

SAD Refund:

Refund of SAD (Special Additional Duty) is being granted by the customs authorities in terms of Notification No. 102/2007 DT. 14.09.2007.

A careful perusal of the notification reveals that SAD paid at the time of importation has to be paid back if the goods are sold in the domestic market and suffer local sales tax.

The idea is, a product cannot be taxed twice – SAD being the counterpart of local sales tax. The idea looks grand, but actual implementation rests on establishing linkage between:

- a) Goods imported and sold in domestic market.**
- b) Proof that SAD has not been CENVATTED.**
- c) Unjust enrichment to be ruled out and certified so, by the companies Chartered Accountant.**

This article is to throw light on the precautions than an applicant for SAD Refund has to adhere to ensure that application is made in time and satisfy all the parameters as provided in the notification. A very strict adherence to terms of notification ensures that the applicant is not enlarged with vexatious legal process later. There are instances where the authorities have issued Show cause notices even after the passing of Order in Original (OINO) and the receipt of refunds.

Therefore in this article a checklist has been provided to enable the applicants prepare their application for SAD refund in strict conformity with in the four corners of law.