
security or both, as deemed fit, along with the  
Bond. In this connection, it was felt that accep-  
tance of a surety requires making an evaluation  
of the underlying asset value or of the net worth

of the person executing the same. This poses  
difficulties to the importers as well as adminis-  
trative challenges to the Department in valuing  
sureties. Therefore, the Board has decided that  
the requirement of security needs to be met by  
either obtaining a bank guarantee or a cash  
deposit, as convenient to the importer, and that  
no sureties shall be obtained.

**2.7** In view of the aforesaid, the Board has  
rescinded "The Customs (Provisional Duty As-  
sessment) Regulations 2011" vide notification  
no. 113/2016 - Cus (NT) dated 22nd August 2016  
since section 18 itself lays down the procedure to  
be followed in the case of provisional assessment.  
The only issue which is required to be addressed  
is regarding the amount of security since section  
18 requires the same to be obtained as "deemed  
fit" by the proper officer. For the sake of unifor-  
mity of practice, transparency and predictability  
for the tax payer, the Board has decided that  
the following procedure and guidelines will be  
followed by all Customs stations while assessing  
goods provisionally:

**2.8** Wherever, duty is to be assessed provision-  
ally, the importer shall:

- (a) for the purposes of undertaking to pay on  
demand the deficiency, if any, between the  
duty as may be finally assessed and the duty  
provisionally assessed, execute a bond in the  
prescribed form (enclosed); and

(b) furnish such security for the payment of the  
duty deficiency, as indicated in para 3 below.

**2.9** The security to be obtained shall be in the  
form of a bank guarantee or a cash deposit, as  
convenient to the importer.

**3.** The following guidelines shall be followed while  
obtaining security where provisional assessment  
under section 18 of the Customs Act is being  
undertaken:

**3.1** By way of a clarification, attention is also  
drawn to an earlier instruction of the Ministry con-  
tained in F.No. 511/777-Cus VI dated 09.01.1978,  
to the effect that the amount of security shall be  
determined on the basis of duty differential and  
not the CIF value of goods.

**3.2** It is also clarified that provisional assessments  
under section 18 are to be carried out with respect  
to cases where the duty is in dispute. Cases  
relating to execution of a bond or undertaking  
specified as a condition to a notification or those  
requiring compliance of conditions under allied  
acts are not to be provisionally assessed under  
section 18 of the Customs Act. This position had  
been earlier clarified by the Ministry of Law and  
Justice and circulated vide Ministry F.NO. 353 /  
91 / 74 - Cus dated 28th January 1977.

**4.** Difficulties, if any, may be brought to the notice  
of the Board.

F.No. 465/01/2016-Cus V

[Forms available at worldtrades.com]

## Revised Provisional Assessment Regulation 2011 with 20% Provisional Duty Bond Rescinded and Replaced by Guidelines of CBEC Circular 38/2016-Cus of 22 Aug 2016

113-Cus(NT) In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52  
22.08.2016 of 1962), the Central Board of Excise and Customs hereby rescinds the notification  
(DoR) of the Government of India in the Ministry of Finance, Department of Revenue  
(Central Board of Excise and Customs) number 81/2011-Customs (N.T.) dated the  
25th November, 2011 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section  
(i) vide number G.S.R. 840 (E), dated the 25th November, 2011, except as respects things done or  
omitted to be done before such rescission.

[F. No. 465/01/2016-Cus V]

## China Readies for G-20 Meet, Closes Factories for Clean Air

**A**uthorities in the Asian nation have ordered  
hundreds of factories to curb activity ahead  
of the Group of 20 summit in Hangzhou in early  
September, in a bid to ensure blue skies when the  
red carpet is rolled out. The curtailments, may cut  
petroleum demand in the world's second-biggest  
oil consumer by 250,000 barrels a day in the  
third quarter.

President Xi Jinping is expected to showcase  
his nation's strengths at the G-20 summit, which  
will host leaders of countries that account for two-  
thirds of the world's population and 85 percent of  
its economic output. They are gathering at a time  
of slowing trade and tepid global growth.

China has a history of enacting temporary  
environmental measures to clean the air before  
hosting major events, which have affected

commodity prices. Before the 2008  
Olympics in Beijing, small coal mines  
in the northern provinces of Shanxi  
and Hebei were ordered to shut. That  
exacerbated a supply shortage of the  
fuel, sending local prices to a record  
ahead of the Games.

Iron-ore prices slumped in 2014  
when the Chinese government or-  
dered some steel mills in the world's

largest buyer to suspend production before the  
Asia-Pacific Economic Cooperation meeting in  
Beijing. They again tumbled last year ahead of  
closures before the world track and field champi-  
onships and a parade to mark the 70th anniversary  
of Japan's surrender in World War II.

For G-20, Shanghai, which is 180 kilometers  
(112 miles) northeast of Hangzhou, has asked  
255 companies, including coal-power plants and  
oil refineries, to curb output from Aug. 24 to Sept.  
6, according to a statement on the website of the  
city's Environmental Protection Bureau. Officials in  
Ningbo, about 150 kilometers east of Hangzhou,  
proposed cuts or closures at 445 companies,  
including petrochemical plants and producers of  
steel, cement and paper.

