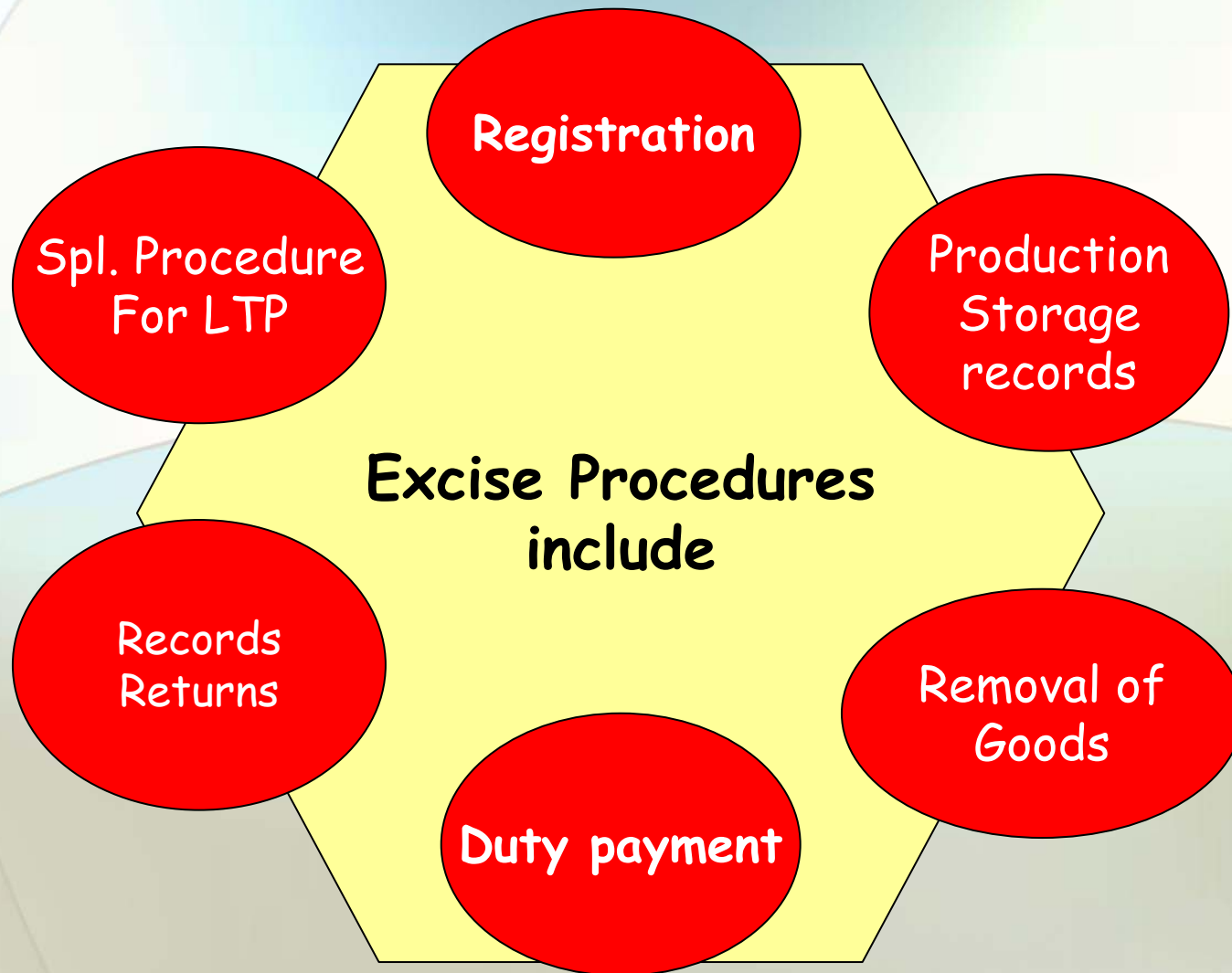
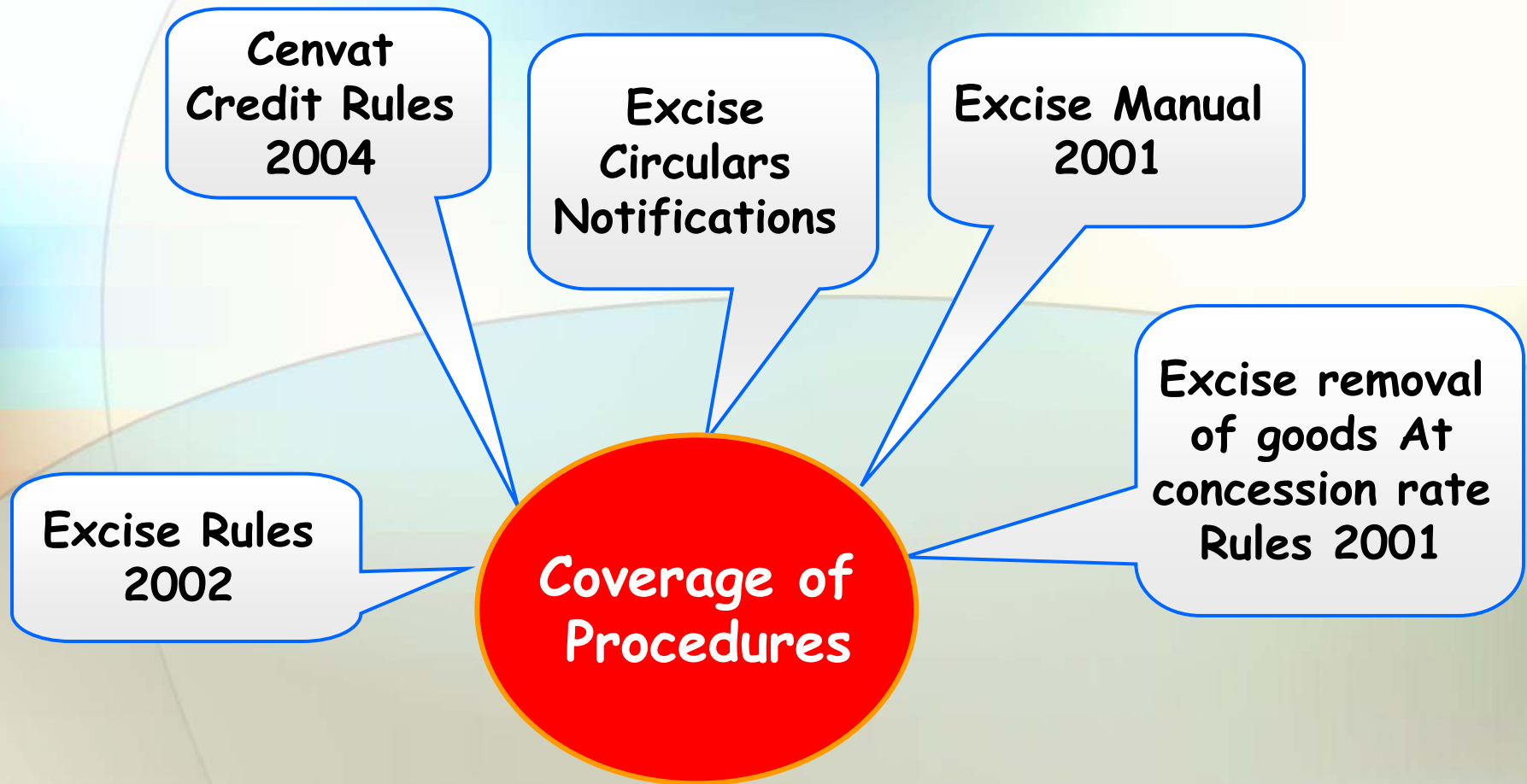


Excise Procedures

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Excise procedures





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Registration of factory/warehouse Sec 6 Rule 9 Notification NO 35 & 36/2001

Persons requiring registration

Every manufacturer of dutiable excisable goods (including Govt, autonomous corporations).

