

# CENVAT CREDIT RULES, 2004

## Rule 2: Definitions

[illegible]

|                                      |                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                         | <b>Explanation 2. - Input include <u>GOODS used in the manufacture of CG</u> which are further used in the factory of the manufacturer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Input Service</b><br>[Rule 2(m)]  | <b>Means</b><br><br><br><br><br><br><br><b>Includes</b> | <b>any service</b> , used by manufacturer, <i>whether directly or indirectly</i> , <b>in or in relation to</b><br>⇒ <b>the manufacture</b> of final products <b>and</b><br>⇒ <b>clearance of</b> final products <del>from</del> <b>UPTO</b> the place of removal<br><br><b>services used in relation to</b><br>--- setting up, modernization, renovation or repairs of <b>FACTORY or AN OFFICE relating to such factory/premise</b> ,<br>--- advertisement or sales promotion, market research,<br>--- storage upto the place of removal,<br>--- procurement of inputs,<br>--- <u>activities relating to business</u> , <b>such as</b> accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, and security, inward transportation of inputs or capital goods and outward transportation upto the place of removal; | (1) Input Service need not received in factory [Rule 4(1)]. <b><u>They need not be used in Factory.</u></b><br><br>(2) Definition is widest --- any service used in relation to any BUSINESS ACTIVITY – is input service<br><br>(3) <b><u>Freight Service:</u></b><br><b><u>From FACTORY to OTHER PLACE OF REMOVAL (like depot)</u></b> —Eligible Input Service (includes part)<br><br><b><u>From FACTORY to CUSTOMER PREMISES</u></b> —Not Eligible Input Service (specific amendment made in definition of Input service providing exclusion of it)<br><br>(4) <b><u>Telephone service:</u></b> Eligible ( <b>both landline and mobiles</b> ) [CBEC Circular 2007] |
| <b>Final Products</b><br>[Rule 2(h)] | <b>means</b>                                            | <b><u>Excisable goods</u></b> manufactured or produced                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | (1) Even waste/scrap is a FP if it is excisable under excise.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Exempted Goods</b><br>[Rule 2(d)] | <b>Means</b><br><br><br><b>Includes</b>                 | <b>Goods, which are wholly exempt &amp;</b><br><br><b>Goods chargeable to nil rate of duty.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Generally, Credit is not admissible if FP is exempted goods [Rule 6(1)]<br><b><u>Exceptions: in 7 cases CCR is admissible even if FP is exempt- Rule 6(6)]</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

