RULE 6 of CENVAT Credit Rules, 2004 [Easing of calculations discussed]

OPTIONS AVAILABLE

Maintain Separate Accounts		Not Maintain Separate Accounts [amt to reverse/paid]	
For **receipt, consumption & inventory** of input of input services for use in dutiable goods or taxable services	**Quantity** of input or input services for use in exempted goods or services	OPTION – I **Manufacturer** – 10% of value of Ex goods **Service provider** – 8% of value of Ex services	OPTION- II [As discussed below]

AMOUNT TO BE REVERSED OR PAID IN CASE OF OPTION – II

FIRST STEP - Provisionally every month pay/reverse the aggregate of following

For inputs used in Mfg. of Ex GOODS	For inputs used in provision of Ex SERVICES	For input services used in mfg of Ex GOODS / Ex SERVICES
[Y]	$\frac{\mathbf{C}}{\mathbf{BCD}}\mathbf{x}\,[\mathbf{X}-\mathbf{Y}]$	$\frac{\mathbf{AC}}{\mathbf{ABCD}}\ \mathbf{x\,Z}$

Where, [during preceding FY]	Where, [during concerned month]
A = Value of Ex Goods Mfg & Cleared	X = CENVAT credit on Inputs
B = Value of Dutiable Goods Mfg & cleared	Y = CENVAT credit attributable to Ex Goods
C = Value of Ex Services provided	Z = CENVAT credit on Input Services
D = Value of Taxable Services provided	

SECOND STEP – Computation of annual amount payable/ reversible under OPTION –II

Follow the same procedure as stated in FIRST STEP with the following changes,

1. Reference to "during preceding FY "
2. Reference to "during Concerned month"

} Replaced with "during the financial year"

This has been developed with the sole intention of easing the formulas under Rule 6 of CENVAT credit rules. This rule is important because it was recently amended and was not asked in June – 09 attempt. !!!ALL THE BEST!!! – *budaykiran@in.com*