



DFIA Scheme

EXIM MANAGEMENT SERVICES

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OUR BRANCHES – MUMBAI, NASIK & AHMEDABAD





DFIA Scheme- An Overview

In the Foreign Trade Policy, Duty exemption schemes were introduced to enable the duty-free import of raw materials or inputs required for the manufacturing of export products, which made life easier for the exporters.

- DFIA scheme was introduced on 1st May 2006 in place of the Duty-Free Replenishment (DFRC) scheme, and it is similar to the Advance Authorization Scheme with certain differences.
- The license issued under the DFIA scheme allows duty-free import of – inputs or raw materials, oil, fuel, catalyst, energy resources, all required to obtain the export products.
- DFIA shall be issued only for the products for which standard Input and Output Norms (SION) have been notified; hence import entitlement must be limited to the quantity given in SION.

DFIA License is transferable; license or inputs imported can be transferred or sold under DFIA Scheme.



Duties Exempted under DFIA Scheme

- Only the payment of basic customs duty (BCD) is exempted under the Duty-Free Import Authorization scheme.
- IGST and compensation Cess are not exempted under the DFIA scheme.



Eligibility under DFIA Scheme

- The DFIA license shall be issued on a post export basis for those products where standard Input-Output Norms are already notified.
- Manufacturer exporter as well as Merchant exporter are eligible to apply for DFIA License. Merchant exporter is required to mention the name and address of the supporting manufacturer in all the export document like shipping bills, bill of export/Tax invoice as specified under the GST rules.
- The applicant has to apply for an application to concerned DGFT RA before starting to export under duty-free import authorization.
- Duty-free import authorization shall not be issued for an import that is subject to pre-import condition. DFIA license shall also be not issued for an actual user condition or products mentioned in Appendix- 4J like Spices, Tea, Coconut oil, precious metals/Gold/Silver/Platinum, etc.



Minimum Value Addition under Duty Free import Authorization scheme

Value Addition shall be: $VA = \frac{A - B}{B} \times 100$

Where,

A = FOB value of export realized or the FOR value of supply received.

B = CIF value of inputs covered by the authorisation, plus the value of any other input used on which benefit of DBK is claimed or intended to be claimed.

- The minimum Value addition required to achieved is 20% under DFIA License.



DFIA Scheme Procedure – Steps to be followed for Duty Free import Authorization scheme

Below are the steps to be followed Under Duty-free import authorization scheme:-

Step- 1: The applicant has to check exported item is applicable for DFIA in SION or not.

Step- 2: If the export item is eligible under SION norms, the applicant has to file an online application at the DGFT portal and get the File number.

Step- 3: Export should be done within 12 months from the date of issuing file no.

Step- 4: The applicant has to mention the generated file number on every export documents like shipping bill, Tax invoice, bill of export, etc.

Step- 5: After completion of export obligation, the applicant has to apply for a transferable DFIA license.

Step- 6: The applicant has to submit relevant documents like shipping bill, E-BRC, Tax invoice, etc. to concerned DGFT RA.

Step- 7: DGFT RA may check the submitted documents and if the documents are clear; the DGFT RA may issue the transferable DFIA license within 20-25 days.

Step- 8: Once the DFIA license is issued from DGFT RA, registration of the DFIA License should be done in customs for verification purposes.

Step- 9: Applicant can use the DFIA license for import or sell the license in the market.



Validity & Transferability of DFIA

- The Validity of transferable duty-free import authorization to import is 12 months from the date of the license issued by the DGFT RA. There would be no revalidation allowed by the DGFT RA.
- Separate DFIA Application will be issued for each Standard Input Output Norms (SION).
- For EDI & Non- EDI ports, a separate application has to be made to concern RA of DGFT under DFIA.



Thank You

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