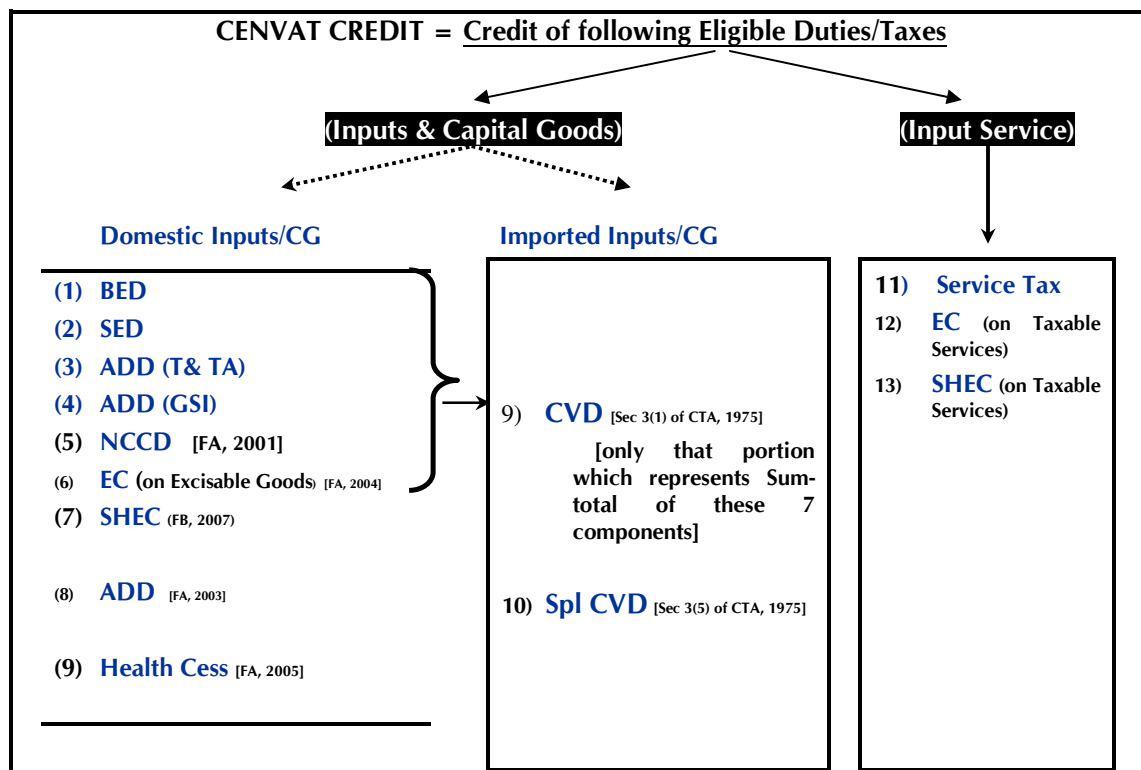
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|--------------------------------------------------------------------------|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> <b>Input Service Distributor</b><br>[Rule 2(m)] | <b>Means</b> | <u><b>AN OFFICE</b></u> of the manufacturer or producer of final products which<br>--- receives invoices from input service provider towards purchases of input services and<br>--- issues its own invoice/ challan for the purposes of distributing that credit of service tax paid | (1) ISD shall be registered under Service Tax.<br>(2) ISD shall mandatory issue ST invoice for distributing credit. ---[ <b>Rule 4-A of ST Rules, 1994</b> ]<br>(3) <b>ISD shall file Cenvat Returns (Half-Yearly Return – by end of following month) -- Rule 9 of CCR, 2004</b><br>(4) ISD shall maintain Cenvat Records.-- -- <b>Rule 9 of CCR, 2004</b><br>(5) <u><b>Amount that can be distributed by ISD [Rule 7]: 2 conditions</b></u><br>(1) the amount of ST paid by it for input service;<br>(2) the amount not related to input service used in factory where exclusively exempted goods are manufactured<br>(6) <u><b>Ratio in which it can distribute the credit among various factories:</b></u> ANY RATION as per its own discretion [Ministry clarification] |
| <input type="checkbox"/> <b>First Stage Dealer</b><br>[Rule 2 (ij)]      | <b>means</b> | <b>A dealer purchasing from</b> <ul style="list-style-type: none"> <li>▪ <u><b>Manufacturer</b></u> (His Factory / Depot / Agent's premises) or</li> <li>▪ <u><b>Importer</b></u> (His Premise / Depot / Agent's premises)</li> </ul>                                                | (1) FSD (and SSD) shall be registered under Excise.<br>(2) FSD (and SSD) shall mandatory issue Excise invoice for passing on credit.<br>(3) <b>FSD (and SSD) shall file Cenvat Returns (Half-Yearly Return – within 15 days) – Rule 9 of CCR, 2004</b><br>(4) FSD (and SSD) shall maintain Cenvat Records.-- -- <b>Rule 9 of CCR, 2004</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <input type="checkbox"/> <b>Second Stage Dealer</b><br>[Rule 2 (s)]      | <b>means</b> | <b>A dealer who purchases the goods from</b><br><br><b>→ a First Stage Dealer.</b>                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## Eligible Duties for Credit

### ❖ Rule 3(1)

$$\text{Cenvat Cr} = \text{Cr of } [ \text{ED} + \text{CD} + \text{ST} ]$$

9 types of ED    2 types of CD    3 types of ST



### Special Provisions: Rule 3(7)(a)

Inputs/CG purchased from 100% EoU  
[Rule 3(7)(a)]

$$\text{CCr} = [ X * (1 + \text{BCD}/400) * \text{CVD}/100 ]$$

## Conditions for availment of CCr --- Rule 3(1)

|                      | <u>Basic Condition</u>                       | <u>Admissible Credit</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                               | <u>Special Remarks</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Inputs</i>        | <b><u>RECEIPT</u></b> in premises            | 100% Credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                               | <p><b><u>Treatment of Input loss:</u></b></p> <ul style="list-style-type: none"> <li>■ <b><u>Transit Loss:</u></b> CCr not admissible (as input not received in factory)</li> <li>■ <b><u>Storage Loss:</u></b> CCr availed but has to be reversed [LARSEN &amp; TURBO – TRIBUNAL –since inputs not used in or in relation to mfd of FP]</li> <li>■ <b><u>Process Loss:</u></b> CCr remains admissible (as these can be said to be used in or in relation to mfd of FP)</li> </ul> |
| <i>Capital Goods</i> | <b><u>RECEIPT</u></b> in premises            | <p><b><u>Generally:</u></b></p> <ol style="list-style-type: none"> <li>1. <b><u>Current Year:</u></b> 50%</li> <li>2. <b><u>Next Year:</u></b> 50% (<u>subject to possession of CG</u>)</li> </ol> <p style="text-align: center;">↓</p> <p><b><u>Exceptions :</u></b></p> <ol style="list-style-type: none"> <li>i) Components, Spares &amp; Accessories;</li> <li>ii) Refractories &amp; Refractory Material;</li> <li>iii) Moulds &amp; Dies;</li> <li>iv) Goods falling under 68.04 &amp; 68.05</li> </ol> | <p>→ <b><u>2 Exceptions:</u></b></p> <ol style="list-style-type: none"> <li>1. <b><u>Cr of Spl CVD:</u></b> 100% at the time of receipt</li> <li>2. <b><u>CG removed as such in the Year of Receipt itself:</u></b> 100% of Cr in that year itself</li> </ol> | <ul style="list-style-type: none"> <li>■ <b>Ownership over CG not necessary for claiming CCr</b> (CCR admissible even if CG acquired on lease, Hire Purchase or loan agreement or from financing company) [Rule 4(3)]</li> <li>■ Depreciation shalln't be claimed of ED portion in the price of the machinery. [In respect of ED – either claim CCr or Depreciation] [Rule 4(4)]</li> </ul>                                                                                        |
| <i>Input Service</i> | <b><u>PAYMENT</u></b> of the bill of service | 100% credit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>■ If “Bill of IS” is paid in part, then CCr of proportionate ST can be taken.</li> <li>■ <b><u>If “ADVANCE” IS PAID for the IS, then CCR shall be admissible at that point of time itself (and not on receipt of IS) ---</u></b> Note: ISP is liable to issue invoice at the time of receipt of ADVANCE (within 14 days ISP shall issue invoice)</li> </ul>                                                                                 |