### Crude Rises to \$46.58

Crude Oil (Indian Basket) from 17 - 23 Aug 2016

	17 Aug	18 Aug	19 Aug	22 Aug	23 Aug
(\$/bbl)	46.74	47.75	48.02	47.31	46.58
(Rs/bbl)	3126.79	3189.36	3213.73	3178.74	3125.22
(Rs/\$)	66.90	66.79	66.93	67.19	67.09

(Previous Trading Day Price)

Source: Ministry of Petroleum & Natural Gas

## Govt Slaps Minimum Landed Value of \$594 per MT on CR Flat Steel Products from China, Japan, Korea and Ukraine

Nfn 45-ADD Whereas, in the matter of "Cold-rolled flat products of alloy or non-alloy steel" falling under headings 7209, 7211, 7225 and 7226 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), originating in, or exported from People's Republic of China, Japan, Korea RP and Ukraine, and imported into India, the designated authority in its preliminary findings published in the Gazette of India, Extraordinary, Part I, Section 1, vide notification number **14/12/2016-DGAD dated the 3rd August, 2016**, has come to the provisional conclusion that –

(a) the subject goods have been exported to India from the subject countries below normal value;

(b) the domestic industry has suffered material injury on account of subject imports from the subject countries; and

(c) the injury has been caused by the dumped imports of the subject goods from the subject countries;

Now, therefore, in exercise of the powers conferred by sub-section (2) of section 9A of the Customs Tariff Act, read with rules 13 and 20 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995, the Central Government, after considering the aforesaid preliminary findings of the designated authority, hereby imposes on the subject goods, the description of which is specified in column

(3) of the Table below, falling under heading of the First Schedule to the Customs Tariff Act as specified in the corresponding entry in column (2), originating in the countries as specified in the corresponding entry in column (4), exported from the countries as specified in the corresponding entry in column (5), produced by the producers as specified in the corresponding entry in column (6), exported by the exporters as specified in the corresponding entry in column (7), imported into India, an anti-dumping duty at a rate which is equivalent to difference between the amount mentioned in the corresponding entry in column (8) and the landed value of the subject goods, provided the landed value is less than such amount specified in column (8), in the currency as specified in the corresponding entry in column (10) and as per unit of measurement as specified in the corresponding entry in column (9) of the said Table, namely :-

**Table**

SNo.	Heading/ Sub heading	Description of goods	Country of origin	Producer	Amount
(1)	(2)	(3)	(4)	(6)	(8)
1.	7209, 7211, 7225 or 7226	Cold rolled / cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated of following quality/grades:- (i) Plain Carbon steels with Carbon =< 0.15% and maximum UTS <=410 MPa - conforming to: (a) Commercial quality; (b) Drawing / Deep Drawing quality (D/DD) (c) Extra Deep Drawing quality (EDD) (ii) Plain Carbon High Strength steels whether or not Interstitial Free, with UTS >= 350MPa - IF-HS or HS (iii) Micro-alloyed steels of Advanced High Strength Quality (AHSS) with minimum UTS >= 590MPa (iv) Bake-Hardening Steel with minimum UTS >= 370MPa (BH), (v) Dual-Phase Steel with minimum UTS >= 370MPa (DP), excluding, - (i) Stainless Steel; (ii) High Speed Steel, i.e., alloy steels containing, with or without other elements, at least two of the three elements Molybdenum (Mo), Tungsten (W) and Vanadium (V) with a combined content by weight of 7% or more, 0.6% or more of Carbon and 3 to 6% of Chromium; (iii) Silicon Electrical Steels confirming to Grain Oriented and Non- Grain Oriented Steels i.e. alloy steels containing by weight, atleast 0.6% but not more than 6% of Silicon and not more than 0.08% of Carbon. This steel may also contain by weight not more than 1% of Aluminium but no other element in a proportion that would give the steel the characteristics of other alloy steel.	Korea RP	M/s Hyundai Steel Company	NIL
2.	-do-	Cold rolled / cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated, excluding, - (i) Stainless Steel; (ii) High Speed Steel, i.e., alloy steels containing, with or without other elements, at least two of the three elements Molybdenum (Mo), Tungsten (W) and Vanadium (V) with a combined content by weight of 7% or more, 0.6% or more of Carbon and 3 to 6% of Chromium; (iii) Silicon Electrical Steels confirming to Grain Oriented and Non- Grain Oriented Steels i.e. alloy steels containing by weight, atleast 0.6% but not more than 6% of Silicon and not more than 0.08% of Carbon. This steel may also contain by weight not more than 1% of Aluminium but no other element in a proportion that would give the steel the characteristics of other alloy steel.	Korea RP	M/s Hyundai Steel Company	\$594 per MT
3.	-do-	-do-	Korea RP	M/s POSCO	\$594 per MT
4.	-do-	Cold rolled / cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated of following quality/grades:- (i) Micro-alloyed steels of Advanced High Strength Quality with minimum UTS >= 590MPa having width =< 600mm oiled and with trimmed edges. (ii) Medium and High Carbon steels with Carbon >0.15% having width =<600mm oiled and with trimmed edges. excluding, - (i) Stainless Steel; (ii) High Speed Steel, i.e., alloy steels containing, with or without other elements, at least two of the three elements Molybdenum (Mo), Tungsten (W) and Vanadium (V) with a combined content by weight of 7% or more, 0.6% or more of Carbon and 3 to 6% of Chromium; (iii) Silicon Electrical Steels confirming to Grain Oriented and Non- Grain Oriented Steels i.e. alloy steels containing by weight, atleast 0.6% but not more than 6% of Silicon and not more than 0.08% of Carbon. This steel may also contain by weight not more than 1% of Aluminium but no other element in a proportion that would give the steel the characteristics of other alloy steel.	Korea RP	M/s Dongkuk Industries Co. Ltd	NIL
5.	-do-	Cold rolled / cold reduced flat steel products of iron or non-alloy steel or other alloy steel, of all widths and thickness, not clad, plated or coated, excluding, - (i) Stainless Steel; (ii) High Speed Steel, i.e., alloy steels containing, with or without other elements, at least two of the three elements Molybdenum (Mo), Tungsten (W) and Vanadium (V) with a combined content by weight of 7% or more, 0.6% or more of Carbon and 3 to 6% of Chromium; (iii) Silicon Electrical Steels confirming to Grain Oriented and Non- Grain Oriented Steels i.e. alloy steels containing by weight, atleast 0.6% but not more than 6% of Silicon and not more than 0.08% of Carbon. This steel may also contain by weight not more than 1% of Aluminium but no other element in a proportion that would give the steel the characteristics of other alloy steel.	Korea RP	M/s Dongkuk Industries Co. Ltd	\$594 per MT