An importer/FSD/SSD Dealers who desire to issue CENVATABLE invoices

Persons holding private warehouses

Persons who obtain excisable goods for availing end-use based exemption notification

Exporters manufacturing or processing export goods intending to claim rebate of such duty

EOU units procuring goods from DTA or supplying goods to DTA

Registration of factory/warehouse Sec 6 Rule 9 Notification NO 35 & 36/2001

Persons exempt from registration

Persons who manufacture the fully exempted excisable goods, nil rate of duty goods/ non excisable goods
(Declaration to CEO is required)

Persons manufacturing excisable goods by following the warehousing procedure under section 65 of Customs Act (Declaration to CEO is required)

SSI units claiming benefit under a notification turnover up to 150 lakhs
(Declaration to CEO is required)

wholesale trade or deals in excisable goods (except first and second stage dealer,

job-worker of ready-made garments if the principal manufacturer undertakes to discharge the duty liability

100% EOU/FTZ/SEZ already licensed under the provisions of the Customs Act

Procedure for Registration

CBE&C circular No. 662/53/2002-CX dated 17-9-2002

notification No. 35/2001-CE(NT) dated 26-6-2001.

- Application in form A-1 duly filled up and signed along with self-attested copy of PAN should be submitted to AC/DC.
- EOU located in port towns, application should be submitted to DC/AC Customs,
- If PAN is not available, copy of application made for PAN should be submitted

Enclosures required for form A 1

- Self attested Pan Copy and Pan allotment letter
- Ground plan of factory, boundaries details
- Brief write up on the manufacturing process, from the start to end process
- Descriptions and tariff classification of Excisable goods to be manufactured, including waste, scrap. By products, intermediate products etc
- Documents like Partnership deed, MOA, AOA, Board resolution etc

Issue of RC

Scrutiny of application by AC/DC



Registration certificate in form RC will be granted within 7 working days



Reg. No is based on 15 digit PAN (E C C No.)



Range Officer and Sector Officer shall verify address and premises within 5 working days after registration

Other Provisions with regard to registration

- Separate registration is required in respect of separate premises except in cases where two or more premises are actually part of the same factory
- Registration Certificate may be granted to minors if guardians conduct business
- Registration is not transferable.
- Any Change in constitution intimated within 30 days of change. No fresh registration required.
- If there is any change in information given in form A-1, the change should be informed in form A-1

Other Provisions with regard to registration

Closure of business

- Inform
- apply for de-registration.
- Surrender original RC and
- pay duty up to date.
- Declaration should be given that no duty payable and no demand was due

Registration can be revoked or suspended

- if manufacturer or his employee breach of any of the provisions of Central Excise Act or Rules or
- has been convicted under section 161 of Indian Penal Code.

Penalty for non-registration

- Up to duty of contravening goods or Rs. 2,000 whichever is higher
- In addition, Confiscation of goods
- It is also an offence under section 9 of CEA - imprisonment up to seven years (minimum 6 months)

Factory' under Central Excise - Section 2(e)

- Factory means as any premises, including the precincts thereof, wherein or in any part of which, excisable goods are manufactured
- Precincts means area enclosed by compound wall.
- A Canteen, a recreation club, a shed a cycle stand located in side the compound wall will be a factory
- whole premises will be 'factory' if in any of its part, excisable goods are manufactured.
- It is not necessary that factory registered under factories act.

Records for storage of goods

Daily Stock Account of stored goods Rule 10

- Similar to that of Stock Register
- A daily stock has to be maintained by every assessee.
- DSA should be maintained on daily basis, in a legible manner, (Entry once daily)
- Entry in DSA to be made after goods are fully manufactured, duly tested and packed
- In case of three shifts in a factory, entry should be made before completion of first shift of next day.
- DSA shall be preserved for 5 years.

Daily stock Account

Particular of DSA

- Date
- Description of goods manufactured or produced
- Opening Balance
- Quantity produced or manufactured
- Quantity Removed
- Inventory of goods
- Assessable Value
- Amount of duty payable
- Particulars regarding amount of duty actually paid.

Manufacturer or his authorized agent authenticate the first page and last page of such book.

-

Penalty

- for not maintaining/Overwriting and cutting or
- Difference between DSA and Physical Stocks

Penalty payable will be

duty payable on goods or Rs. 2000 which ever is Higher and Confiscation

Clearance of Goods for home consumption Rule 11

- Clearance' means removal of excisable goods from the factory
- Excisable goods can be removed from factory only **under and Invoice'**.

Requirements of Invoice

Rule 11(2)

- Invoice should be serially numbered.
- S No by printing or by franking machine.
- The serial number should start from 1st April and will continue for the whole financial year.
- Before using serial numbers S No shall be intimated to Range Superintendent

Requirements of Invoice

Invoice to be prepared triplicate with suitable marks

- Original shall be marked 'ORIGINAL FOR BUYER'
- Duplicate copy shall be marked 'DUPLICATE FOR TRANSPORTER'
- Triplicate shall be marked 'TRIPLICATE FOR ASSESSEE'.
- Additional Copies if any should be marked as 'NOT FOR CENVAT PURPOSES'.
- Non Compliance of above , goods can be detained or Cenvat credit can be denied

Requirement of Invoice

Contents of Invoice

- Name address, Registration Number of Manufacturer
- Name of proprietor in case of proprietor ship firm, Karta, Head in case of HUF
- Name and address of consignee (buyer)
- Description and classification of goods
- Time and date of removal
- Quantity and Value of goods
- Rate of duty
- Duty payable on the goods.
- Mode of transport
- Name and address of central excise office of assessee jurisdiction.

- Only one invoice at a time to be used
- Separate series of invoice for export and home consumption permitted. Assessee has to just intimate AC / DC.
- Authentication of Invoice - *by owner or authorized person*
- *Invoice* should be in book form
- The invoices can be 'loose leaf' only if Invoices are computerized.
- Cancelled invoices original along with intimation should be submitted to superintendent, same day or next day, Triplicate copy should be retained by assessee for records
- Duty in invoice to be rounded off to nearest rupee (sec 37 D)

Clearance of samples

Samples can be issued normally for

- Trade samples sent to customers for trial
- Samples for test – The tests may be in-house laboratory for quality testing
- Sample for supply against sale contracts or for enforcement of control measures
- Samples for market enquiries by CE Officers

If samples are manufactured duty is payable.

Invoice and rule 11 Procedure to be followed.

