



# Tax Flash News

24 April 2023

## Amnesty scheme for settlement of default in export obligation under Advance Authorization and EPCG schemes

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The government, with the introduction of the Foreign Trade Policy, 2023, also introduced a special one-time amnesty scheme<sup>1</sup> (the 'Scheme'). The objective of the Scheme is to address the non-compliance of export obligation by Advance Authorization ('AA') and Export Promotion Capital Goods ('EPCG') Authorization holders.

### Key points of the Amnesty Scheme

#### A. Coverage under the Scheme

- AA and EPCG licenses issued under Foreign Trade Policy 2009-14 up to 31 March 2015
- AA and EPCG licenses issued under Foreign Trade Policy 2004-09 and before, where export obligation period is valid beyond 12 August 2013
- Cases which have been adjudicated or pending adjudication or in appeal can be regularized

#### *Exclusions:*

- Cases under investigation or cases involving fraud, misdeclaration or unauthorised diversion of material / capital goods
- Cases where duty and applicable interest are already deposited in full

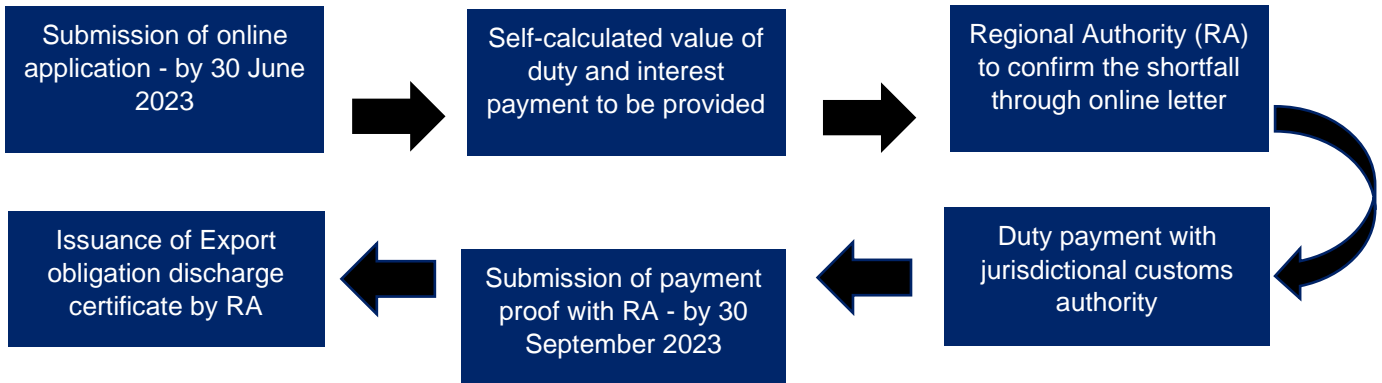
#### B. Benefits under the Scheme

- Regularization of pending cases of default in meeting export obligation (subject to coverage under the Scheme) on payment of:
  - Customs duties exempted in proportion to unfulfilled export obligation
  - Interest at the rate of 100% of exempted duties
- Amnesty from payment of:
  - Interest on additional customs duty and special additional customs duty
  - Penalty

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<sup>1</sup> Policy Circular No. 17/2023-24 dated 17 April 2023, DGFT

### C. Process under the Scheme



### D. Other key aspects

- Duties paid under the Scheme will not be eligible for CENVAT credit or refund under any provision of law.
- Applicant will be required to give an undertaking in this regard.

### Our comments

The introduction of the Scheme is in the interest of trade and industry and will provide much needed relief to exporters who are unable to fulfill their export obligation against EPCG and AA. This will help in reducing litigation to some extent.

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