6.	-do-	-do-	Korea RP	Any combination other than S. No. 1, 2, 3, 4 & 5	\$594 per MT
7.	-do-	-do-	Korea RP	Any	\$594 per MT
8.	-do-	-do-	Any country other than those subject to anti-dumping duty	Any	\$594 per MT
9.	-do-	-do-	Japan	JFE Steel Corp.	\$594 per MT
10.	-do-	-do-	Japan	M/s. Nippon Steel & Sumitomo Metal Corporation	\$594 per MT
11.	-do-	-do-	Japan	Any combination other than S. No. 9 & 10	\$594 per MT
12.	-do-	-do-	Japan	Any	\$594 per MT
13.	-do-	-do-	Any country other than those subject to anti-dumping duty	Any	\$594 per MT
14.	-do-	-do-	China	M/s Angang Steel Company Limited	\$594 per MT
15.	-do-	-do-	China	M/s Zhangjiagang Yangtze River Cold Rolled Sheet Co., Ltd.	\$594 per MT
16.	-do-	-do-	China	Any combination other than S. No. 14 & 15	\$594 per MT
17.	-do-	-do-	China	Any	\$594 per MT
18.	-do-	-do-	Any country other than those subject to anti-dumping duty	Any	\$594 per MT
19.	-do-	-do-	Ukraine	Zaporizhstal Integrated Iron and Steel Works PJSC	\$594 per MT
20.	-do-	-do-	Ukraine	Any combination other than S.No. 19	\$594 per MT
21.	-do-	-do-	Ukraine	Any	\$594 per MT
22.	-do-	-do-	Any country other than those subject to anti-dumping duty	Any	\$594 per MT

2. The anti-dumping duty imposed under this notification shall be effective for a period not exceeding six months (unless revoked, superseded or amended earlier) from the date of publication of this notification in the Official Gazette and shall be paid in Indian currency.

**Explanation.-** For the purposes of this notification,-

(a) "landed value" of imports for the purpose of this notification means the assessable value as determined by the customs under the Customs Act, 1962 and includes all duties of customs except duties levied under sections 3, 3A, 8B, 9 and 9A of the Customs Tariff Act, 1975;

(b) rate of exchange applicable for the purpose of calculation of such anti-dumping duty shall be the rate which is specified in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), issued from time to time, in exercise of the powers conferred by section 14 of the Customs Act, 1962, and the relevant date for the determination of the rate of exchange shall be the date of presentation of the bill of entry under section 46 of the said Customs Act, 1962.

[F.No. 354/128/2016-TRU]

[Full Text available at worldtradescanner.com]

## Anti-dumping Duty on Caustic Soda from Taiwan Extended Till 22 August 2017 in Review

### 4 Thailand, Norway Removed from List

Nfn 46(ADD) Whereas in the matter of 19.08.2016 Caustic Soda (hereinafter referred to as the subject goods), falling under Chapter 28 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), originating in, or exported from, Thailand, Chinese Taipei (Taiwan) and Norway (hereinafter referred to as the subject countries), and imported into India, the Central Government on the basis of final findings of the designated Authority vide notification No.14/1/2010-DGAD, dated the 30th June, 2011 published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 30th June, 2011 had imposed definitive anti-dumping duty on the subject goods vide notification of the Government of India, in the Ministry of Finance

(Department of Revenue), No.79/2011-Customs, dated the 23rd August, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.634(E), dated the 23rd August, 2011.

And whereas, the designated authority vide notification No.15/10/2016-DGAD, dated the 8th August, 2016, published in the Gazette of India, Extraordinary, Part I, Section 1, dated the 8th August, 2016, has initiated review, in terms of sub-section (5) of section 9A of the Customs Tariff Act, and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the said rules), in the matter of continuation of anti-dumping duty

on subject goods, originating in, or exported from, subject countries, has recommended extension of anti-dumping duty for a further period of one year on subject goods, originating in, or exported from, Chinese Taipei (Taiwan), in terms of subsection (5) of section 9A of the Customs Tariff Act and also recommended that anti-dumping duty on subject goods, originating in, or exported from, Thailand and Norway be allowed to lapse.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act and in pursuance of rule 23 of the said rules, the Central Government hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.79/2011-Customs, dated the 23rd August, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.634(E), dated the 23rd August, 2011, namely: -

In the said notification,-

(A) in the Table, against serial number 6, for the entry in column (5), the entry "**Any country other than attracting anti-dumping duty**" shall be substituted.

(B) after paragraph 2 and before the Explanation, the following paragraph shall be inserted, namely: -

**"3. Notwithstanding anything contained in paragraph 2, the anti-dumping duty imposed on the subject goods specified against serial numbers 4, 5 and 6 of the Table referred to in paragraph 1, shall remain in force up to and inclusive of the 22nd day of August, 2017, unless revoked earlier."**

[F.No.354/89/2011-TRU (Pt-1)]

## 1-Phenyl-3-Methyl-5-Pyrazolone from China Anti-dumping Duty Extended Till 23 August 2017 in Review

Nfn 47-ADD Whereas, the designated 19.08.2016 authority vide notification (DoR) No.15/3/2016-DGAD, dated the 11th August, 2016, published

in the Gazette of India, Extraordinary, Part I, Section 1, dated the 11th August, 2016, has initiated review, in terms of sub-section (5) of section 9A of the Customs Tariff Act, 1975 (51 of 1975) (hereinafter referred to as the Customs Tariff Act), and in pursuance of rule 23 of the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 (hereinafter referred to as the said rules), in the matter of continuation of anti-dumping duty on 1-Phenyl-3-Methyl-5-Pyrazolone (hereinafter referred to as the subject goods), falling under Chapters 29 and 98 of the First Schedule to the Customs Tariff Act, originating in, or exported from, People's Republic of China, imposed vide notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.80/2011-Customs, dated the 24th August, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.640(E), dated the 24th August, 2011, and has requested for extension of antidumping duty for a further period of one year, in terms of sub-section (5) of section 9A of the Customs Tariff Act.