## Utilization of CCr (of Input/ CG/IS) --- Rule 3(4)

| <u>General Utilization</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <u>Special Utilization</u>                                                                                                                                                                                        |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <div><div>Payment of ED</div><div>↓</div></div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <div>❖ <b><u>One to one correlation between Input (CG/IS) and FP is not required</u></b><br/><b><u>Exception:</u></b> Unit availing area-based exemption (this exemption is partial + on certain products + if factory is located in specified area) <b>Shall maintain one to one correlation</b> Between FP (covered by exemption) and relation INPUT / INPUT SERVICE.<br/><br/>❖ <b><u>For payment of Duty of a particular month, CCR as available upto last date of that month can only be used</u></b></div> | <div>Payment of AMOUNT</div> <div><div>○ Amt payable on removal of CG as such</div><div>○ Amt payable on removal of Input as such</div><div>○ Amt payable at time of <u>re-removal of returned FP</u></div></div> |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <div><u>Manner of Utilization of Different Duties</u></div> <table><thead><tr><th>Cenvat Credit Element</th><th>Utilization for payment of following ED on FP</th></tr></thead><tbody><tr><td>1. BED (Basic Excise Duty)</td><td>Any Duty (except Health Cess)</td></tr><tr><td>2. SED (Special Excise Duty)</td><td>Any Duty (except Health Cess)</td></tr><tr><td>3. ADD (GSI)</td><td>Any Duty (except Health Cess)</td></tr><tr><td>4. ADD (T &amp; TA)</td><td>Only ADD (T &amp; TA) Duty</td></tr><tr><td>5. NCCD (FA, 2001)</td><td>Only NCCD (Duty)</td></tr><tr><td>6. EC (Ex Goods)</td><td>EC (Ex Goods)/ EC (Taxable Sr)</td></tr><tr><td>7. SHEC</td><td>SHEC (Ex Goods)/ SHEC(Taxable Sr)</td></tr><tr><td>8. CVD [Sec 3(1) of CTA, 1975]</td><td></td></tr><tr><td>9. Spl CVD [Sec 3(5) of CTA, 1975 VAT]</td><td>Any Duty (except Health Cess)</td></tr><tr><td>10. ADD (FA, 2003)</td><td>Only ADD (FA, 2003)</td></tr><tr><td>11. Health Cess [FA, 2005]</td><td>Only Health Cess (FA, 2005)</td></tr><tr><td>12. ST on Input Service</td><td>Any Duty (except Health Cess)</td></tr><tr><td>13. EC (Taxable Sr)</td><td>EC (Ex Goods)/ EC (Taxable Sr)</td></tr><tr><td>14. SHEC (Taxable Sr)</td><td>SHEC (Ex Goods)/ SHEC(Taxable Sr)</td></tr></tbody></table> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Cenvat Credit Element                                                                                                                                                                                             | Utilization for payment of following ED on FP | 1. BED (Basic Excise Duty) | Any Duty (except Health Cess) | 2. SED (Special Excise Duty) | Any Duty (except Health Cess) | 3. ADD (GSI) | Any Duty (except Health Cess) | 4. ADD (T & TA) | Only ADD (T & TA) Duty | 5. NCCD (FA, 2001) | Only NCCD (Duty) | 6. EC (Ex Goods) | EC (Ex Goods)/ EC (Taxable Sr) | 7. SHEC | SHEC (Ex Goods)/ SHEC(Taxable Sr) | 8. CVD [Sec 3(1) of CTA, 1975] |  | 9. Spl CVD [Sec 3(5) of CTA, 1975 VAT] | Any Duty (except Health Cess) | 10. ADD (FA, 2003) | Only ADD (FA, 2003) | 11. Health Cess [FA, 2005] | Only Health Cess (FA, 2005) | 12. ST on Input Service | Any Duty (except Health Cess) | 13. EC (Taxable Sr) | EC (Ex Goods)/ EC (Taxable Sr) | 14. SHEC (Taxable Sr) | SHEC (Ex Goods)/ SHEC(Taxable Sr) | <div>[Some Other Purpose for which CCR can be used:</div> <div><div>■ <b><u>Amt payable u/ R 4(5) of CCR, 2004</u></b> [Input/CG removed to job-worker but not returned within 180 days]</div><div>■ <b><u>Amt payable u/ R 6(3)</u></b> [Common Input – separate account not maintained – full CCR availed initially and then subsequently an amount paid at time of removal of Exempted FP]</div><div>■ <b><u>Amount payable u/R 11</u></b> [Input received when FP dutiable – CCR taken—Input in stock and FP becoming exempted -- Amount payable]</div></div> <div><div>Utilization of CVD:</div><div>CVD = [Sum-total of these 7 components]</div><div>Each Component shall be segregated --- and shall be utilized in the manner as specified above</div></div> |
| Cenvat Credit Element                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Utilization for payment of following ED on FP                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1. BED (Basic Excise Duty)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Any Duty (except Health Cess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 2. SED (Special Excise Duty)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Any Duty (except Health Cess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 3. ADD (GSI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Any Duty (except Health Cess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 4. ADD (T & TA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Only ADD (T & TA) Duty                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 5. NCCD (FA, 2001)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Only NCCD (Duty)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 6. EC (Ex Goods)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | EC (Ex Goods)/ EC (Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 7. SHEC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | SHEC (Ex Goods)/ SHEC(Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 8. CVD [Sec 3(1) of CTA, 1975]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 9. Spl CVD [Sec 3(5) of CTA, 1975 VAT]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Any Duty (except Health Cess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 10. ADD (FA, 2003)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Only ADD (FA, 2003)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 11. Health Cess [FA, 2005]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Only Health Cess (FA, 2005)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 12. ST on Input Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Any Duty (except Health Cess)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 13. EC (Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | EC (Ex Goods)/ EC (Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 14. SHEC (Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | SHEC (Ex Goods)/ SHEC(Taxable Sr)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                   |                                               |                            |                               |                              |                               |              |                               |                 |                        |                    |                  |                  |                                |         |                                   |                                |  |                                        |                               |                    |                     |                            |                             |                         |                               |                     |                                |                       |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

