

**IN THE CUSTOMS, EXCISE & SERVICE TAX
APPELLATE TRIBUNAL
West Block No. 2, R.K. Puram, New Delhi – 110 066.
Principal Bench, New Delhi**

COURT NO. I

DATE OF HEARING/DECISION : 12/06/2017.

**Customs Misc. Application No. 55702 of 2014 in Appeal No.
453 of 2007**

[Arising out of the Order-in-Original No. 12/MDS/07 dated 16/03/2007 passed by The Commissioner of Customs (Import & General), New Delhi.]

M/s Indian Airlines Ltd.

Appellant

Versus

CC, New Delhi (I&G)

Respondent

Appearance

Shri Sidharth Sharma, Advocate – for the appellant.

Shri S. Nanthuk, Authorized Representative (Jt. CDR) – for the Respondent.

**CORAM : Hon'ble Shri Justice Dr. Satish Chandra, President
Hon'ble Shri B. Ravichandran, Member (Technical)**

Final Order No. 53903/2017 Dated : 12/06/2017

Per. Justice (Dr.) Satish Chandra :-

Shri Sidharth Sharma, learned Counsel has moved this miscellaneous application for raising additional ground that the notice was issued by DRI. He also relied on the decision of Hon'ble Delhi High Court in the case of **Mangli Impex vs. Union of India** reported in **2016 (335) E.L.T. 605 (Del.)**. Heard the learned AR Shri Nanthuk too.

2. Both the sides agreed that the notice in the present case is issued by officers of DRI.

3. From the record, it appears that the preliminary issue emerges in the present appeal is regarding the jurisdiction of the DRI Officers to issue the show cause notice under the Customs Act. The assessee-Appellant had taken a stand that in terms of the Hon'ble Apex Court decision in the case of ***Commissioner of Customs vs. Sayed Ali, 2011 (265) 17 (SC)***], the DRI officers were not proper officers in terms of section 2(34) of the Customs Act, 1962.

4. It is also seen that after the declaration of law by the Hon'ble Supreme Court (Supra), the provisions of section 28 of the Customs Act, 1962 were amended with effect from 08.04.2011 vide Finance Act, 2011.

5. It is also noticed that in order to overcome the situation created by the judgment of Hon'ble Supreme Court in the case of ***Sayed Ali (supra)***, Notification No. 44/2011-Cus (NT), dated July 6, 2011 was issued by the CBEC, assigning the functions of the proper officer to various officers (including Additional Director General, DRI) mentioned in the notification, for the purposes of Section 28 of the Act. Thus, w.e.f. July 6, 2011, the Additional Director General, DRI was prospectively appointed as 'proper officer' for the purpose of Section 28 of the Customs Act. Hence,

from 06.07.2011 ADG-DRI has been empowered to issue demand notice under Section 28.

6. Subsequently, sub-section 11 was inserted under section 28 of the Customs (Amendment and Validation) Act, 2011 dated 16.9.2011, assigning the functions of proper officers to various DRI officers with retrospective effect.

7. Later on, i.e. for the period subsequent to the amendment, the matter i.e. the DRI officers having the proper jurisdiction to issue the SCN or not had come up before the ***Hon'ble Delhi High Court in the case of Mangali Impex vs. Union of India [2016 335 ELT 605 Del]***, and the High Court inter alia, held that even the new inserted section 28 (11) does not empower either the officers of DRI or the DGCEI to issue the SCN for the period prior to 8.4.11. Thus, it is seen that the said order of the Hon'ble Delhi High Court is in favour of the assessee and against the Revenue.

8. However, it is further noticed that the said issue was also the subject matter of Hon'ble Mumbai High Court in the case of ***Sunil Gupta vs. Union of India [2015 (315) ELT 167 (Bom)]*** as also of the Hon'ble High Court of Telangana and Andhra Pradesh in the case of ***Vuppalamritha Magnetic Components Ltd. vs. DRI (Zonal Unit), Chennai [2017 (345) ELT 161 AP]***, taking a view contrary to the one taken by the Hon'ble Delhi High Court.

9. Being conflicting decisions of various High Courts (Supra), finally the matter reached to Hon'ble Supreme Court who on

07.10.2016 granted the stay of operation of the judgment passed by the High Court of Delhi. Thus the issue is subjudice before the Hon'ble Supreme Court [**2016-TIOL-173-SC-CUS / 2016 (339) ELT A 49 (SC)**].

10. It may be mentioned that recently, the Hon'ble High Court of Delhi in the case of **BSNL Vs. UOI vide writ petition no. C/4438/2017 and CM No. 19387/2017** has dealt with the identical issue where the notice was also issued by DRI. The Hon'ble High Court of Delhi has considered the judgment in the case of **Mangli Impex Vs. UOI** which is stayed by the Hon'ble Supreme Court reported as **2016 (339) ELT A 49 (SC)**. Finally the Hon'ble High Court has granted liberty to the petitioner by observing that "*petitioner is permitted to review the challenge depending on the outcome of the appeals filed by the UOI in the Supreme Court against the judgment of the Court in the case of Mangli Impex Ltd.*"

11. By following the ratio laid down by the Hon'ble High Court of Delhi in the case of **BSNL (Supra)** as well as by considering totality of facts and circumstances, we set aside the impugned order and remand the matter to the original adjudicating authority to first decide the issue of jurisdiction after the availability of Hon'ble Supreme Court decision in the case of **Mangli Impex** and then on merits of the case but by providing an opportunity to the assessee of being heard. Till the final decision, the **status quo** will be maintained.

12. In the result, appeal filed by the assessee is allowed by way of remand.

(Order dictated and pronounced in the open court.)

(Justice Dr. Satish Chandra)
President

(B. Ravichandran)
Member (Technical)

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