Now, therefore, in exercise of the powers conferred by sub-sections (1) and (5) of section 9A of the Customs Tariff Act and in pursuance of

rule 23 of the said rules, the Central Government hereby makes the following amendment in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No.80/2011-Customs, dated the 24th August, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R.640(E), dated the 24th August, 2011, namely: -

In the said notification, after **paragraph 3** and before the Explanation, the following paragraph shall be **inserted**, namely: -

**“4. Notwithstanding anything contained in paragraph 3, this notification shall remain in force up to and inclusive of the 23rd day of August, 2017, unless revoked earlier.”.**

[F. No.354/191/2005-TRU(Pt.-1)]

## No Service Tax on Freight Forwarders Transportation of Goods from India to Foreign Countries under POPS 2012

*Sub: Service Tax on Freight Forwarders on Transportation of Goods from India.*

197-ST The Board has received representations regarding service tax on freight forwarders on transportation of goods from India.

**2.0** It may be noted that in terms of rule 10 of the Place of Provision of Services Rules 2012, (herein after referred to as 'POPS Rules 2012', for brevity) the place of provision of the service of transportation of goods by air/sea, other than by mail or courier, is the destination of the goods. It follows that the place of provision of the service of transportation of goods by air/sea from a place in India to a place outside India, will be a place outside the taxable territory and hence not liable to service tax. The provisions of rule 9 of the POPS Rules 2012, should also be kept in mind wherein the place of provision of intermediary services is the location of the service provider. An intermediary has been defined, inter alia, in rule 2(f) of the POPS Rules 2012, as one who arranges or facilitates the provision of a service or a supply of goods between two or more persons, but does not include a person who provides the main service or supplies the goods on his own account. The contents of the succeeding paragraphs flow from the application of these two rules.

**2.1** The freight forwarders may deal with the exporters as an agent of an airline/carrier/ocean liner, as one who merely acts as a sort of booking agent with no responsibility for the actual transportation. It must be noted that in such cases the freight forwarder bears no liability with respect to transportation and any legal proceedings will have to be instituted by the exporters, against the airline/carrier/ocean liner. The freight forwarder merely charges the rate prescribed by the airline/carrier/ocean liner and cannot vary it unless authorized by them. In such cases the freight forwarder may be considered to be an intermediary

under rule 2(f) read with rule 9 of Pops since he is merely facilitating the provision of the service of transportation but not providing it on his own account. When the freight forwarder acts as an agent of an airline/carrier/ocean liner, the service of transportation is provided by the airline/carrier/ocean liner and the freight forwarder is merely an agent and the service of the freight forwarder will be subjected to tax while the service of actual transportation will not be liable for service tax under Rule 10 of POPS.

**2.2** The freight forwarders may also act as a principal who is providing the service of transportation of goods, where the destination is outside India. In such cases the freight forwarders are negotiating the terms of freight with the airline/carrier/ocean liner as well as the actual rate with the exporter. The invoice is raised by the freight forwarder on the exporter. In such cases where the freight forwarder is undertaking all the legal responsibility for the transportation of the goods and undertakes all the attendant risks, he is providing the service of transportation of goods, from a place in India to a place outside India. He is bearing all the risks and liability for transportation. In such cases they are not covered under the category of intermediary, which by definition excludes a person who provides a service on his account.

**3.0** It follows therefore that a freight forwarder, when acting as a principal, will not be liable to pay service tax when the destination of the goods is from a place in India to a place outside India.

**4.0** Keeping this in mind, field formations may deal with cases purely on the basis of the facts of the case, the terms of contract between the entities concerned, the provisions of the Finance Act, 1994, the POPS Rules 2012 and other rules. F.No. 137/54/2016-Service Tax-Part-I

## Service Tax Liability on Leasing or Transfer of the Right to Use – Board Issues Clarification

*Subject: Service tax liability in case of hiring of goods without the transfer of the right to use goods.*

198-ST In terms of sub-clause (d) of clause (29 A) of Article 366 of the Constitution of India, the transfer of the right to use any goods for any purpose (whether or not for a specified period) for cash, deferred payment or other valuable consideration is deemed to be a sale of those goods by the person making the transfer, delivery or supply and a purchase of those goods by the person to whom such transfer, delivery or supply is made. It follows that such transactions will be liable for Sales Tax/Value Added Tax. In terms of section 66E(f) of the Finance Act, 1994, transfer of goods by way of hiring, leasing, licensing or in any such manner without transfer of right to use such goods is a “declared service” and hence liable to

service tax. In this regard some representations have been received.

