

M/s Vijay Flexi packaging Industries

Authority for Advance Ruling — Tamil Nadu

Advance Ruling No.106/AAR/2023 Dated:05.09.2023

Q Questions Before the Authority

- Whether payment of Basic Customs Duty (BCD), Countervailing Duty (CVD), Special Additional Duty (SAD) made on non-fulfillment of EPCG obligation can be taken as Input tax credit under GST.

F Facts

The applicant is a partnership concern engaged in the manufacture of printed poly packing materials. They imported machinery under the EPCG scheme in 2011 but failed to fulfill the export obligation within the prescribed time limit. Consequently, they remitted the required customs duty and interest on 25.09.2020.

H Ruling

Admissibility of ITC on BCD, CVD, and SAD paid due to non-fulfillment of EPCG obligation

Cannot be claimed as Input Tax Credit

The ruling applies to payments made post-implementation of GST for obligations arising from imports made prior to GST.

The Authority ruled that the payment of Basic Customs Duty, Countervailing Duty, and Special Additional Duty made on account of non-fulfillment of export obligations under the EPCG scheme cannot be claimed as Input Tax Credit under the GST regime. The ruling clarifies that such payments do not qualify as input tax under the GST Act.

R Reasoning

The Authority reasoned that the definition of input tax under Section 2 of the GST Act, 2017, is limited to specific taxes and does not include CVD or SAD paid on imports. Furthermore, the GST law does not contain provisions for availing credit of these specific customs duties. The ruling emphasizes that the GST regime only allows for the credit of IGST charged on imports, and there is no provision for the **cenvat credit of CVD and SAD** under the current GST framework.

P Provisions Relied On

Section 98(4) of the CGST Act, 2017

Section 98(4) of the TNGST Act, 2017

Section 103(1) of the CGST Act, 2017

Section 103(2) of the CGST Act, 2017

Section 104 of the CGST Act, 2017

Section 2 of the GST Act, 2017

Section 3 of the Customs Tariff Act, 1975



For the Practitioner

This ruling confirms that taxpayers cannot claim ITC for customs duties paid due to the **non-fulfillment of EPCG obligations**. It settles the issue by clarifying that such payments are not recognized as input tax under the GST Act. Practitioners should note that this decision effectively denies the transition of legacy customs duty credits into the GST regime.

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 -> 106_vijay_flexi_packaging_order.pdf

Prepared 13-10-2026.

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Pune (HQ)

RTC Silver, B4-708, Sai Satyam Park, Wagholi, Pune, Maharashtra 412207

Delhi

3rd Floor, B-6/154-155, Sector 5, Rohini, Delhi 110085

Ahmedabad

Phoenix Tower, 1107, near Commerce Six Road, Drive In Road, Navrangp...

Mumbai

104, Rajshila Building, 597 J.S.S. Road, Marine Lines, Mumbai 400002

Gurugram

Pioneer Urban Square, B109, Golf Course Ext Road, Sector 62, Gurugram...

Talk to us: **+91 94594 56700** | sales@patronaccounting.com | patronaccounting.com