Special procedure in case of removal of Cigarettes (Physical Control procedure)

- The procedure of removal of cigarettes is same as above , except
- Value of goods and particulars of excise invoice should be certified by CEO before removal of goods

Supplementary Invoice for differential duty –

- Prepared when Assessee may have to pay differential duty
- For example 8% charged instead of 14%
- S I can be raised for difference 6%
- S I can also be raised in case of provisional assessment or price escalation etc.
- S.I. Should contain cross-reference to the original invoice

Computerization of Invoices (CBEC Manual)

No permission is required.

In Case of running stationery

- the stationery should be pre-printed with all details
- After invoices are prepared, triplicate copy shall be retained in bound book form.

.

In case of Blank stationery

Generation of serial number by computer at the time of printing of invoice

- Computer software should generates number automatically
- same number cannot be generated more than once

Price of goods should indicate amount of duty paid there on Sec 12 A

- Every person liable to pay duty at the time of clearance of goods,
- **prominently indicate** in all documents relating to assessment and sales invoice
- the amount of duty which will form part of price at which goods are sold.

Manner of Payment of Duty Rule 8

**Monthly
Basis**

Due date for payment of Excise duty

Nature of Assessee	Period of removal	Due date
Assessee in General & EOU	April to February	5 th of following month
SSI	April to February	15 th of following month
Assessee in General, EOU & SSI, E payment	March	March 31
In case of E Payment	April to February	6 th and 16 th (for SSI) following month respectively

**EOU now can pay duty on monthly basis
vide notification No 23/2008 dt 23/05/2008**

Duty payment contd.

- If due date is holiday payment can be made on next working day
- Discharge of duty liability only if the amount payable is credited to C. G A/c
- Payment by Cheque the date of presentation of the cheque - subject to realization of that cheque.
- Payment of duty also include **payment of an amount** as per cenvat credit rules

E-payment mandatory

effective 01.04.2007

Applicable to Assessee

- who have paid excise duty of,
 - rupees 50 lakh or more in cash during the preceding financial year. Or
 - who have already paid 50 lakhs in Current FY
-
- Payment is to be made through internet banking.
 - Payment made up to 8 P M will be taken of that day payment

E payment procedure

- Application to Commissionerates to allot 15 digit assessee code (Same as excise registration No)
- Application to assessee bank for net banking user Id and pass world
- Login cbec.gov.in → Easiest E payment GAR 7 challan
- Enter the 15 digit assessee code,
- Validation of code and display of Master data of assessee
- Select excise duty payment, type accounting code of excise, Maximum 6 at a time

E payment procedure contd.,

- data is validated in the NSDL central system, a drop down menu will appear indicating the names of various banks
- Select the bank,
- Challan data will be transmitted to bank site
- Make the payment using with user Id and password
- Print acknowledgement
- Same procedure for payment of service tax also

Interest for delay in payment of Duty

- Delay in payment of duty-Interest 13% p.a
- Payable starting from 1st day after due date till the date of payment of duty.

Assessee delay in payment of duty > 30 days



- the assessee will forgoes Monthly payment facility
- till such date on which all dues including interest thereof are paid
- During the punishment period duty should be made on each consignment basis period without availing cenvat credit
- in the event of any failure, it shall be deemed that such goods have been cleared without payment of duty and penalties can be levied

Example when delay in duty payment exceeds 30 days

- March 2008 duty payable on or before 31.03.2008
- 30 days time limit ends on 30.04.2008
- Assume if assessee pays duty along with interest only on 30.09.2008
- Assessee foregoes monthly payment facility from 01.05.2008
- From 01.05.2008 till 30.09.2008 assessee has to pay duty on each consignment basis without availing Cenvat credit

GAR-7 Challan

Excise duty is to be paid using G A R 7 Challan.

Particulars of Challan

- Serial number
- Name, address and Telephone number of assessee
- Excise Commissionerate, Division and Range
- Account head of duty (computer code decided by Excise dept)
- 15 digit E C C Number
- Details of cash/cheque/demand draft.
- Code of branch of Bank.
- The challan should be serially numbered, from 1st April onwards -
- Payment in Bank with signature of Assessee
- Countersignature of excise officer is not necessary -
- Cenvat credit only of inputs received up to end of month.

.

- After payment assessee should ensure the counter foil should contain with
- bank seal, BSR code of branch (7 digits) Date of deposit (8 digits) and challan serial number (5 digits).
- Total 20 digits known as CIN (challan identification Number) and it should be quoted in return

Personal Ledger Account (PLA) /Current Account

Maintenance of PLA

- P L A is duty payment register
- Assessee should pay duty through PLA.
- No specific permission is necessary.
- The PLA debited with duty payable is credited when duty is deposited in bank by GAR 7 challan

PLA contains following details

- Serial No., and date,
- Details of debit like duty payable details credit for duty paid like GAR 7 challan number, date and amount for each subhead of excise
- details of balance

Personal Ledger Account (PLA)

- PLA has to be maintained in triplicate using indelible pencil and both sided carbon
- Each entry should be serially numbered and should be made on a separate line.
- The running serial number should start from 1 every financial year.
- Both debit and credit entry should not be on same line

Personal Ledger Account (PLA)

- PLA and Cenvat credit should be used only for payment duty and not for other payments like fines, penalties etc
- Corrections are not allowed.
- If any correction is necessary, the original entry should be neatly scored out and attested by assessee.
- Two copies of PLA and copies of GAR 7 receipted challan shall be submitted along with Excise return
- Form of PLA has been prescribed in Annexure 8 of CBE &C's CE Manual, 2001.

Format of PLA

[illegible]

Periodical Returns Rule 12

Name of Return	Description of Return	whom should file	Due Date
ER 1	Monthly Return by large units for Production removal of goods	Large Units	10 of the following Month
ER 2	Monthly Return by E O U for Production removal of goods	E O U	10 of the following Month
ER 3	Quarterly Return by SSI units for production/removal of goods	SSI	20th of the following Quarter
ER 4	Annual Financial Information	Assesse paying duty Rs. 1 Crore or more Through P L A	30 th November of following F Y

Periodical Returns Rule 12

Name of Return	Description of Return	whom should file	Due Date
ER 5	Information relating to Principal inputs	Assesse paying duty Rs. 1 Crore or more Through P L A	30 th April of F Y, Any change revised with in 15 days
ER 6	Monthly return relating to Consumption of Principal inputs	Assesse paying duty Rs. 1 Crore or more Through P L A	10 of the following Month
ER 7	Annual Installed Capacity Statement Declaring annual capacity Of Production	Assesse paying duty Rs. 1 Crore or more Through P L A	30 th April of F Y,
Dealer return	Quarterly return for Cenvat credit duty passed	FSD/SSD	15 th of the following Quarter

Requirements of return

- The return should be on basis of 8 digit Tariff Heading, i.e. there should be separate details about each product having different classification at 8 digit level. If same product attracts different rates of duty, all rates should be mentioned separately, even if such different rates are within the same month.
- If goods are cleared for export under bond, these should be indicated separately
- Quantity should indicate relevant abbreviation e.g. cm, g, kg, kl, m, mm, t (for Tonne), u (For Number)etc.
- Value indicated should be as per Sections 4, 4A or tariff value as applicable.
- In case of exports, ARE-1/ARE-2/Invoice value should be indicated.
- If duty on some invoices is paid on provisional basis, the details are required to be given in the ER-1/ER-3 return.