**2.** The matter has been examined. I am directed to draw your attention to the fact that in any given case involving hiring, leasing or licensing of goods, it is essential to determine whether, in terms of the contract, there is a transfer of the right to use the goods. Further, the Supreme Court in the case of Bharat Sanchar Nigam Limited vs Union of India, reported in 2006 (2) STR 161 SC, had laid down the following criteria to determine whether a transaction involves transfer of the right to use goods, namely,-

- There must be goods available for delivery;
- There must be a consensus ad idem as to the identity of the goods;

## Guinea-Bissau Included in LDC List

Ntfn 46 In exercise of the powers  
23.08.2016 conferred by sub-section (1)  
(DoR) of section 25 of the Customs  
Act, 1962 (52 of 1962), the

Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India, in the Ministry of Finance (Department of Revenue), No. 96/2008-Customs, dated the 13th August, 2008 published vide number G.S.R. 590 (E), dated the 13th August, 2008, namely:-

In the said notification, in the Schedule, after serial number 33 and the entries relating thereto, the following serial number and entry shall be added, namely:-

SNo.	Name of Country
	“34 Republic of Guinea-Bissau”

[F. No. 354/189/2005-TRU (Vol II)]

- The transferee should have a legal right to use the goods - consequently all legal consequences of such use, including any permissions or licenses required therefor should be available to the transferee;
- For the period during which the transferee has such legal right, it has to be to the exclusion to the transferor this is the necessary concomitant of the plain language of the statute - viz. a “transfer of the right” to use and not merely a licence to use the goods;
- Having transferred the right to use the goods during the period for which it is to be transferred, the owner cannot again transfer the same right to others.

**3.1** This criteria must invariably be followed and applied to cases involving hiring, leasing or licensing of goods. The terms of the contract must be studied carefully vis-a-vis the criteria laid down by the Supreme Court in order to determine whether service tax liability will arise in a given case. It is not possible to either give an exhaustive list of illustrations or judgements on this issue. Cases decided under the Sales Tax/VAT legislations have to be considered against the background of those particular legislative provisions and terms of contract in that case.

**3.2** The following case law may also be referred to. These should not be applied mechanically but their applicability to the facts of a given case, the terms of the contract in the given case and the criteria laid down by the Supreme Court should be examined carefully.

3.2.1 Commissioner VAT vs International Travel House Ltd - Delhi High Court judgement dated 8-9-2009 in ST Appeal 10/2009

3.2.2 Rashtriya Ispat Nigam Limited vs Commercial Tax Officer reported in 1990 (77) STC 182 and State of Andhra Pradesh vs Rashtriya Ispat Nigam Limited reported in 2002 (126) STC 114

3.2.3 State Bank of India vs State of Andhra Pradesh reported in 1988 (70) STC 215 A.P

3.2.4 Ahuja Goods Agency vs State of Uttar Pradesh reported in 1997 (106) STC 540

3.2.5 Lakshmi AV Inc vs Assistant Commercial Tax Officer reported in 2001 (124) STC 426 Karnataka

3.2.6 G. S Lamba and Sons vs State of Andhra Pradesh reported in = 2015 (324) ELT 316 A.P

**4.1** There will also be cases involving either a financial lease or an operating lease. The former generally involves a transfer of the asset and also the risks and rewards incident to the ownership of that asset. This transfer of the risks and rewards is also recognised in accounting standards. It is generally for a long term period which covers the major portion of the life of the asset and at the end of the lease period, usually the lessee has an option to purchase the asset. The lessee bears the cost of repairs and maintenance and risk of obsolescence also rests with him. In contrast, an operating lease does not involve the transfer of the risks and rewards associated with that asset to the lessee. It is for a short term period and at the end of the lease period the lessee does not have an option to purchase the asset. The cost of repairs, maintenance and obsolescence rests with the lessor.

**4.2** Similarly in the aircraft industry there are "dry

leases" and "wet leases". Generally speaking, "wet leases" may involve short term provision of an aircraft along with crew, maintenance and insurance while the lessee bears other operating expenses. In contrast, a "dry lease" is for a relatively longer term and involves the provision of an aircraft only without crew.

**4.3** The above two situations have been elaborated only to explain and emphasize the diverse nature of such transactions. There can be variations and in some cases, a combination.

**5.** In all these cases, no a priori generalisations or assumptions about service tax liability should be made and the terms of the contract should be examined carefully, against the backdrop of the criteria laid down by the Supreme Court in the Bharat Sanchar Nigam Limited case as well as other judicial pronouncements.

*F.No. 137/54/2016-Service Tax-Part-II*

## Service Tax Exemption on Water Supply Projects to Government – Scope Clarified

*Subject: Services provided to the Government, a local authority or a governmental authority with regard to water supply.*

199-ST I am directed to inform that it  
22.08.2016 has been reported to the Board  
(DoR) that in some cases contractors  
providing the service of construction of tube wells for the Government have been considered to be liable to pay service tax.

**2.0** The matter has been examined. The following exemptions are available in this regard:-

**2.1** Vide Serial No. 12 (e) of notification 25/2012-Service Tax dated 20-6-2012-

"Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal".

**2.2** Vide Serial No. 25(a) of notification 25/2012-Service Tax dated 20-6-2012

**2.2.1** In the period 1-7-2012 to 10-7-2014

"Services provided to Government, a local authority or a governmental authority by way of carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation".

**2.2.2** In the period 11-7-2014 onwards

"Services provided to Government, a local authority or a governmental authority by way of water supply, public health, sanitation conservancy, solid waste management or slum improvement and up-gradation".

**3.** Thus, it follows that, among others, exemption is available to the following services provided to the Government, a local authority or a governmental authority, by way of-

(a) construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation or alteration of pipeline, conduit or plant for (i) water supply (ii) water treatment, and

(b) water supply

**4.** The phrase "water supply" is a general phrase. Basically it will involve providing users, access to a source of water. The source may be natural or artificial like tanks, wells, tube wells etc. Providing users access to such a source will involve construction of the source (if artificial) and the transmission of water to the user. It will involve activities like drilling, laying of pipes, valves, gauges etc, fitting of motors, testing etc, so as to eventually result in the supply of water. Similarly the word plant has to be understood and interpreted with reference to the context. A plant for water supply need not necessarily involve a huge assembly of machinery and apparatus, for the reasons explained earlier.

