

SHORT REVISIONARY KONCEPTS

POWERS OF CENTRAL EXCISE OFFICER

Powers under CEA, 1944

<u>Nature of Power</u>		<u>Level of Officer who can exercise this Power</u>	<u>Any Prior Permission</u>	<u>Circumstances when power shall be exercised</u>
<u>Sec 13:</u>	<u>Power to Arrest</u>	Any CEO (not below Inspector Level)	Prior Approval of the CCE	When the CEO has reason to believe that the person to be arrested is liable to punishment under CEA
<u>Sec 14:</u>	<u>Power to issue summons</u>	Any CEO (as empowered by CG for this purpose)	-----	When the CEO considers necessary the attendance of person ---- either to give evidence or ---- to produce a document or any other thing in any inquiry which such officer is making.
<u>Sec 14-A:</u>	<u>Special Audit : --“Valuation Audit”</u>	Any CEO (not below AC/DC)	Chief CCE	<u>When the CEO considers doubts the AV as has been declared/determined by Assessee</u> But he founds [Assessee's A/c Complex] to understand--- then, considering Interest of Revenue he can issue AUDIT DIRECTION <u>Audit can be ordered in respect of :</u> -Factory -Office -Depot -Distributor's Premises -Any Other Place <u>Audit direction can be issued to:</u> - Manufacturer or -Other Person The person to whom audit direction has been issued shall get his accounts audited by <u>CWA (Cost & Work Accountant)</u> <u>Obligation of CWA towards CEO:</u> He shall submit his report directly to the officer who has issued direction (and not to the person whose accounts he has audited) <u>Time Limit allowed to him for submission of Report:</u> [As specified by the CEO (+ Extension)] Total Max: 180 Days <u>Whether this Audit Direction can be issued even in cases where accounts of person already stands audited under any other law or even under the Excise u/s 14-AA?</u> --- YES
<u>Sec 14-AA:</u>	<u>Special Audit - --“Cenvat Credit Audit”</u>	CCE	-----	<u>When the CEO considers doubts that [CCR availed/booked by assessee in his book is not within the normal limits (considering the Qty shown to be manufactured in DSA and his input-output ratio)] --- Fraud/Collusion/Wilful misstatement or suppression of facts is likely]</u> then, considering Interest of Revenue he can issue AUDIT DIRECTION <u>Audit can be ordered in respect of :</u> -Factory -Office -Depot -Distributor's Premises -Any Other Place <u>Audit direction can be issued to:</u> - Manufacturer or -Other Person The person to whom audit direction has been issued shall get his accounts audited by <u>CWA (Cost & Work Accountant)</u> <u>Obligation of CWA towards CEO:</u> He shall submit his report directly to the officer who has issued direction , i.e., CCE (and not to the person whose accounts he has audited)

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				<u>Time Limit allowed to him for submission of Report:</u> [As specified by the CCE] Total Max: No restriction placed <u>Whether this Audit Direction can be issued even in cases where accounts of person already stands audited under any other law or even under the Excise u/s 14-A?</u> --- YES
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Powers under Central Excise Rules, 2002

<u>Nature of Power</u>	<u>Level of Officer who can exercise this Power</u>	<u>Any Prior Permission</u>	<u>Circumstances when power shall be exercised</u>
<u>Rule 22:</u> <u>Access to Registered Premises</u>	Any CEO (as empowered by CCE for this purpose))	-----	When the CEO considers such access necessary for carrying out any Scrutiny / Check / Verification. <u>Premises Accessible</u> : - Any Premise registered under Excise (Manufacturer's Factory / R-20 Warehouse / FSD or SSD Premise) <u>Obligations of person:</u> -Furnish to the CEO list of following: I) Records maintained and prepared for accounting of goods (FP / Input / Capital Goods) II) Records maintained and prepared for accounting of Input Services III) All Financial Records and Statements -Upon demand produce before the above records. [Officer can also demand <u>COST AUDIT REPORT</u> + <u>TAX AUDIT REPORT</u>]
<u>Rule 23:</u> <u>Power to stop and search conveyance</u>	Any CEO	-----	When the CEO has reason to believe that such conveyance is carrying the goods with the intention of evading duty
<u>Rule 24:</u> <u>Power to detain goods or seize the goods</u>	Any CEO	-----	When the CEO has reason to believe that --- Goods are liable to duty but no duty has been paid thereon --- Goods have been removed with the intention of payment of duty

General Excise Audit : EXCISE AUDIT, 2000

- The entire philosophy of EA, 2000 is that **this audit is based on the scrutiny of business records of the assessee**. This is more **systematic from of audit** wherein the auditors are required to gather basic information about the assessee and analyze them to find out vulnerable areas before conducting the actual audit. The audit is therefore **more focused and in depth** as compared to the traditional audit. This also makes EA 2000 user friendly.