Records and Returns Contd

Submission of list of records Rule 22(2)

- Every assessee should submit a list in duplicate of all records Prepared or maintained by him
- For receipt, purchase,
- Manufacture, storage,
- Sale or delivery of goods
- for inputs and capital goods.

The above records and Cost Audit Report, Income Tax Audit Report u/s 44AB of Income Tax Act Should be submitted for scrutiny to Range officer, Audit persons

In case of more than one factory separate records for each factory to be maintained.

Meaning of 'record' (CBEC Manual Chapter 6 part I Para 2.2)

- All accounts, agreements,
- invoice, price list,
- return, statement or
- any other source document, whether in writing or in any other form,
- sales invoice, purchase invoice, journal voucher,
- delivery challan and debit or credit notes. -

Electronic records (CBEC Manual Chapter 6 Part III)

- No need for specific permission from the Department and need to give any intimation to the Department.
- The records can be kept on any electronic media, such as hard disk, floppies, CDs or tapes, and in readable format
- The printouts must be taken out at the end of each month and kept in bound folders, separately for each type of record, return, documents
- The person should ensure that proper back-up records
- Records should be preserved for 5 years from the following F Y which it relates.
- He shall also provide account of the audit trail and inter-linkages including the source documents
- In case any person is found to be misusing this facility or not providing access to the information to CEO, the CEO can prohibit the assessee from maintaining electronic records
-

Electronic filing of Returns

- CBE&C has introduced the facility of filing the monthly/quarterly excise returns electronically.
- This facility of e filing of excise returns made effective from 30.06.2004 and it is optional.
- To avail the facility of e filing submits an application in the prescribed form to CEO for user Id and Password
- Login in to exciseandservicetax.nic.in
- Log in with User ID (normally your ECC No) and Password from the Department,
- Select the appropriate return form ER 1/ER 2/ etc
- Fill the data
- Submit the form

JOB WORK

Meaning-- Notification NO 214/86

- processing or working upon of raw materials or semi-finished goods
- Process or working is to complete a part or whole resulting in the manufacture or finishing of an article
- Any operation which is essential for the aforesaid process.

Persons eligible to send materials for job work

- (a) Manufacturers
- (b) Exporters
- (c) Units in SEZ, EOU, EHTP & STP
- (d) persons supplying U N O etc

Inputs that can be sent for job work

- All inputs except diesel petrol and oil, filament yarn
- Job worker can use his own material and recover charges therefore from the principal manufacturer

Duty liability in case of Job Work

- If the process is a manufacture job worker has to pay duty.

Job worker will exempt from payment of duty in the following cases Notification 214/86

- Should not receive material from trader or buyer/receive material only from manufacturer,
- The manufacturer should give declaration that he will undertake duty liability
- After the job work, processed material, balance unused material and scrap Should be returned to supplier.

Exemption from duty when material received under Cenvat provisions

- Material received by a manufacturer under CENVAT can be sent to a job worker
- He should material brought back by the manufacturer for further processing.
- In such cases, there is no duty liability on the job worker and he is exempted from the same.

Large tax payer units

Meaning of Large tax payer unit

- Who is presently assessed to income tax in any of the five cities (Bangalore, Chennai, Delhi, Kolkata or Mumbai)
- and
- registered premises under the Central Excise or service Tax
- and an assessee under the IT Act, 1961, who holds a PAN

who has paid during financial year 2004-05

- excise duty/service tax in cash (account current) of Rs 5 crore or more; or
- advance (income) tax/corporation tax of Rs 10 crore or more

- A large taxpayer who satisfies the conditions may file an application to the Chief Commissioner of Central Excise, indicating his willingness to be a large taxpayer.
- He can avail facility of all the excise, service tax and income tax at one place in single window clearance. However the scheme is only optional.
- Government setup LTP units and appoint Client executive for administration

Procedure for LTP units

LTP Can Avail the following facility-

- Can remove excisable goods, except petrol and diesel oil without duty to any person registered premises except FSD/SSD
- Removal should be with invoice or transfer challan
- The goods can be cleared for Home consumption or export within 6 months from the date of sending the material
- If not cleared the recipient premises has to pay duty and interest u/s 11 AB
- The transfer challan or invoice should contain similar particulars of invoice Rule 11

-

Procedure for LTP units

- A large taxpayer shall submit the monthly returns, as for each of the registered premises.
- A large taxpayer, on demand, may be required to make available all records in electronic media, such as, compact disc or tape for the purposes of carrying out any scrutiny and verification as may be necessary.
- Availment of LTP scheme is optional
- A large taxpayer may, with intimation of at least thirty days in advance, opt out to be a large taxpayer from the first day of the following financial Year.

Power to impose restrictions in certain types of cases.

Central Government, if necessary in the public interest to provide for certain measures

Consideration for taking measures

- Extent of evasion of duty,
- Nature and type of offences or
- Such other factors as may be relevant

Measures:

- May place restrictions on a manufacturer, FSD/SSD or exporter, specify nature of restrictions including suspension of registration in case of a dealer
- Types of facilities to be withdrawn
- Procedure for issue of such order by an officer authorized by the Board.

Power to impose restrictions

The circumstances under which the restrictions are place

- Removal of goods without the cover of an invoice and without payment of duty; removal of goods with out Correct Value
- Excess sale price realized not accounted;
- Availing CENVAT Credit without the receipt of goods/ specified documents
- Availing CENVAT Credit on invoices or other documents which a person has reasons to believe as not genuine
- issue of excise duty invoice without delivery of goods specified in the said invoice;
- claiming of refund or rebate which are not genuine

Excise Administration

Central Board of Excise and Customs
(CBEC)

Chief Commissioner/Director General

Commissioner/Commissioner (Appeals)

