

CBI & C tells taxmen to file review pleas on export scheme in Courts

The Indirect Tax Board has asked senior officials to file review petitions on any Court order against its move to limit tax benefits under an Export Incentive Scheme in the Goods and Services Tax (GST) regime.

Two courts — the Gujarat High Court and the Madurai Bench of the Madras High Court — have given conflicting orders on the issue.

The issue revolves around utilization of advance authorization licenses under the GST regime. These licenses entitle the holders to import goods at zero duty for the purpose of exports.

The Central Board of Indirect Taxes and Customs (C.B.I. and C.) and the Directorate General of Foreign Trade restricted the use of these licences by imposing the condition of “pre-imports”.

This means that these licences are valid only if goods have been imported prior to exports.

This also meant that licences could be used for only those lots of exports for which imports are made and not afterwards.

This condition was not there in the pre-GST tax regime.

Based on the pre-import condition, the Directorate of Revenue Intelligence had issued notices to exporters, who used the licences but have not so far imported goods.

Abhishek Rastogi, the Counsel for petitioners in the High Courts and partner in Khaitan & Co, said, “The matter is set to conclude at various High Courts and hence the Supreme Court, at some stage, will have to decide both arbitrariness and vagueness of the pre-import conditions.”

Source: Business Standard