

DRI notices to exporters after SC stays HC's incentive scheme order

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The Directorate of Revenue Intelligence (DRI) has started sending notices to exporters after the Supreme Court stayed the Gujarat High Court order on availing an export-intensive scheme.

The Supreme Court recently stayed the Gujarat High Court ruling, which had quashed the government order allowing DRI to penalise exporters for wrongfully availing of advance authorisation licenses. Earlier, the Directorate General of Foreign Trade and the customs department had imposed a condition that the advance authorisation scheme would be available to exporters only if imports have been undertaken by them. This is termed pre-import condition, which was effective from October 13, 2017.

An advance Authorization licence is issued to allow duty-free import of inputs, which are used in exports. There was no such condition imposed on the scheme in the pre-GST period. Change in the condition meant that imports done after exports cannot avail of exemptions from IGST and compensation cess.

This led exporters and importers to move the Gujarat HC among other courts as DRI started issuing notices to them. Advance authorisation is generally used for importing goods after exports are undertaken, as against the pre-import condition imposed. As such, exporters said the condition defeats the purpose of the scheme. DRI had stopped issuing these notices after the Gujarat HC quashed the government notification as ultra vires.