Excisable material sent on Job work
(Case where neither material received back within 180 days, nor cenvat debited)

As you know, if the inputs or capital goods are cleared to a job worker, it should be received back within 180 days. If they are not received, the manufacturer shall debit the CENVAT credit attributable to such inputs or capital goods, otherwise it will be an offence. However, the manufacturer shall be entitled to take CENVAT credit as and when the goods sent to the job worker are received back. If part of the goods are received back within 180 days and the rest of the goods are received back after 180 days, the obligation for debiting the credit shall arise only in respect of CENVAT credit attributable to that part which is not received within 180 days.

1. CASE A: ***where material has been received back at a later date after the expiry of 180 days from the date of dispatch and CENVAT credit attributable to such inputs or capital goods not debited till now:***

    On a safer side and to avoid penalty at any later stage, we must debit the **interest @18%** immediately, on such CENVAT credit attributable to such input for the number of days from the expiry of 180 days till now.

2. CASE B: ***where material has been lost somewhere and NOT received back till now and CENVAT credit attributable to such inputs or capital goods not debited till now:***

    Practically, we must debit the said amount (Material Value + Duty) to the party or the transporter whoever is responsible, otherwise to avoid penalty at any later stage, we must debit the **CENVAT credit attributable to such input or capital goods *plus* interest @18%** immediately on such CENVAT credit for the number of days from the expiry of 180 days till now.

It is advisable that if the material sent on job work has not been received within 180 days from the date of despatch, we must debit the CENVAT credit attributable to such inputs or capital goods on the 181th day. We are entitled to take CENVAT credit as and when the goods sent to the job worker are received back.

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