

IEC Certificate

What is the IEC?

The Import Export Code, also known as the IEC, is a mandatory licence for importers and exporters to carry out import and export activities in India. The IEC Code is a 10-digit code issued by the DGFT (Director General of Foreign Trade) to ensure seamless import-export activities. The IEC Code has lifetime validity post-issuance, and importers and exporters must renew the licence annually. The 10-digit code remains the same throughout the business cycle.

Why do you need an IEC?

The DGFT introduced the DGFT IEC Code to ensure import-exporters can avail various advantages. Here are some of the most common import/export activities where importers/exporters require the IEC registration.

Effective Compliance: The IEC code ensures compliance with various regulations related to international trade. It adheres to legal requirements and regulations governing import/export activities, avoiding any potential legal issues or penalties.

Easy Processing: An IEC code registration simplifies documentation by serving as a common identifier for customs clearance, shipping, banking, etc.

Expansion: The DGFT IEC code ensures that importers/exporters can carry out activities globally without any limitations.

Availing Incentives: Importers and exporters need an IEC certificate to avail of benefits and incentives offered by the Director General of Foreign Trade (DGFT). These incentives include participation in import-export promotion schemes and access to certain subsidies.

Customs Clearance: Customs authorities mandate the submission of import-export certificates for clearing imported or exported goods.

Bank Transactions: Banks require the IEC code when an exporter receives funds in foreign currency into the bank account in exchange for the exports. When an importer sends money abroad or an exporter receives foreign currency, banks require the IEC for documentation purposes.

Who Needs an IEC?

The IEC is mandatory for most import/export activities in India executed by any registered importer or exporter. The 10-digit code is essential for various stakeholders involved in import/export activities, such as service providers, e-commerce platforms, manufacturers, and registered business entities.

Although most import/export activities require the IEC, there are some exceptions. According to the latest government circular, IEC is not compulsory for traders registered under GST as they can use their PAN in place of the IEC. Entities carrying out import/export activities for personal purposes aren't required to register for the IEC. Furthermore, the certificate is not required for import/export activities carried out by government departments and ministries and notified charitable organisations.