**5.** Thus the exemption under the entries at Serial No. 12(e) and 25(a) of notification 25/2012-Service Tax dated 20-6-2012, will cover a wide range of activities/services provided to a government, a local authority or a governmental authority and will include the activity of construction of tube wells.

*F. No. 137/51/2016-service Tax*

## Amendments in Import Manifest (Aircraft) Regulations 1976

108-Cus(NT) In exercise of the powers  
11.08.2016 conferred by clause (a) of sub-  
(DoR) section (2) of section 157 of the  
Customs Act, 1962 (52 of 1962),  
the Central Board of Excise and Customs hereby makes the following regulations further to amend the Import Manifest (Aircraft) Regulations, 1976, namely: -

**1.** (1) These Regulations may be called the Import Manifest (Aircraft) Amendment Regulations, 2016.

(2) They shall come into force on the date of their publication in the e-gazette of India.

**2.** In the Import Manifest (Aircraft) Regulations, 1976 (hereinafter referred to as the said regulations), in regulation 5, -

(a) for sub-regulation (1), the following shall be

substituted, namely:-

**"(1) The passenger manifest shall be delivered within fifteen minutes of the closure and departure of the flights from the port of embarkation outside India.";**

(b) for sub-regulation (2), the following shall be substituted, namely:-

**"(2) The manifest shall be transmitted electronically to the Indian Customs either in flat file format or in United Nations/ Electronic Data Interchange for Administration, Commerce and Transport Passenger List Advance Passenger Information (UN/EDIFACT PAXLST API) message format as per Annexure.";**

(c) in sub-regulation (3), after the word "concerned", the following words shall be inserted, namely:-

**"Principal Commissioner of Customs or"**.

**3.** In the said regulations, after regulation 5 and before FORM I, the following Annexure shall be inserted, namely:-

**[Full text available at worldtradesScanner.com]**

## Amendments in Export Manifest (Aircraft) Regulations 1976

107-Cus(NT) In exercise of the powers  
11.08.2016 conferred by clause (a)  
(DoR) of sub-section (2) of section 157  
of the Customs Act, 1962 (52 of  
1962), the Central Board of Excise and Customs hereby makes the following regulations further to amend the Export Manifest (Aircraft) Regulations, 1976, namely: -

**1.** (1) These Regulations may be called the Export Manifest (Aircraft) Amendment Regulations, 2016.

(2) They shall come into force on the date of their publication in the e-gazette of India.

**2.** In the Export manifest (Aircraft) regulations, 1976 (hereinafter referred to as the said regulations), in regulation 5, -

(a) for sub-regulation (1), the following shall be substituted, namely:-

**"(1) (a) The pre check-in passenger manifest shall be delivered twelve hours before the departure of the flight.**

**(b) The final passenger manifest shall be delivered fifteen minutes before leaving or taking-off from the port of embarkation in India.";**

(b) for sub-regulation (2), the following shall be substituted, namely:-

**"(2) The manifests shall be transmitted electronically to the Indian Customs in flat file format or in United Nations/ Electronic Data Interchange for Administration, Commerce and Transport Passenger List Advance Passenger Information (UN/EDIFACT PAXLST API) message format as per Annexure.";**

(c) in sub-regulation (3), after the word "concerned", the following words shall be inserted, namely:-

**"Principal Commissioner of Customs or"**.

**3.** In the said regulations, after regulation 5 and before FORM NO. I, the following Annexure shall be inserted, namely:-

**[Full text available at worldtradesScanner.com]**

## DEUTSCHE BANK'S \$10-BILLION SCANDAL

[From New Yorker]

Almost every weekday between the fall of 2011 and early 2015, a Russian broker named Igor Volkov called the equities desk of Deutsche Bank's Moscow headquarters. Volkov would speak to a sales trader - often, a young woman named Dina Maksutova - and ask her to place two trades simultaneously. In one, he would use Russian rubles to buy a blue-chip Russian stock, such as Lukoil, for a Russian company that he represented. Usually, the order was for about ten million dollars' worth of the stock. In the second trade, Volkov - acting on behalf of a different company, which typically was registered in an offshore territory, such as the British Virgin Islands - would sell the same Russian stock, in the same quantity, in London, in exchange for dollars, pounds, or euros. Both the Russian company and the offshore company had the same owner. Deutsche Bank was helping the client to buy and sell to himself.

Viewed with detachment, however, repeated mirror trades suggest a sustained plot to shift and hide money of possibly dubious origin. Deutsche Bank's actions are now under investigation by the U.S. Department of Justice, the New York State Department of Financial Services, and financial regulators in the U.K. and in Germany. In an internal report, Deutsche Bank has admitted that, until April, 2015, when three members of its Russian equities desk were suspended for their role in the mirror trades, about ten billion dollars was spirited out of Russia through the scheme. The lingering question is whose money was moved, and why.

### Mirror Trading

At first glance, the trades appeared banal, even pointless. Deutsche Bank earned a small commission for executing the buy and sell orders, but in financial terms the clients finished roughly where they began. To inspect the trades. These transactions had nothing to do with pursuing profit. They were a way to expatriate money. Because the Russian company and the offshore company both belonged to the same owner, these ordinary-seeming trades had an alchemical purpose: to turn rubles that were stuck in Russia into dollars stashed outside Russia. In the English-language media, the scheme has become known as "mirror trading."

Mirror trades are not inherently illegal. The purpose of an equities desk at an investment bank is to help approved clients buy and sell stock, and there could be legitimate reasons for making a simultaneous trade.

### Deutsche Bank

Deutsche Bank is an unwieldy institution with headquarters in Frankfurt and about a hundred thousand employees in seventy countries. When it was founded, in 1870, its stated purpose was to facilitate trade between Germany and other countries. It soon established footholds in Shanghai, London, and Buenos Aires. In 1881, the bank arrived in Russia, financing railways commissioned by Alexander III. It has operated there ever since.