Additional/Joint Commissioner

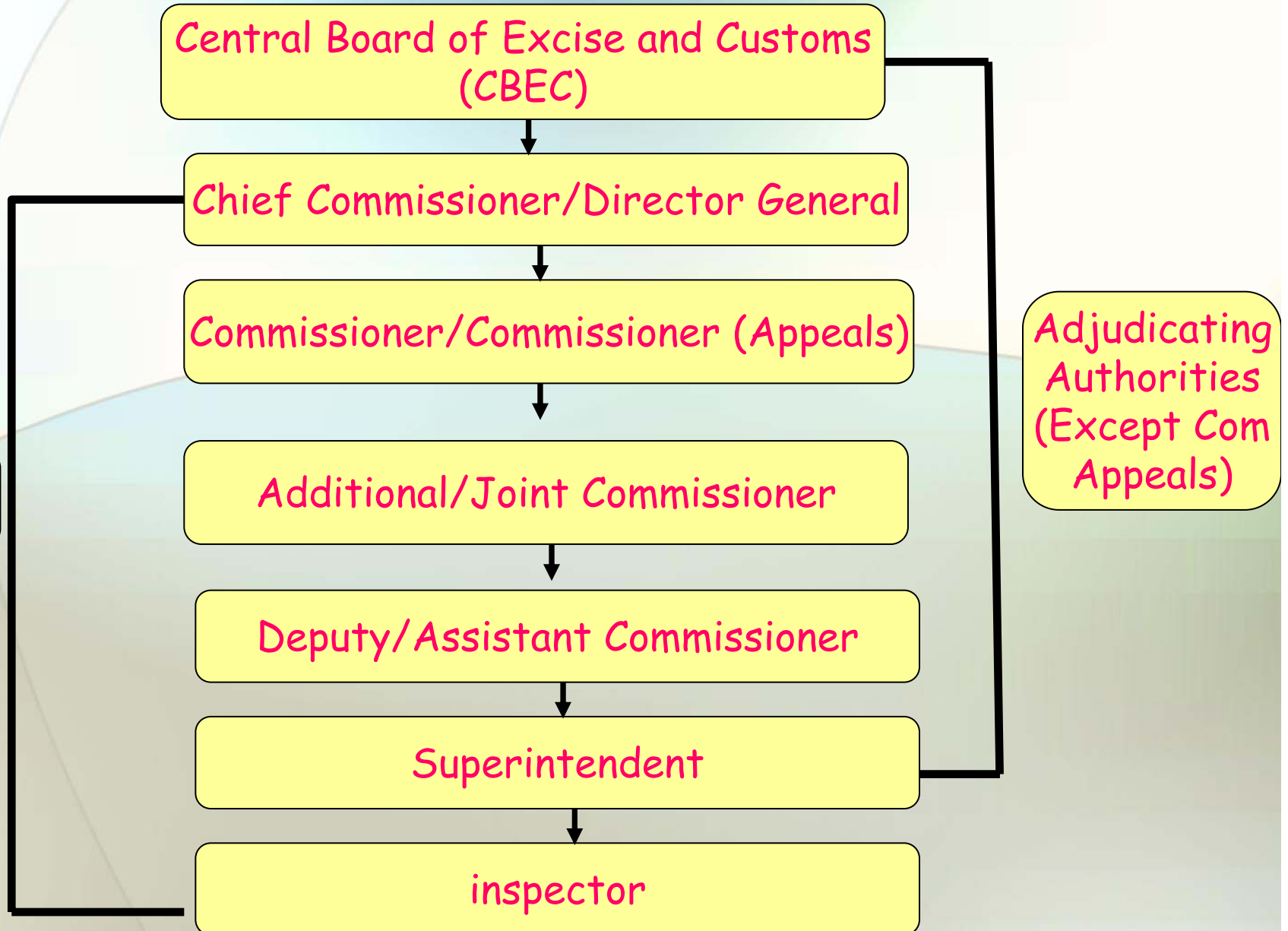
Deputy/Assistant Commissioner

Superintendent

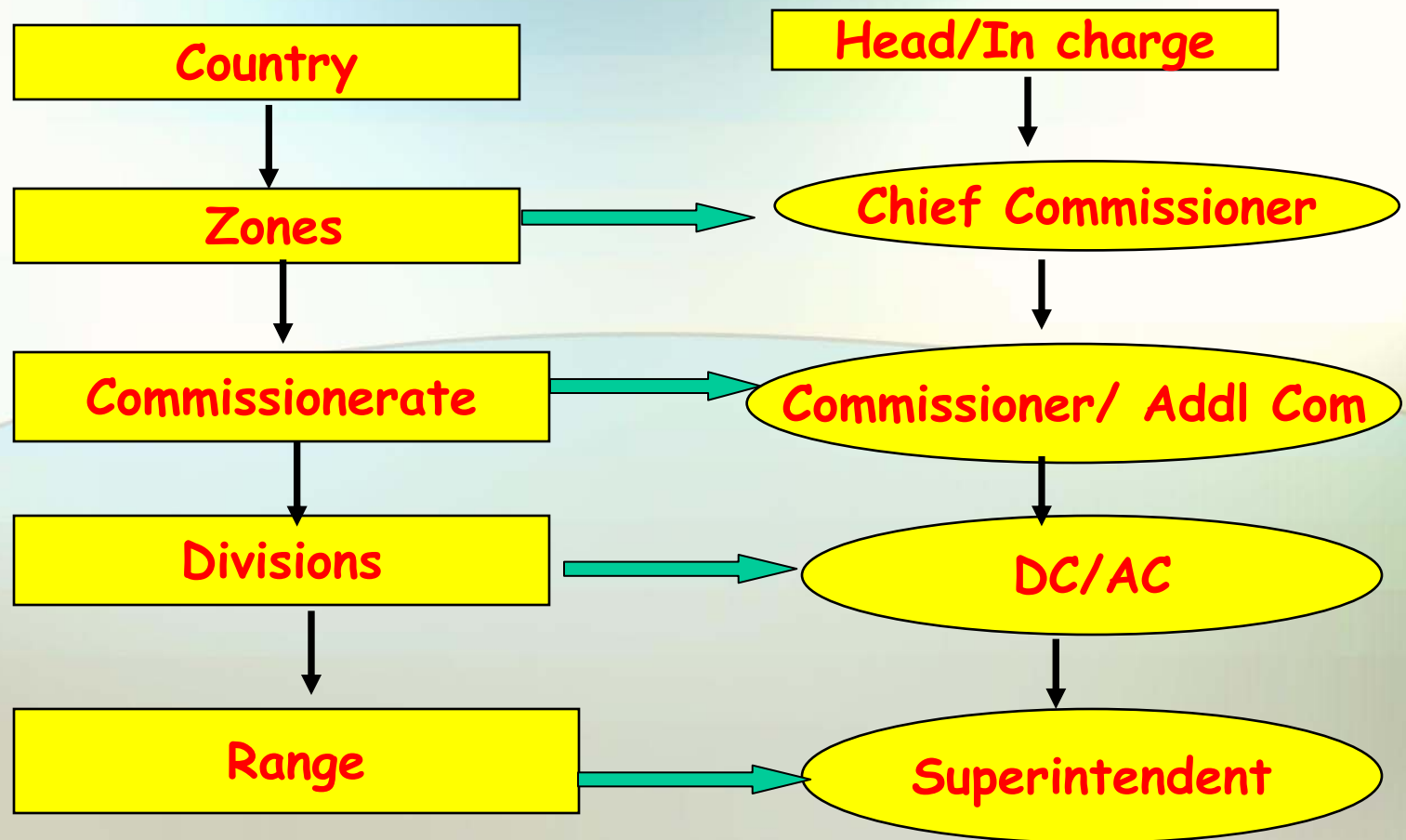
inspector

Adjudicating
Authorities
(Except Com
Appeals)

CEO



Segregation of excise functions



Excise Administration Contd.,

Board - CBE&C.

