

DUTY FREE IMPORT AUTHORISATION (DFIA) SCHEME

Scheme

DFIA is issued to allow duty free import of inputs, fuel, oil, energy sources, catalyst which are required for production of export product. DGFT, by means of Public Notice, may exclude any product(s) from purview of DFIA. This scheme is in force from 1st May, 2006.

Entitlement

Provisions of paragraph 4.1.3 shall be applicable in case of DFIA. However, these Authorizations shall be issued only for products for which Standard Input and Output Norms (SION) have been notified.

In case of post export DFIA, a merchant exporter shall be required to mention only name (s) and address(s) of manufacturer(s) of the export product(s). Applicant is required to file application to concerned RA before effecting exports under DFIA. Pre-export Authorization shall be issued with actual user condition and shall be exempted from payment of basic customs duty, additional customs duty / Excise duty, education cess, anti-dumping duty and safeguard duty, if any.

In case of actual user DFIA and where CENVAT credit facility on inputs have been availed for the exported goods, even after completion of export obligation, the goods imported against such DFIA shall be utilized in the manufacture of dutiable goods whether within the same factory or outside (by a supporting manufacturer).

Value Addition

A minimum 20% value addition shall be required for issuance of such authorization except for items in gems and jewellery sector for which value addition would be as per paragraph 4A.2.1 of HBP v1. Items for which higher value addition is prescribed under Advance Authorization Scheme, shall be applicable.

Export Obligation

Procedure and time period related to fulfillment of Export Obligation have been laid down in Chapter 4 of HBP v1.

Transferability

Once export obligation has been fulfilled, request for transferability of Authorisation or inputs imported against it may be made before concerned RA. Once transferability is endorsed, Authorisation holder may transfer DFIA or duty free inputs, except fuel and any other item(s) notified by DGFT. However, for fuel, import entitlement may be transferred only to companies which have been granted authorisation to market fuel by Ministry of Petroleum and Natural Gas. Once transferability is endorsed, imports / domestic procurement against authorisation or transfer of imported inputs / domestically procured inputs shall be subject to payment of applicable additional customs duty / excise duty. While endorsing transferability, authorisation would bear a note as to liability of such additional

customs duty / excise duty. However, in case where CENVAT facility has not been availed, exemption from additional customs duty / excise duty would be available even after endorsement of transferability on DFIA. Wherever SIONs prescribe actual user condition and in case of Acetic Anhydride, Ephedrine and Pseudo Ephedrine, DFIA shall be issued with actual user condition for these inputs and no transferability shall be allowed for these inputs even after fulfillment of export obligation.

However, for authorisations issued prior to 1.4.2007, exemption from Additional Customs Duty / Excise Duty shall continue to be available even after endorsement of transferability, as provided in FTP (RE-2006).

CENVAT Facility

CENVAT credit facility shall be available for inputs either imported or procured indigenously.

For Duty Free Import Authorisation (DFIA) applications

GUIDELINES FOR APPLICANTS

1. Two copies of the application must be submitted unless otherwise mentioned.
2. Each individual page of the application has to be signed by the applicant.
3. a. Part 1 & Part 4 has to be filled in by all applicants. In case of applications submitted electronically, no hard copies of Part 1 may be submitted. However in cases where applications are submitted otherwise, hard copy of Part 1 has to be submitted.

b. Only relevant portions of Part 2 need to be filled in.
4. Application must be accompanied by documents as per details given below:

V. For Duty Free Import Authorization

1. Bank Receipt (in duplicate)/Demand Draft/EFT details evidencing payment of application fee in terms of Appendix 21B.
2. In cases where import of fuel has been sought for the grant of Duty Free Import Authorization:
 - a. Self certified copy of the permission issued to the manufacturer exporter by the competent authority (concerned State Electricity Board or Power Corporation or Regulatory Commission of the State) under Section 44 of the

Electricity (Supply) Act, 1948 for the installation of captive power plant based on the specified fuel unless the permission is specifically waived by the State Electricity Board; and

- b.** Self certified copy of the letter intimating the date of commissioning of the captive power plant from the concerned authority which issued the permission letter, is to be submitted.

Note: The import of only such fuel(s) shall be allowed which have/ has been specified in the said permission.

- 5.** Additional documents required in case of supplies under deemed export/intermediate supplies under Duty Free Import Authorization :

Invalidation letter in case of supplies to

- i.** An EPCG Authorization holder;
- ii.** An Advance Authorization holder;
- iii.** A Duty Free Import Authorization

Project Authority certificate in case of supplies other than (a) (i), (ii) & (iii) above and to EOU/ EHTP/ STP/BTP units;