During the Nazi era, Deutsche Bank sullied its reputation by financing Hitler's regime and purchasing stolen Jewish gold. After the war,

the bank concentrated on its domestic market, playing a significant role in Germany's so-called economic miracle, in which the country regained its position as the most potent state in Europe. After the deregulation of the U.S. and U.K. financial markets, in the nineteen-eighties, Deutsche Bank refreshed its overseas ambitions, acquiring prominent investment banks: the London firm Morgan Grenfell, in 1989, and the American firm Bankers Trust, in 1998. By the new millennium, Deutsche Bank had become one of the world's ten largest banks. In October, 2001, it debuted on the New York Stock Exchange.

In 2007, the bank's share price hit an all-time peak: a hundred and fifty-nine dollars. But as it grew fast it also grew loose. Before the housing market collapsed in the United States, in 2008, sparking a global financial crisis, Deutsche Bank created about thirty-two billion dollars' worth of collateralized debt obligations, which helped to inflate the housing bubble. In 2010, Deutsche Bank's own staff accused it of having masked twelve billion dollars' worth of losses.

### \$9bn in Fines – LIBOR Manipulation

Scandals have proliferated at Deutsche Bank. Since 2008, it has paid more than nine billion dollars in fines and settlements for such improprieties as conspiring to manipulate the price of gold and silver, defrauding mortgage companies, and violating U.S. sanctions by trading in Iran, Syria, Libya, Myanmar, and Sudan. Last year, Deutsche Bank was ordered to pay regulators in the U.S. and the U.K. two and a half billion dollars, and to dismiss seven employees, for its role in manipulating the London Interbank Offered Rate, or LIBOR, which is the interest rate banks charge one another. The Financial Conduct Authority, in Britain, chastised Deutsche Bank not only for its manipulation of LIBOR but also for its subsequent lack of candor.

In April, 2015, the mirror-trades scheme unraveled. After a two-month internal investigation, the three Deutsche Bank employees were suspended. One was Tim Wiswell, a thirty-seven-year-old American who was then the head of Russian equities at the bank. The others were Russian sales traders on the equities desk: Dina Maksutova and Georgiy Buznik. Afterward, Bloomberg News suggested that some of the money diverted through mirror trades belonged to Igor Putin, a cousin of the Russian President, and to Arkady and Boris Rotenberg. The Rotenberg brothers own Russia's largest construction company, S.G.M., and are old friends of Vladimir Putin.

In June, 2015, with pressure from shareholders intensifying over the mirror trades and other scandals, the co-C.E.O.s of Deutsche Bank, Anshu Jain and Jürgen Fitschen, announced that they would resign. They were replaced by John Cryan, whose remit was to clean up the bank. That September, he announced the impending close of all investment-banking activity in Russia.

Many businesses in the Russian Federation avoid taxes by using offshore jurisdictions, such as Cyprus, for their headquarters. Rich Russians, meanwhile, often funnel their private fortunes offshore, in an effort to hide their assets from the capricious and predatory Russian state. Frequent-

ly, this fugitive money is invested in assets such as property: on Park Lane in London, or Park Avenue in New York. (Boris Rotenberg's wife, Karina, told the Russian edition of *Tatler* that the family has three main houses: one in Moscow, one in Monaco, and a "dacha" in Provence, where she keeps her horses.)

The impact of this capital flight is felt at both ends of its journey. Research published last year by Deutsche Bank's own analysts suggested that unrecorded capital inflows from Russia into the U.K. correlated strongly with increases in U.K. house prices and, to a lesser extent, with a strengthening of the pound sterling. Capital flight also has weakened Russia's tax base and its currency. In 2012, Putin began a "de-offshorization" program, urging businesses and oligarchs to keep their headquarters and their fortunes at home. Two years later, after Russia's incursion into Crimea led to sanctions from the European Union and the U.S., Putin declared that offshorization was illegal. But as the ruble and the economy foundered many Russians felt even more eager to remove their money. Mirror trading was an ideal escape tunnel.

### 5% Fee for Money Laundering

The counterparties were not owned by Russian oligarchs. They were brokerages run by Russian middlemen who took commissions for initiating mirror trades on behalf of rich people and businesses eager to send their money offshore. A businessman who wanted to expatriate money in this way would invest in a Russian fund like Westminster, which would then use mirror trades to move that money into an offshore fund like Cherryfield. The offshore fund then wired the money, in dollars, into the businessman's private offshore account. A middleman who formed one of the Russian counterparty funds told me that the cost of his services depended upon the Russian authorities' desire to stop the export of capital. In 2011, when controls were lax, the fee was 0.2 per cent. In 2015, when sanctions were strong, and Putin was determined to retain as much wealth as he could in Russia, the fee rose to more than five per cent.

Whose fortunes were being hidden? In April, I met a broker in Moscow who had worked with clients of the Deutsche Bank mirror trades. He told me that mirror trading was not a new scheme. It was invented, in the late aughts, by other banks in Russia, to help importers avoid heavy taxes on their products. The scam was ingeniously simple. A Russian importer would claim on his invoices that he had bought, say, ten rubber ducks rather than the true figure of ten thousand rubber ducks, in order to pay tax on only ten rubber ducks. Of course, the importer still needed to pay his supplier overseas for the remaining rubber ducks. He did this by expatriating money using mirror trades. Instead of paying a large tax to the Russian treasury, the importer paid a much smaller fee to money launderers.

The broker found it hard to believe that the wealthiest Russians, such as the Rotenberg brothers, would have used mirror trades. After all, there were so many ways for Putin's friends to send their money offshore, including through Russian government-owned banks, like Gazprombank, which have branches overseas. Other people I spoke with disputed the broker's assessment: U.S. and E.U. sanctions have made it increasingly difficult for Russian billionaires to expatriate money, and

mirror trades had the advantage of being a quiet method, because of the relatively small amounts involved in each transaction.