## **Manufacture of Exempted Goods → Effect on CCR --- Rule 6**

**GENERAL RULE:** CCR not admissible if FP is exempted goods

**7 Exceptions:** (CCR shall be allowed as if these products are not exempted goods)

- |                                               |                                                      |                          |
|-----------------------------------------------|------------------------------------------------------|--------------------------|
| i) FP sold to 100% EoU                        | ii) FP sold to EHTP/STP                              | iii) FP sold to SEZ Unit |
| iv) FP sold to UN/ International Organization | v) FP sold against International Competitive Bidding |                          |
| vi) Clearance of Gold/Silver                  |                                                      |                          |
| vii) FP Exported under Bond/Lut               |                                                      |                          |

Single Input/Input Service/Capital Goods, Single FP

|           |                                      |                                                                          |
|-----------|--------------------------------------|--------------------------------------------------------------------------|
| Rule 6(1) | Input ----- FP<br>(Exempted)         | CCR – Not available                                                      |
| Rule 6(1) | Input Service ----- FP<br>(Exempted) | CCR – Not available                                                      |
| Rule 6(4) | Capital Goods----- FP<br>(Exempted)  | CCR – Not available<br><u>Exception:</u> SSI unit<br>can avail CCR of CG |

### Rule 6(5)

In respect of following COMMON INPUT SERVICE, CCR shall be admissible in full :

|                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Architect Sr</li> <li>Baking &amp; Financial Sr</li> <li>Construction Sr</li> <li>Cosnulting Engg Sr</li> <li>Erection Sr</li> <li>Forex Broking Sr</li> <li>Insurance Auxiliary Sr</li> <li>Intellectual Property Sr</li> <li>Interior Decorator Sr</li> </ul> | <ul style="list-style-type: none"> <li>Maintenance or Repair Sr</li> <li>Mgmt Consutlancy Sr</li> <li>Real Estate Sr</li> <li>Scientific / Techn Consultancy Sr</li> <li>Security Agency Se</li> <li>Technical Inspection &amp; Certification Sr</li> <li>Technical Testing &amp; Analysis Sr</li> </ul> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### COMMON Input / Input Service Capital Goods