- Formed under Central Boards of Revenue Act, 1963. Head Quarter in New Delhi
- Consisting of six to seven members, headed by Chairman,
- Chairman has powers to administer the Excise Act/distribute work
- Central Excise Rules authorizes Board to appoint Central Excise Officers. Rule 3(1)
- Board can exercise all powers conferred on these officers under the Central Excise Act.
- Board can authorize CC/C/JC/DC/AC to appoint officers below rank of AC.
- Section 37B of CEA authorizes Board to issue orders, instructions and directions to Central Excise Officers
- Similar Provision in section 4(1) and 151 A of Customs Act

Excise Administration Contd.,

Chief Commissioner of Central Excise

- Country is divided in several zones.
- Each 'zone' is under supervision of '*Chief Commissioner of Central Excise*'
- Board Specify the jurisdiction of Chief Commissioner, Commissioner or Commissioner (Appeals).

Commissioner of Central Excise

- Each 'zone' covers various Commissionerate and
- Commissioner of Central Excise (CCE) is Administrative in-charge of the 'Commissionerate

Additional Commissioner of CE –

- There may be one or more Additional Commissioner in a Commissionerate.
- Restrictions on powers of Additional Commissioner have been placed through administrative instructions.
- Commissioner has unlimited powers of adjudication, while Addl Commissioner has restricted powers of adjudication.

Deputy Commissioner, Assistant Commissioner

- Each Commissionerate of Central Excise is divided into divisions
- Each division is under administrative control of 'Deputy Commissioner' or 'Assistant Commissioner of Central Excise'
- Assistant Commissioner (Senior Scale) is designated as 'Deputy Commissioner'
- Both Assistant Commissioner and Deputy Commissioner have same powers.

.

Superintendent

- The division under each Deputy / Assistant Commissioner of Central Excise is further divided into various ranges
- Each range is under control of Superintendent of Central Excise, who is of the rank of a Gazette Officer.
- Inspectors work under Superintendent and some powers have been delegated to them. Inspectors are not a Gazette Officers

POWERS OF CENTRAL EXCISE OFFICERS

Access to registered premises. Rule 22

- An officer empowered by the Commissioner shall have access to any registered premises
- He can carry out any scrutiny, verification and checks .
- Every assessee, and FSD & SSD shall furnish to the officer, a list in duplicate of all the records
- Records and Audit reports make available to the officer or the audit party

POWERS OF CENTRAL EXCISE OFFICERS

Visit Book of Excise Officers

- Each factory is required to maintain a visit book in prescribed form.
- Inspector and Superintendent visiting the factory are required to fill in the book.

Restrictions on visit to SSI

- Excise Officers and departmental audit parties can visit SSI units for specific purposes only and on specific written permission of Assistant/Deputy Commissioner.

POWERS OF CENTRAL EXCISE OFFICERS

contd

Excise officer stop conveyance, search and seize:

- If he has reason to believe that the goods are being carried with the intention of evading duty.

Power to detain or seize the goods Rule 24 of Central Excise Rules.

- any goods, which are liable to excise duty but no duty, is paid thereon or
- the said goods are removed with intention of evading the duty payable thereon,

POWERS OF CENTRAL EXCISE OFFICERS

Excise officer can issue Summons: Section 14 of CEA

- Excise Officers to issue summons.
- Asking a person to appear before the named authority and give evidence and produce documents or other things.
- Person summoned is bound to attend and state the truth upon the required subject

Excise officer arrest a person

- An Excise Officer not below the rank of Inspector, to arrest a person whom they have '*reason to believe*' to be liable to be punished under provisions of the Act
- Such arrest can be only with prior approval of Commissioner of Central Excise. [Section 13].

End of Chapter



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Export Procedure

Exports- No Excise duty. But Control necessary to avoid goods divert for home Consumption

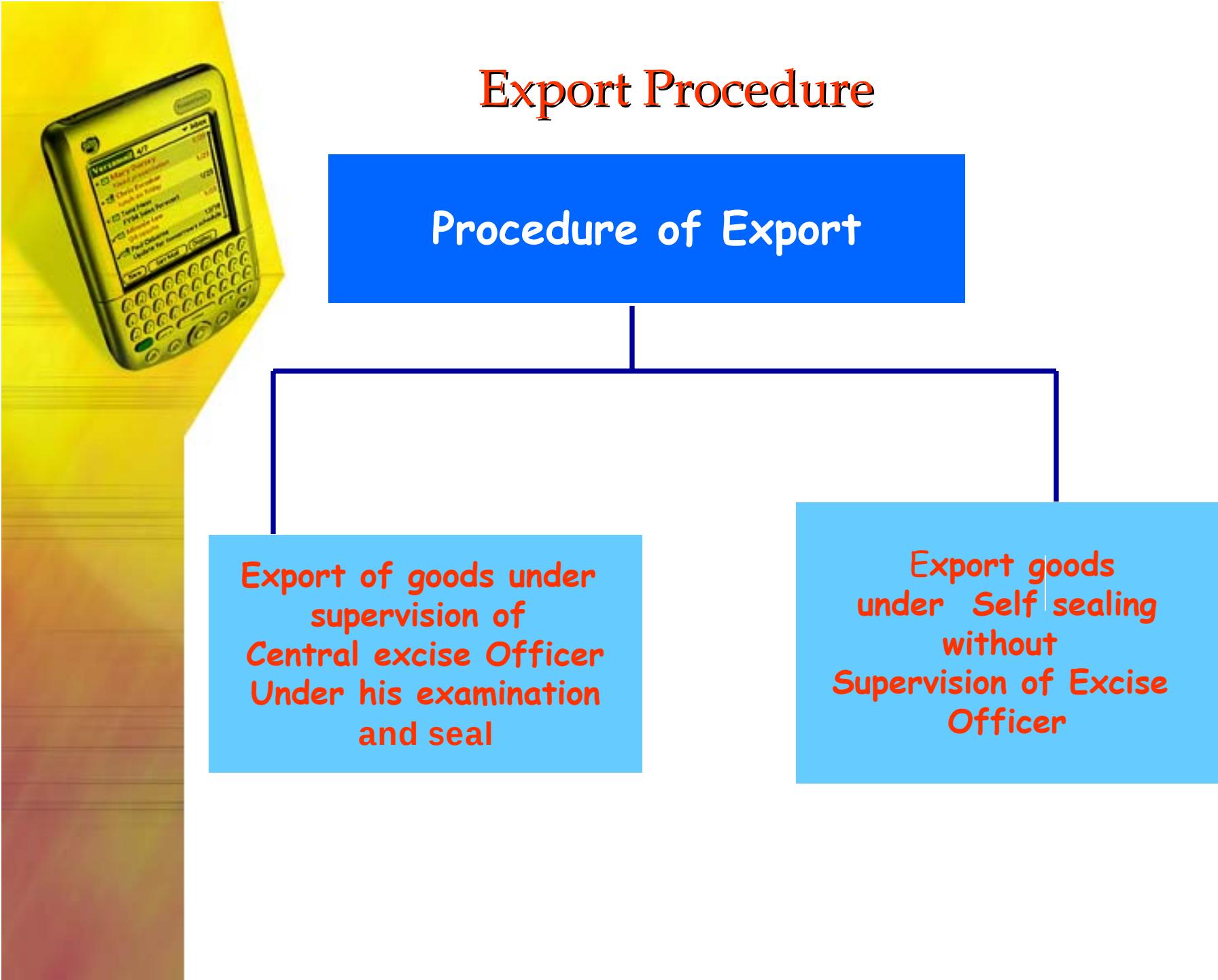
Methods of Export

Duty Paid on removal and after Completion of Export refund/rebate is claimed
(Rule 18)

