UNION BUDGET 2014- CENTRAL EXCISE

S.K.KANODIA & ASSOCIATES, CHARTERED ACCOUNTANTS **11.07.2014** Volume 2, CENTRAL EXCISE

BUDGET 2014

A. AMENDMENTS TO THE CE ACT, 1944 (EFFECTIVE FROM THE DATE THE FINANCE BILL GETS PRESIDENTIAL ASSENT)

- **Section 15A is being inserted so as to empower the Central Government to prescribe an authority or agency to whom the information return shall be filed by the specified persons such as Income Tax Authorities, State Electricity Boards, VAT or Sales Tax Authorities, Registrar of Companies. Information can be collected for the purposes of the Act, such as, to identify tax evaders or recover confirmed dues. It is also proposed to insert a new section 15B which provides for imposition of penalty if the information return is not submitted.**

- **Section 32E(1) in relation to Application for settlement of cases is also being amended to allow filing of applications of settlement before the Settlement Commission in cases where the applicant has not filed the returns after recording reasons for the same.**

- **Section 32O(1) in relation to Bar on subsequent application for settlement in certain cases is being amended so as to insert an Explanation that the concealment of particulars of duty liability relates to any such concealment made from the officer of central excise and not from the Settlement Commission.**

- **Section 35B(1) in relation to Appeals to the Appellate Tribunal is being amended so as to increase the discretionary powers of the Tribunal to refuse admission of appeal from the existing Rs.50,000 to Rs.2 lakh.**

- **Provisions relating to vacation of stay under section 35B(2A) have been omitted due to overhaul of provision of Stay Application.**

- **Section 35E in relation to Powers of Committee of Chief Commissioners of Central Excise or Commissioner of Central Excise to pass certain orders is being amended to insert a proviso in sub-section (3) to vest the Board with powers to condone delay for a period upto 30 days for review by the Committee of Chief Commissioners of the orders in original passed by the Commissioner of Central Excise.**

- **Section 35F in relation to Deposit, pending appeal, of duty demanded or penalty levied is being substituted with a new section to prescribe a mandatory pre-deposit of –**
    - **7.5% of the duty demanded/ penalty/ both for filing an appeal with the Commissioner (Appeals) or the Tribunal at the first stage, and**
    - **Another 10% of the duty demanded/ penalty/ both for filing Second stage appeal before the Tribunal**
    - **The maximum ceiling of mandatory pre-deposit would be Rs. 10 crores with this change.**
    - **No Stay Proceedings would be made before Commissioner (A) or Tribunal.**

- **Section 35L in relation to Appeal to the Supreme Court is being amended so as to clarify that determination of disputes relating to taxability or excisability of goods is covered under the term 'determination of any question having a relation to rate of duty' and hence, appeal against Tribunal orders in such matters would lie before the Supreme Court.**

B. AMENDMENTS TO THE CE RULES, 2002

- **E-payment is being made mandatory for all assessees subject to certain exceptions w.e.f. 01/10/2014. (Notification No. 19/2014-CE(NT)**

- **Sub-rule (3A) of rule 8 is being substituted to provide that in case of default in payment of duty, the assessee shall on his own *pay a penalty of 1% per month* on the amount of duty not paid for each month or part thereof *w.e.f. 11/7/2014.***

C. AMENDMENTS IN CENVAT CREDIT RULES, 2004 (EFFECTIVE FROM 11.07.2014)- NOTIFICATION NO. 21/2014-CE(NT)

1. Place of Removal defined:

Rule 2(qa)- "place of removal" has been defined to mean-

(i) a factory or any other place or premises of production or manufacture of the excisable goods;

(ii) a warehouse or any other place or premises wherein the excisable goods have been permitted to be deposited without payment of duty;

(iii) a depot, premises of a consignment agent or any other place or premises from where the excisable goods are to be sold after their clearance from the factory,

from where such goods are removed;"

2. Time limit for Availment of Cenvat credit on inputs and inputs services:

Under Rule 4 of the CCR, 2004 dealing with Conditions for allowing CENVAT credit it has been included that the manufacturer or the provider of output service **shall not take CENVAT credit after six months of the date of issue** of any of the documents specified in sub- rule (1) of rule 9 for **both input and input services.**

3. Condition for Availment of Cenvat credit on inputs services:

Rule 4(7) of the CCR 2004 has been amended to provide that in case of service tax paid under full reverse charge, credit shall be allowed after the service tax is paid i.e. the condition of payment of invoice value to the service provider for availing credit of input services is being withdrawn.

4. Re credit of CC reversed for non-receipt of export proceeds:

Re-credit of CENVAT credit reversed on account of non-receipt of export proceeds within the specified period or extended period, to be allowed, if export proceeds are received within one year from the period so specified or extended period. This can be done on the basis of documents evidencing receipt of export proceeds [Refer the newly inserted proviso to rule 6(8)].

D. AMENDMENTS IN CENTRAL EXCISE TARIFF-

Description of goods	ED till 10/7/2014	ED from 11/7/2014
Footwear of retail sale price exceeding Rs. 500 but not exceeding Rs. 1,000 per pair.	12%	6%
Branded petrol	Rs. 7.50 per litre	Rs. 2.35 per litre
Machineries used in processing and packaging of agricultural, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat.	10%	6%
Machineries used for the preparation of meat or poultry, fruits, nuts or vegetables and parts of these machineries.	10%	6%
PAN MASALA	12%	16%
Recorded Smart Cards	2 % (without CENVAT) / 6 % (with CENVAT)	12%
Winding wires of copper	10%	12%

FULL EXEMPTION FROM EXCISE DUTY

- Liquefied propane and butane mixture, liquefied propane, liquefied butane and liquefied petroleum gases supplied to non-domestic exempted category (NDEC) customer by IOCL, HPCL, BPCL is exempted retrospectively w.e.f. February 8, 2013
- Unbranded articles of precious metals are being exempted retrospectively for the period March 1, 2011 to March 16, 2012
- Backsheet and EVA sheet (including the specified raw materials used in their manufacture) for manufacture of solar photovoltaic cells or modules
- Solar tempered glass used in the manufacture of solar photovoltaic cells or modules, solar power generating equipment or system and flat plate solar collectors
- Education Cess and Secondary & Higher Education Cess (Customs component) is being exempted on goods cleared by an EOU into the DTA

E. AMENDMENTS IN CENTRAL EXCISE VALUATION RULES (EFFECTIVE FROM 11.07.2014)- NOTIFICATION NO. 21/2014-CE(NT)

To negate the effect of the Apex Court Judgment in the case of FIAT, Central Excise Valuation Rules have been suitably amended to provide in Rule 6 that **where price is not the sole consideration for sale of such excisable goods and they are sold by the assessee at a price less than manufacturing cost and profit, and no additional consideration is flowing directly or indirectly from the buyer to such assessee, the value of such goods shall be deemed to be the transaction value.”**

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About SKKA

S. K. KANODIA & ASSOCIATES was established in the year 1984. During the last 30 years of its existence it has grown into a multifaceted medium sized Chartered Accountancy firm offering a broad spectrum of services to its diverse clientele. The growth is mainly attributable to our unwavering attention on the quality of service we offer and the emphasis we put on constant up gradation of our capabilities. We also owe our success to our being able to build over a period of time a well-knit team of highly competent professionals dedicated to offering the best of services to all our clients.