|                  |                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Rule 6(4)        | Capital Goods           | CCR available in full                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Rule 6(2) & 6(3) | [Input + Input Service] | <p><b>Option-1: (Rule 6(2))</b><br/>Maintain Separate A/cs <u>at time of receipt</u> and Avail CCR related to inputs used in (Dutiable FP)</p> <p><b>Option-2: (Rule 6(3))</b><br/>Don't Maintain Separate A/cs + <u>Avail CCR in full</u>, but subsequently pay following:</p> <p>❑ <b>Rule 6(3)(i): [NOTIONAL Payment System]</b><br/><u>Amount</u> = 10% of “VALUE of Exempted Goods”</p> <p>❑ <b>Rule 6(3)(ii): [ACTUAL Payment System]</b><br/><u>Amount</u> = Actual CCR relating to inputs and input service used in Exempted Goods”<br/>[this credit shall be determined as per Rule 6-(3A)]</p> <p><b>Expl 1:</b> Whatever option is followed under Rule 6(3), it shall be followed in entirely (for all exempted goods) --- Once followed, it can not be withdrawn for a Year</p> <p><b>Expl 2:</b> Credit of <u>Exclusive Input/Input Service</u> shall <i>not be allowed</i>.</p> |

**Rule 6(3-A)** [Newly introduced from 1<sup>st</sup> April, 2008]

|                                              |     |                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How to start operating under Rule 6(3)(ii)   | (a) | Give intimation to SCE                                                                                                                                                                                                                                                                                                                                      |
| Methodology of operating under Rule 6(3)(ii) | (b) | Determine Provisionally: <b>MONTHLY BASIS</b><br>[A] <u>CCr relating to Input used in Exempted FP</u> → Based on actual consumption of inputs determined from store records]<br>[B] <u>CCr relating to Input Service used in Exempted FP</u> → CCr of Input Service * .....Value of Ex FP (PY).....<br>Value of (Ex FP + Dutiable FP) PY                    |
|                                              | (c) | Determine FINALLY: <b>YEAR END</b><br>[A] <u>CCr relating to Input used in Exempted FP</u> → Based on actual consumption of inputs determined from store records]<br>(As certified from CWA/CA)<br>[B] <u>CCr relating to Input Service used in Exempted FP</u> → CCr of Input Service * .....Value of Ex FP (CY).....<br>Value of (Ex FP + Dutiable FP) CY |
|                                              | (d) | [Amount Determined Finally > Amount Determined Provisionally] → Pay the differential Amount [Due Date: 30 <sup>th</sup> June]                                                                                                                                                                                                                               |
|                                              | (e) | Interest @ 24% p.a. also payable [in case payment is delayed beyond 30 <sup>th</sup> June]                                                                                                                                                                                                                                                                  |
|                                              | (f) | [Amount Determined Finally < Amount Determined Provisionally] → Take Self Credit                                                                                                                                                                                                                                                                            |
| Intimation at Year End                       | (g) | Give intimation to SCE within 15 days of adjustment                                                                                                                                                                                                                                                                                                         |
| First Time Assessee                          | (h) | Provisional Determination not possible → Determine finally only (at YEAR END only)<br>→ Pay Amount upon final determination [Due Date: 20 <sup>th</sup> June]                                                                                                                                                                                               |
|                                              | (i) | Interest @ 24% p.a. also payable [in case payment is delayed beyond 30 <sup>th</sup> June]                                                                                                                                                                                                                                                                  |

**Expl 1:** VALUE = AV as per Sec 4(1) / 4-A

**Expl 2:** Payment of AMOUNT -→ on MONTHLY BASIS (by 5<sup>th</sup> of Next Month) [But for March Month → By 31<sup>st</sup> March]  
CCr can be used for payment of this amount.

**Expl 3:** NON-PAYMENT OF AMOUNT → It shall be recoverable (Rule 14 shall be applicable as is this amount has been taken as Credit wrongly)

**General Rule:**-- Admissibility of CCR is determined at the time of receipt in the Factory, Unless otherwise provided within the Act/Rules.

*Scheme has specifically provided for following*

|     | Status as on the date of Receipt of Input/ | Subsequently               | Effect on Cenvat                                                                                                                                                                                                     |
|-----|--------------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i)  | <b>FP is dutiable</b><br>[CCR taken]       | <b>FP becomes exempt</b>   | Amount = CCr relating to inputs in stock (whether as such or as WIP or whether in form of FP) Shall be paid back<br>[if still there is any surplus, then that shall also lapse] ----- <b>Rule 11(2) of CCR, 2004</b> |
| ii) | <b>FP is exempt</b><br>[CCR not taken]     | <b>FP becomes dutiable</b> | Amount = CCr relating to inputs in stock (whether as such or as WIP or whether in form of FP) Shall be taken as credit<br><br>----- <b>Rule 3(2) of CCR, 2004</b>                                                    |

### ***CCr not utilization → Refund of CCr --- Rule 5 & 5-A***

#### **Refund of CCR – 2 circumstances**

|                         | Category of Assessee            | Refund of |          |    |
|-------------------------|---------------------------------|-----------|----------|----|
|                         |                                 | Input     | Input Sr | CG |
| <u><b>Rule 5*</b></u>   | <b>Any exporter assessee</b>    | Yes       | Yes      | No |
| <u><b>Rule 5-A*</b></u> | <b>Units In Specified Areas</b> | Yes       | No       | No |