Export of goods under bond without payment of excise duty.
Release of Bond after Export
(Rule 19)

Export Procedure

Procedure of Export



Export of goods under supervision of Central excise Officer Under his examination and seal

Export goods under Self sealing without Supervision of Excise Officer

Export procedure under supervision of C E O

Phases of export procedure



Step 1

Prepare ARE I & Invoice

- Application for removal Excisable goods in ARE I
 - Time Limit 24 hours before removal
 - 5 Copies of ARE I
 - Original White
 - Duplicate Buff
 - Triplicate Pink
 - Quadruplicate Green
 - Quintuplicate- Blue
 - Color band can also used
- Prepare Invoice Under Rule

11

Step 2

Particulars of ARE I

Similar to that of Invoice

Additional Particulars

1. Duty paid/Bond details
2. Amount of rebate Claim
3. Certification of CEO in part A
4. Certification of Customs officer in Part B
5. Rebate sanction order.

Duty to be paid or Bond/LOU to be executed

Step 3

Inspection and endorsement

CEO Verify invoice, ARE I

- Physical Verification of goods
Sampling test if require
- Verification of Value
 - Certification and Endorsement of ARE I
 - 2 Copies retain and 2 copies handover to assessee
 - CEO seal the packets
 - Out of 2 copies retain one will send by CEO to maritime commissioner

Step 4

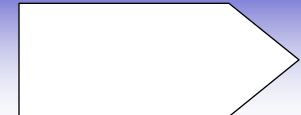
Exporting

Export should be made With in six months

- Submission of documents by mfgr.
- No Physical verification at port unless seals tampered
- Certification by customs officer in Part B of ARE I
- Manufacturer has to submit ARE I and Other documents to claim rebate

Export procedure under Self Sealing By assessee

Phases of export procedure



Step 1

Prepare ARE I & Invoice

- Application for removal Excisable goods in ARE I
- Time Limit 24 hours after removal
- 5 Copies of ARE I
- Original White
- Duplicate Buff
- Triplicate Pink
- Quadruplicate Green
- Quintuplicate- Blue
- Color band can also used
- Prepare Invoice Under Rule 11

Step 2

- Particulars of ARE I
Similar to that of Invoice
Additional Particulars
1. Duty paid/Bond details
 2. Amount of rebate Claim
 3. Certification of CEO in part A
 4. Certification of Customs officer in Part B
 5. Rebate sanction order.

Duty to be paid or Bond/LOU to be executed

Step 3

Inspection and endorsement

- No CEO Verification
- Certification of all copies of invoice & ARE I by assessee
- Self Sealing
- Verification of Value
- No Endorsement of ARE I by CEO
- 2 Copies Duplicate and Triplicate should be send to CEO
- One will retain by CEO one will send to MTC

Step 4

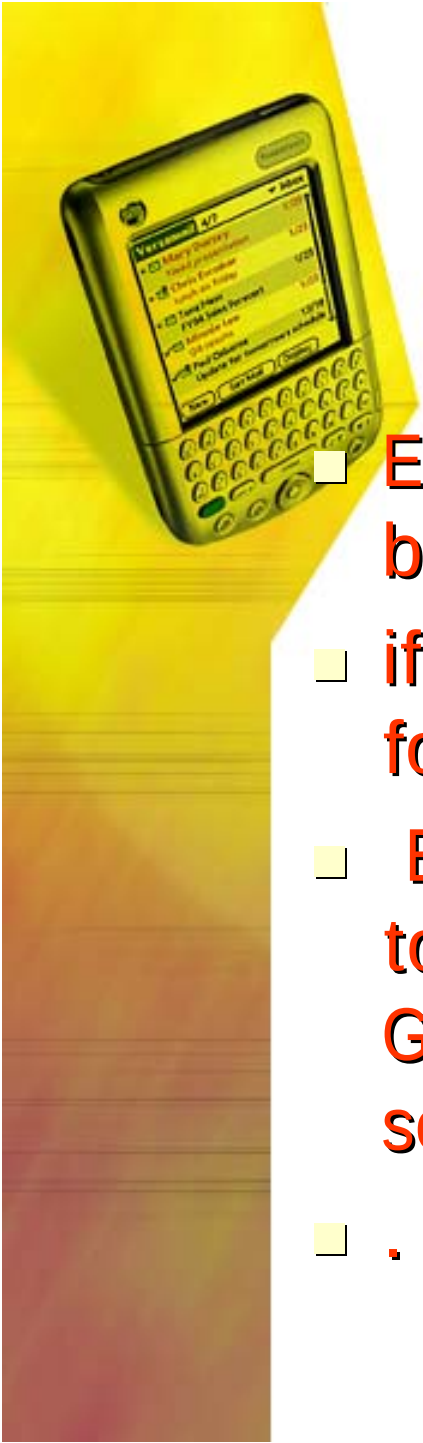
Exporting Export with in 6 months

- Submission of documents by mfr.
- verification at port
- Certification by customs officer in Part B of ARE I
- Manufacturer has to submit ARE I and Other documents to claim rebate



Exports to Nepal and Bhutan

- India has Rupee traded with Nepal and Bhutan and hence export incentives are not available
- The clearance should be on normal Invoice on payment of duty.
- Invoice should mention 'For Export to Nepal/Bhutan'
- Extra copy of Invoice should be made, which is to be used at India-Nepal border



Export to Nepal/Bhutan without payment of duty

- Export to Nepal/Bhutan are allowed under bond without payment of duty
- if payment is to be received in convertible foreign exchange *or*
- Export of specified capital goods exported to Nepal against global tender issued by Government of Nepal or export against some specified projects.
- .

Procedure Notification No. 45/2001- dated
26.6.2001 / Chapter 7 Part IV of CBEC Manual,
2005

- the importer of the goods in Nepal or Bhutan, shall make full payment for said goods /open Irrevocable L C
- Exporter has to furnish bond in specified in annexure
- Exporter has to furnish specified form in Annexure 8 (in case LC) from bank that money was fully received.
- After satisfaction of above bond will be discharged



Cancellation of export documents

- When he want to change export destination, old forms can be cancelled and new forms to submitted to CEO with request, or necessary changes can be made in old forms
- Not able to export for any reason and diverted for home consumption
- Request CEO where LOUT/Bond executed for cancellation of ARE I and Invoice.
- Pay duty along with interest 24%
- Bond/LOUT will be discharged

LOUT & Bonds under excise

When goods are exported without payment of duty

- Manufacturer has to execute -Letter of Undertaking- LOUT
- Other Persons has to execute-Bond

LOUT

- Submitted by Manufacturer to CEO/Maritime commissioner in form UT-1
- Executed in favors or President of India through CEO
- Contains the particulars of manufacturer and registration number

Manufacturer has to declare that

- Export goods with in 6 months
- Comply with excise rules, regulations, Act
- Export the goods to the satisfaction of AC/DC
- Duty, interest will be paid in event of failure to export

LOU should be accepted by C E O



Surety Bonds



- Surety bonds are covered Indian of Contract Act.
- In Surety Bond, another person stands as surety to guarantee the performance
- Surety should be for full value of bond
- Surety should be solvent to the extent of bond amount.
- The department is at liberty to enforce the recovery of dues either from the obligor or from the surety. -

Security Bonds



- Executed where security is offered instead of guarantee
- Security can be in nature of Post Office saving deposit, NSC, Bank Deposits, **Govt. Securities etc**
- Bank Guarantee can also be accepted as surety/security

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Particulars of Bonds



- Name address, registration no of assessee
- Declaration about compliance of rules, regulations,
- Surety liability clause, damages etc.
- Bond should be accepted by CEO

Forms of Bonds



Bonds are of different nature and for various purposes.

