

DRI probes domestic aviation majors for alleged duty evasion

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THE DIRECTORATE of Revenue Intelligence (DRI) is investigating alleged duty evasion of Rs 300 crore by domestic aviation and aerospace firms on import of certain accessories used with aircraft in the last one year, sources have told *The Indian Express*.

The DRI is probing InterGlobe Aviation Ltd, Jet Airways (India) Ltd, Air India, Go Airlines (India) Ltd and Hindustan Aeronautical Ltd (HAL) for allegedly paying lower integrated goods and serv-

ices tax (IGST) by "wrongly classifying" certain imported accessories and components used with aircraft as "parts of aircraft" which attract a much lower duty rate.

Under the norms, parts of aircraft classified under customs tariff heading 8803 attract 5 per cent IGST while the IGST applicable on other goods is between 18 per cent and 28 per cent, depending on its classification.

The DRI has contested that while the accessories imported by the aviation firms under probe were meant for aircraft, under the Customs law these imported components do not

qualify as parts of aircraft. Last week, the agency issued summons to these firms, asking them to produce documents pertaining to the case and also recovered about Rs 65 crore from a few airlines that have allegedly accepted the stance of the investigating agency.

Emails to Air India and HAL for comment did not elicit any response.

A spokesperson for InterGlobe Aviation Ltd, which operates IndiGo, said: "InterGlobe Aviation Ltd received a query from the Directorate of

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DRI probes aviation firms for alleged duty evasion, they say cooperating

Revenue Intelligence (DRI) with regards to customs classification on aircraft parts. We have been providing relevant details to the authority and fully cooperating with the authority."

A Jet Airways spokesperson said: "Jet Airways is providing full details and justifications of all tariff declarations of import of its aircraft parts, based on a query received from the Government's Revenue department. As a responsible corporate, all business transactions of the company are conducted in compliance with all relevant laws and regulations."

In an email, a spokesperson for GoAir said that the airline is cooperating and is submitting all information to the DRI on the issue. "GoAir has always ensured compliance and has been consistently paying IGST on all accessories and components at prescribed

rates. We have been asked for certain clarifications from DRI for which we are fully cooperating and providing all required information," its spokesperson said.

The DRI probe is result of a study undertaken by the agency to ascertain the impact of changes on payment of duties in respect of certain commodities which were previously exempted under the norms, said a source. Until June 30 2017, airlines were exempt from tax on import.

Domestic airlines have been demanding exemption of Customs duty and IGST on parts of aircraft after servicing. The Goods and Services Tax (GST) regime levies duty on import of these parts up to 28 per cent. The airlines said that the new tax rate would be a huge financial burden for them as they cannot claim input tax credit for the same.