\* *Refund shall be allowable in terms of such conditions as notified by CG. CG has notified for claiming refund of CCR, Sec 11-B of the CEA, 1944 (which deals with refund of ED on FP) shall be applicable mutatis mutandis.*

## Supporting Documents for taking CCr --- Rule 9

| <u>Domestic I/ CG</u>                                                                                                                                                                                                                                                                                                            | <u>Imported I/CG</u>                                                                                                                               | <u>Input Service</u>                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| i) <i>Manufacturer Invoice</i><br>ii) <i>FSD Invoice</i><br>iii) <i>SSD Invoice</i>                                                                                                                                                                                                                                              | <u>Importer using the goods himself:</u><br>i) <i>Bill of Entry</i><br>ii) <i>Certificate issued by Customs Appraiser (when import is by post)</i> | i) <i>Invoice of IS Provider</i><br>ii) <i>Invoice of IS Distributor</i><br>iii) <i>GAR-7 Challan (in "REVERSE CHARGE situations).</i> |
|                                                                                                                                                                                                                                                                                                                                  | <u>Importer selling the goods:</u><br>i) <i>Importer Invoice</i><br>ii) <i>FSD Invoice</i><br>iii) <i>SSD Invoice</i>                              |                                                                                                                                        |
| <i>In case additional ED/CD becomes payable by the supplier, he can issue <u>SUPPLEMENTARY INVOICE</u> to the buyer manufacturer – on basis of which CCr of such additional duty can be taken by the buyer. [However, the supplier can issue supplementary invoice only in bona-fide cases (and not in cases of fraud etc.)]</i> |                                                                                                                                                    |                                                                                                                                        |

### Defect in Invoice (supporting document)

Generally, CCR not admissible if supporting document is defective

**However**, if CERTAIN DEFECTS can be condoned by AC/DC and ccr may be allowed.

*All defects other than following can be condoned:*

- i) *Details of ED/ST*
- ii) *Description of Goods/Services*
- iii) *AV*
- iv) *CE Reg No. / ST Reg No;*
- v) *Name and address of Seller / Service Provider*

*[Rule 9(2) of CCR, 2004]*

“Principal Input”, means any input which is used in the manufacture of final products where of  
the cost of such input constitutes not less than <sup>(= >)</sup> 10% the total cost of raw-materials for the manufacture of unit quantity of a given final product.

|                     | <u>Cenvat Records</u>                                                                                                                                                                                                                    | <u>Cenvat Return</u>                                                                                                                                                                                                                                                                                                                                     |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Manufacturer</b> | <p>CCR A/c of <b>INPUTS</b> (both in terms of <u>Quantity &amp; Amount</u>) [RG-23A]</p> <p>CCR A/c of <b>CAPITAL GOODS</b> (both in terms of <u>Quantity &amp; Amount</u>) [RG-23C]</p> <p>CCR A/c of <b>INPUT SERVICE</b> (Amount)</p> | <p><b>Excise Return</b> as submitted in terms of Rule 12 of CER, 2002 shall incorporate all the particulars relating to Input/ Capital Goods / Input Service and it <b>shall be treated as “Cenvat Return” also.</b></p> <p>[In simple words, cenvat return is not required to be filed in addition to the normal excise return]</p>                     |
| <b>FSD/SSD</b>      | Such dealer shall maintain proper records indicating the fact that the inputs or capital goods were supplied from the stock on which duty was paid by the producer of such inputs or capital good.                                       | <p><b>QUARTERLY RETURN</b> (within 15 days)</p> <p>[Format has been prescribed, though no name has been assigned to it]</p>                                                                                                                                                                                                                              |
| <b>ISD</b>          | -----                                                                                                                                                                                                                                    | <p><b>HALF-YEARLY RETURN</b> (by end of following month)</p> <p>[Format has been prescribed, though no name has been assigned to it]</p> <p>[Note: <b>ISD may submit a revised return to correct a mistake or omission within a period of 60 days from the date of submission of cenvat return. <u>Rule 9(11)</u> (newly inserted in Year 2007)]</b></p> |

#### → **SUPRE CASH RICH ASSESSEE**

**Mfrer** (of Certain Specified goods – paying CASH /PLA Duty >= Rs 100 lacs) **is also required to file a separate return of “PRINCIPAL INPUT” [Rule 9-A]**

⇒ Annual Financial Information Statement : Form “ER-5” – Annually [in advance – by 30<sup>th</sup> April of FY]

