M/S. Spaceage Syntex Pvt Ltd

Authority for Advance Ruling — Maharashtra

NO.GST-ARA- 13/2018-19/B- 86 Dated **06.08.2018**

Q Questions Before the Authority

- Whether GST is applicable on Sale and / or Purchase of DFIA licenses?

F Facts

The applicant is engaged in trading Export Entitlement Licenses such as Duty Free Import Authorization (DFIA) and DFRC. The applicant purchases these licenses from exporters and sells them to manufacturers/importers who use them for duty-free import of raw materials/inputs. The applicant contended that DFIA licenses qualify as **Duty Credit Scrips** under CTH 4907 and ought to be exempt from GST (attracting NIL rate) under Notification No. 35/2017-Central Tax (Rate).

H Ruling

Applicability of GST on sale and/or purchase of DFIA licenses	**Answered in the affirmative**	DFIA licenses attract applicable GST as exemption under Notification No. 35/2017-Central Tax (Rate) applies strictly to Duty Credit Scrips.

The Authority held that **GST is applicable** on the sale and/or purchase of DFIA licenses. Although DFIA licenses fall under HSN heading 4907, they are distinct from **Duty Credit Scrips** and do not qualify for the exemption granted under Notification No. 35/2017-Central Tax (Rate).

R Reasoning

The Authority differentiated between schemes under Chapter 3 and Chapter 4 of the Foreign Trade Policy (FTP 2015-2020). Duty Credit Scrips (issued under Chapter 3 like MEIS/SEIS) are value-based reward scrips used to pay specified custom duties. Conversely, DFIA (issued under Chapter 4) is a quantity-based duty exemption/remission authorization scheme allowing import of inputs without basic customs duty. Notification No. 35/2017-Central Tax (Rate) specifically exempts **Duty Credit Scrips** under CTH 4907, and since DFIA is an authorization license rather than a duty credit scrip, the benefit of NIL rate exemption cannot be extended to it.

P Provisions Relied On

Section 98 of the Central Goods and Services Tax Act, 2017

Section 98 of the Maharashtra Goods and Services Tax Act, 2017

Notification No. 35/2017-Central Tax (Rate) dated 13.10.2017

Prepared as a reading aid. Where this summary and the original order differ, the order governs.

Notification No. 1/2017-Central Tax (Rate)	CTH 4907
Foreign Trade Policy 2015-2020 (Chapters 3 and 4)	

! For the Practitioner

This ruling clarifies that **Duty Free Import Authorization (DFIA) licenses** cannot be equated with **Duty Credit Scrips** (such as MEIS/SEIS) for GST exemption. Tax practitioners should advise clients that the sale or transfer of DFIA licenses remains subject to GST, as the tax exemption under Notification No. 35/2017-Central Tax (Rate) is strictly restricted to Duty Credit Scrips.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> maha-gst-ara-13_dt.06.08.18_sspl.pdf

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