Another Russian banker, who helped to set up the mirror-trade scheme, told me that much of the money belonged to Chechens with connections to the Kremlin. Chechnya, the semi-autonomous region in the North Caucasus, is ruled by the exuberantly barbarous Ramzan Kadyrov, who is close with Putin. Chechnya receives huge subsidies from Russia, and much of the money has ended up in the pockets of figures close to Kadyrov.

In August, 2015, shortly after Wiswell was suspended from Deutsche Bank, he was fired. He initiated a wrongful-dismissal suit. The court hearings, in Moscow, were open to the press. On February 1, 2016, a lawyer for Deutsche Bank called Wiswell "the mastermind of the scheme for the withdrawal of billions of dollars from the country." The lawyer also said that Wiswell's wife had received a quarter-million-dollar payment, for "financial services," into the bank account of a corporation that is registered under her name. Wiswell lost the suit.

### London Centre for Money Laundering

On March 9, 2015, less than a month before the mirror-trades scandal became public, Oliver Harvey and Robin Winkler, two strategists in the research department of Deutsche Bank in London, published a report, "Dark Matter," which described the vast unrecorded transfer of money among nations. Most economic papers are politely ignored by the world at large, but "Dark Matter" attracted wide interest. Several newspapers ran articles about it, and Harvey appeared on both CNN and the BBC to discuss his research.

The report's conclusions confirmed long-held suspicions. In any national economy, the authors

explained, there are capital flows that do not appear on what is called "the balance of payments." Errors and accidental omissions should be random, and therefore reveal no pattern. The authors found that in the United Kingdom the pattern was anything but random. Britain had "large positive net errors" that suggested significant "unrecorded capital inflows." Analyzing data from other countries, Harvey and Winkler deduced where the vast majority of unrecorded capital flowing into the U.K. was coming from. Since 2010, they wrote, about a billion and a half dollars had arrived, unrecorded, in London every month; "a good chunk" of it was from Russia. "At its most extreme," the authors explained, the unrecorded capital flight from Moscow included "criminal activity such as tax evasion and money laundering."

In a connected and digitized financial system, how could such capital flight happen? Bank transfers leave a footprint. Imports and exports are accounted for. How could money disappear in one place and show up in another? The two strategists did not have to wait long, or look far, to learn the shameful answer: of the eighteen billion dollars that the researchers had estimated was flowing into the U.K. each year, about twenty per cent had arrived there as the result of trades made at their own bank. Half the trades were settled at Deutsche Bank's City of London headquarters, which is a short walk from the office, in Pinners Hall, where Harvey and Winkler worked.

### Deutsche Bank Trashes \$12.58

John Cryan, the Deutsche Bank C.E.O., has little time to think about such embarrassments. Whatever the outcome of the various investigations into mirror trades, the bank is in trouble. It lost seven and a half billion dollars last year. Cryan

has called the 2015 result "sobering." Britain's recent decision to leave the E.U. has imperilled Deutsche Bank even further. So far in 2016, the bank has lost half its market valuation, and in early August its stock price dipped to an all-time low, of \$12.58. The only investors who now like the bank are short-sellers. The financier George Soros took a short position in Deutsche Bank before the Brexit referendum, effectively betting against the share price, and is estimated to have made more than a hundred million dollars as the stock nose-dived. Meanwhile, unlike many other Wall Street lenders, Deutsche Bank continues to loan millions of dollars to businesses associated with Donald Trump. When the Times questioned Trump recently about his credentials on Wall Street, he said that a private wealth manager at Deutsche Bank, Rosemary Vrablic, could vouch for him.

Since 2011, the Federal Reserve has performed a yearly "stress test" of U.S. lenders, assessing whether banks would have enough capital to withstand the shock of an economic downturn. Deutsche Bank failed the test in 2015, and failed again this June, when "broad and substantial weaknesses" were uncovered. Soon after the Federal Reserve's latest report was released, the International Monetary Fund issued a dire warning. Deutsche Bank, it said, was not only "one of the most important net contributors to systemic risks in the global banking system"; it was also a contagious agent, because of heavy financial "spillover" between Deutsche Bank and other lenders and insurers. Any kind of failure at Deutsche Bank, the I.M.F. suggested, would be extremely bad news for everybody.

*Ed Caesar is the author of "Two Hours: The Quest to Run the Impossible Marathon" (Simon & Schuster).*

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\*See details in [www.worldtradescanner.com](http://www.worldtradescanner.com)

## Customs Exchange Rates

[Customs Notification No. 112 (Non Tariff) dated 18th August 2016]

	Currency	Imports	Exports
<b>Schedule I – 1 FC = IC</b>			
1.	Australian Dollar	52.50	50.55
2.	Bahrain Dinar	183.75	171.45
3.	Canadian Dollar	52.95	51.30
4.	Danish Kroner	10.35	9.95
5.	EURO	76.90	74.30
6.	Hong Kong Dollar	8.75	8.50
7.	Kuwait Dinar	229.50	214.70
8.	Newzeland Dollar	49.65	47.90
9.	Norwegian Kroner	8.30	8.00
10.	Pound Sterling	88.75	85.90
11.	Singapore Dollar	50.75	49.10
12.	South African Rand	5.20	4.85
13.	Saudi Arabian Riyal	18.45	17.25
14.	Swedish Kroner	8.10	7.80
15.	Swiss Franc	70.75	68.45
16.	UAE Dirham	18.80	17.65
17.	US Dollar	67.75	66.05
18.	Chinese Yuan	10.25	9.95
<b>Schedule I – 100 FC = IC</b>			
1.	Japanese Yen	68.10	65.80
2.	Kenya Shilling	68.20	63.75

[F.No.468/01/2016-Cus.V]