⇒ Monthly Return: Form “ER-6” – Monthly –within 10 days

## Special Concept: Removal of INPUT / CG “as such” Rule 3(5) / (5-A) + 3(6)

### Removal as such of I/CG

#### ❖ 3-(5): I/ CG removed as such by manufacturer

- Amt Payable= CCR Availed

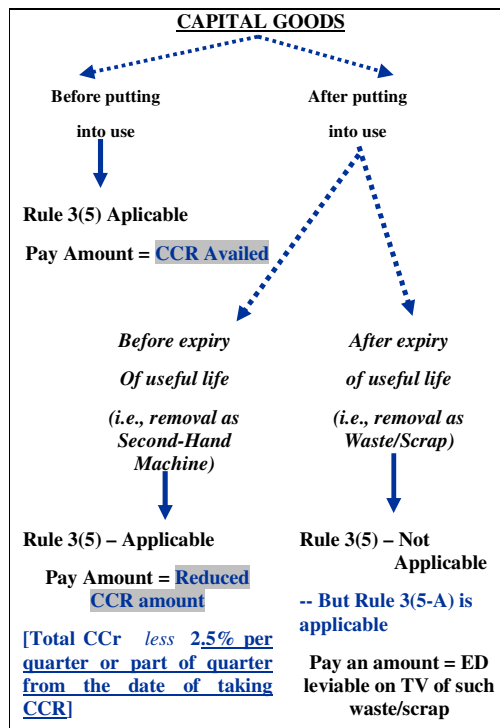
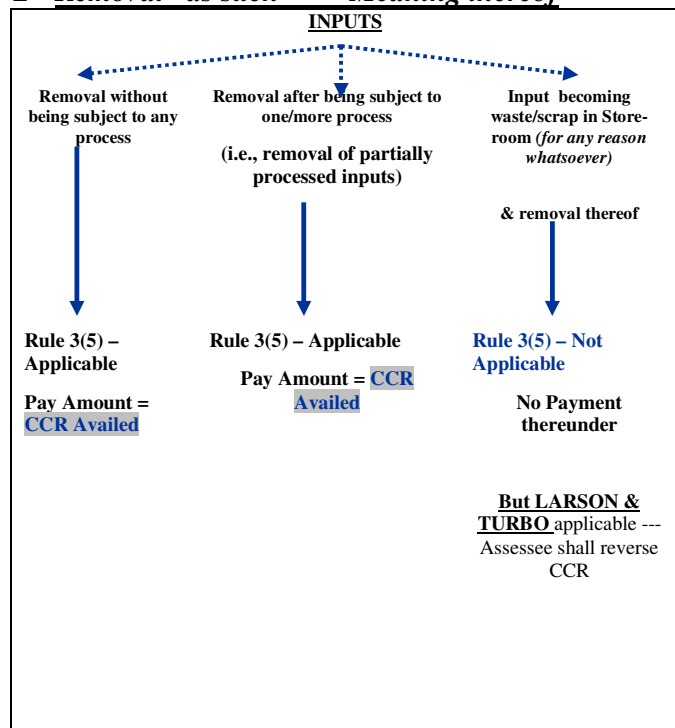
**Proviso: Removal of Used CG Amt Payable= Reduced CCR**

#### ❖ 3-(5-A): CG removed as Waste/Scrap

- Amt Payable= ED as leviable on TV of Waste/Scrap

#### ❖ 3-(6): Buyer can take credit of amount paid in 3(5) & 3(5-A)

#### □ Removal “as such” ---- Meaning thereof



### Statutory Exceptions: Where Rule 3(5) is inapplicable

#### **2 Exceptions:**

##### i) Removal of I/CG to Job-Worker (subject to condition of return thereof within 180 days) – Rule 4(5) & (6)

- ⇒ At time of Initial Clearance:--- No Payment at all [When I/CG are so sent – we call it that “I/CG are sent under “Cenvat Challan”]
- ⇒ **If Input/CG received back within 180 days:** --- No further treatment
- ⇒ **But if not so received back:** -- then, on expiry of 180 days, Assessee shall pay [An Amount = CCR related to that portion of Input/CG not so received back]  
**But as and when they are received back, CCR would be admissible to the assessee again**

[The said time-limit of 180 days shall not be applicable to following CGs:  
--- Jigs -- Fixtures --- Moulds & -- Dies]

**Job-Worker – Operations Performed resulting into FP --**  
**-- FP can be directly cleared from the Job-Worker Premises**

**Condition: AC/DC permission** [Permission may be obtained on Yearly Basis (instead of each and every individual clearance]

##### ii) Storage of I outside the factory due to seasonal nature of FP and shortage of storage area in factory (subject to permission from AC/DC) – Rule 8

#### **When::**

- (1) FP is seasonal in nature;
  - (2) There is shortage of storage space – within the factory
- Condition::** Permission of AC/DC [he basically impose conditions as to bringing back the inputs within the factory within specified time limit]

*If inputs stored outside – not brought back in factory within specified time-limit – then [Amount = Related CCR] shall be paid*

### Other Miscellaneous Rules

|                                  |                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
|----------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-------------|-----------|--------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <u>Other Miscellaneous Rules</u> |                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 10</u>                   | <u>Transfer of CCR in certain cases</u>                                                                    | <u>Transfer of Factory / Premise:</u><br>⇒ Shifting to another site<br>⇒ Change in ownership                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
|                                  |                                                                                                            | CCR lying untutilised can be transferred to the transferee:<br><u>Conditions:</u><br>(1) Related stock of Input / CG is also transferred along-with;<br>(2) <b>Input / CG</b> so transferred are duly accounted for to the satisfaction of jurisdictional AC/DC                                                                                                                                                                                                                                                                         |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 12</u>                   | <u>I /CG purchased from “A Unit Availing Area-Based Exemption”</u>                                         | Goods manufactured by these units partially exempted --- Procurer can avail full CCR as if no portion of duty was exempted                                                                                                                                                                                                                                                                                                                                                                                                              |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 13</u>                   | <u>Deemed Credit – on Input/ IS</u>                                                                        | CG has power to Notify Input / Input Service on which<br><b>Allowable CCR = Notified Rate/Amount</b> (& not the actual amount paid thereon)<br><i>[The notified rate/amount can be higher or lower than the actual amount paid]</i>                                                                                                                                                                                                                                                                                                     |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 14</u>                   | <u>Recovery Action</u>                                                                                     | <b>CCR – wrongly availed      -- wrongly utilized or      -- erroneously refunded</b><br><b>CCr recoverable alongwith Interest @ 13% p.a.</b> [Apply Sec -11-A & 11-AB (subject to necessary changes)]<br><br><b>MARUTI UDYOG LTD. – 2007-SC:</b> <i>CCr availed but not utilized – reversed on its own</i><br><i>Such credit shall not be treated as CCr Availed --- No action shall lie against assessee</i>                                                                                                                          |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 15</u>                   | <u>Confiscation &amp; Penalty</u>                                                                          | <table><tr><td></td><td><u>I/CG</u></td><td><u>IS</u></td></tr><tr><td><u>Bona-fide mistake</u></td><td>Confiscation<br/><u>Penalty Not Exceeding higher of</u><br/>[2,000 or CCr involved –<br/>whichever is higher]</td><td><u>Penalty Not Exceeding higher of</u><br/>– Rs 2,000</td></tr><tr><td><u>Fraud</u></td><td><u>Additional Penalty</u><br/>Sec 11-AC Penalty (= 100% of ED involved on input / CG)</td><td><u>Additional Penalty</u><br/>Sec 78 Penalty (= 100% to 200% of ST involved on input service)</td></tr></table> |  | <u>I/CG</u> | <u>IS</u> | <u>Bona-fide mistake</u> | Confiscation<br><u>Penalty Not Exceeding higher of</u><br>[2,000 or CCr involved –<br>whichever is higher] | <u>Penalty Not Exceeding higher of</u><br>– Rs 2,000 | <u>Fraud</u> | <u>Additional Penalty</u><br>Sec 11-AC Penalty (= 100% of ED involved on input / CG) | <u>Additional Penalty</u><br>Sec 78 Penalty (= 100% to 200% of ST involved on input service) |
|                                  | <u>I/CG</u>                                                                                                | <u>IS</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Bona-fide mistake</u>         | Confiscation<br><u>Penalty Not Exceeding higher of</u><br>[2,000 or CCr involved –<br>whichever is higher] | <u>Penalty Not Exceeding higher of</u><br>– Rs 2,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Fraud</u>                     | <u>Additional Penalty</u><br>Sec 11-AC Penalty (= 100% of ED involved on input / CG)                       | <u>Additional Penalty</u><br>Sec 78 Penalty (= 100% to 200% of ST involved on input service)                                                                                                                                                                                                                                                                                                                                                                                                                                            |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |
| <u>Rule 15-A</u>                 | <u>Residuary Penalty</u> [Inserted in year 2008]                                                           | Contravention of these rules for which no specific penalty has been provided for<br><b>Residuary Penalty upto Rs 5,000/-</b> shall be leviable.                                                                                                                                                                                                                                                                                                                                                                                         |  |             |           |                          |                                                                                                            |                                                      |              |                                                                                      |                                                                                              |

Latest Provisions

|                    |                                                                                                                                                      |                                                           |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <u>Rule 3(5-C)</u> | <u>Inputs / Capital Goods Written off fully (or provision made for fully write off)</u>                                                              |                                                           |
|                    | <u>Inputs</u>                                                                                                                                        | <u>Capital goods (new – before putting them into use)</u> |
|                    | <u>Amount – related CCR shall be paid</u>                                                                                                            |                                                           |
| <u>However:</u>    | <u>If</u><br><i>Such Inputs/ Capital Goods are subsequently used in actual in manufacture of FP --- then assessee is entitled to take CCr again.</i> |                                                           |