Forms of bond etc. have been standardized.

The main bonds are as follows:



B-1 general bond

- The bond is for due dispatch of excisable goods removed for export without payment of duty.
- The bond can be with surety or security.

B-2 Bond

- This is a General Bond for provisional assessment.
- It can be with security or surety.



B-4 Bond



- The bond is for provisional release of seized goods.
- It can be only security bond.
- Bond should be for whole value of seized goods.
- Amount of security will be as determined by adjudicating authority taking into consideration of gravity of offence (normally 25%)



B-8 Bond

- This bond is for obtaining goods at Nil or concessional rate of duty under Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules.

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- However, old B-11 form should be used to clear seized goods on provisional basis. –

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- This is a general surety / security bond to be executed by EOU, EHTP/ STP units.
- It is for provisional assessment of goods for export of goods to foreign countries without payment of duty and
- for account / disposal of excisable goods procured without payment of duty..

Receipt of goods as return, for repair, rectification recondition

Return of material

Sales return of earlier
Duty paid goods or
Duty paid exported goods
Not exported bring back to
factory

Cenvat credit can be
Taken (reversal of earlier
Payment)- Invoice should receive back

Received for repair
rectification ,recondition

Cenvat credit can be
Availed if received along with
duty Paying document-(Invoice))

Removal after repair etc

If process is
Manufacturing

Pay duty based on
Transaction Value
(Take Cenvat credit)

If process is not
Manufacturing

Pay an amount of
Credit availed
(reversal of credit)



Bringing goods for repairs, re- making , Recondition etc .Rule 16

- Assesses can take Cenvat credit of duty paid as if such goods are received as inputs under Cenvat Credit Rules.
- All such goods brought back should be accompanied by duty paying document,
- If No such document Prior permission from Commissioner is required before bringing such goods to the factory

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Removal after repairs / re-making etc.

- At the time of clearance, duty should be paid under Invoice as follows –
- If the process carried out on the goods brought amounts to manufacture, assessee should pay duty at the rate applicable on date of removal.
- If the process does not amount to manufacture, and amount' equal to Cenvat credit taken at the time of receipt of final product is payable.
- The buyer can avail Cenvat credit of this 'amount'. [Rule 16(2)].



Credit on duty paid goods return to Factory Rule 16

When buyer returns goods or reject the goods as they the goods can be brought back.

- There is no time limit and goods can be brought any time.

Procedure to be followed.

- Goods should accompany duty paying document
- Intimation to Superintendent with in 24 hours of receipt
- Assessee should wait 48 hours to enable CEO to verify
- Such goods should be stored separately from non duty paid goods.
- Cenvat credit can be availed.

At the time of clearance

- duty payable if any process done which amount to manufacture on Assessable value
- If no process cenvat credit availed should be reversed



Removal of excisable semi finished goods for Certain purposes Rule 16 B

- The Commissioner of Central Excise may by special order and subject to conditions permit a manufacturer
 - to remove semi finished excisable goods for carrying out certain manufacturing processes, to some other premises
 - After the process the goods can be bring back to factory
 - The manufacturer can remove these goods for home consumption with payment or duty or for export without payment of duty from such other registered premises.



Removal of excisable goods for test or for any process not amounting to manufacturing Rule 16 C

- The Commissioner of Central Excise may by special order and subject to conditions permit a manufacturer to remove semi finished excisable goods for carrying out certain manufacturing processes, to some other premises
- After the process the goods can be bring back to factory
- The manufacturer can remove these goods for home consumption with payment or duty or for export without payment of duty from such other registered premises.
- This rule shall not apply to the goods known as "prototypes" which are sent out for trial or development test.



Procedure contd.,

- The processor shall fill up the particulars of date and time of removal of goods before the clearance of goods and after such clearance the processor shall intimate to the said person,
- the date and time of the clearance of goods for completion of the particulars by the said person in the triplicate copy of the invoice.
- The processor shall clear the goods after filling in invoice the time and date of removal and authentication of such details.
- The rate of duty on such goods shall be the rate in force on date of removal of such goods from the premises of the processor and
- no excisable goods shall be removed except under the invoice.

Removal of Goods By EOU to DTA

(Rule 17

Procedure

- Invoice is to Prepared under Rule 11
- The duty is paid thorough debiting PLA (50% of aggregated of customs duties and CVD)
- Cenvat credit can be availed (Based on the restricted formula)
- Duty payment monthly
- Daily Stock Account should be maintained in Form AC 1 with the Particulars similar to Rule 10 DSA
- The unit should submit monthly return in ER2 by 10 of the following month.



Procedure for clearance to warehouse Rule 20



- Goods are removed from factory on payment of duty. However, in respect of certain goods, provision has been made to store the goods in warehouses without payment of duty.

Applicable to following goods.

- Petroleum products such as benzene, toluene and xylene
- Goods transferred to customs bonded warehouse as 'Stores'.
- Goods removed by export houses or star trading houses for subsequent exports under rule 18 or rule 19 of Central Excise Rules - Notification No. 46/2001-CE(NT) dated 26-6-2001

Ware house procedure contd.

Procedures to be followed

- Consignor is required to prepare application in quadruplicate in form ARE III
- Warehouse should be registered under excise provisions
- He is also required to prepare invoice under rule 11
- Three copies of application and duplicate of invoice should be sent along with goods to consignee.

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Ware house procedure contd.

- On arrival at destination, Consignee has to verify the goods notify the discrepancy if any.
- Consignee will send original to his range superintendent duplicate with endorsement (rewarehousing certificate) to the consignor
- Range superintendent of consignee will counter sign ARE II and send his counterpart of consignor.
- If re-warehousing certificate is not received within 90 days, consignor shall pay the duty.

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Ware house procedure contd.

- Proper accounts shall be maintained at the warehouse. He will be responsible for payment of duty, penalty etc.
- Registered person can keep only goods belonging to him and not to someone else. He can keep other's goods only with permission of Commissioner.
- Owner of warehouse can sort, pack or repack the goods in warehouse and make such alterations as may be necessary for preservation, sale or disposal thereof.
- Maximum period of storage in warehouse 90 days

Receipt of Goods at concessional rate of duty contd.,

- The removal details will be recorded on the application by the supplier-manufacturer.
- Proper accounts should be maintained for Goods
- Goods should be used only for intended purpose (mere intention is not sufficient)
- Clearance to another unit under same procedure



Receipt of Goods at concessional rate of duty contd.,

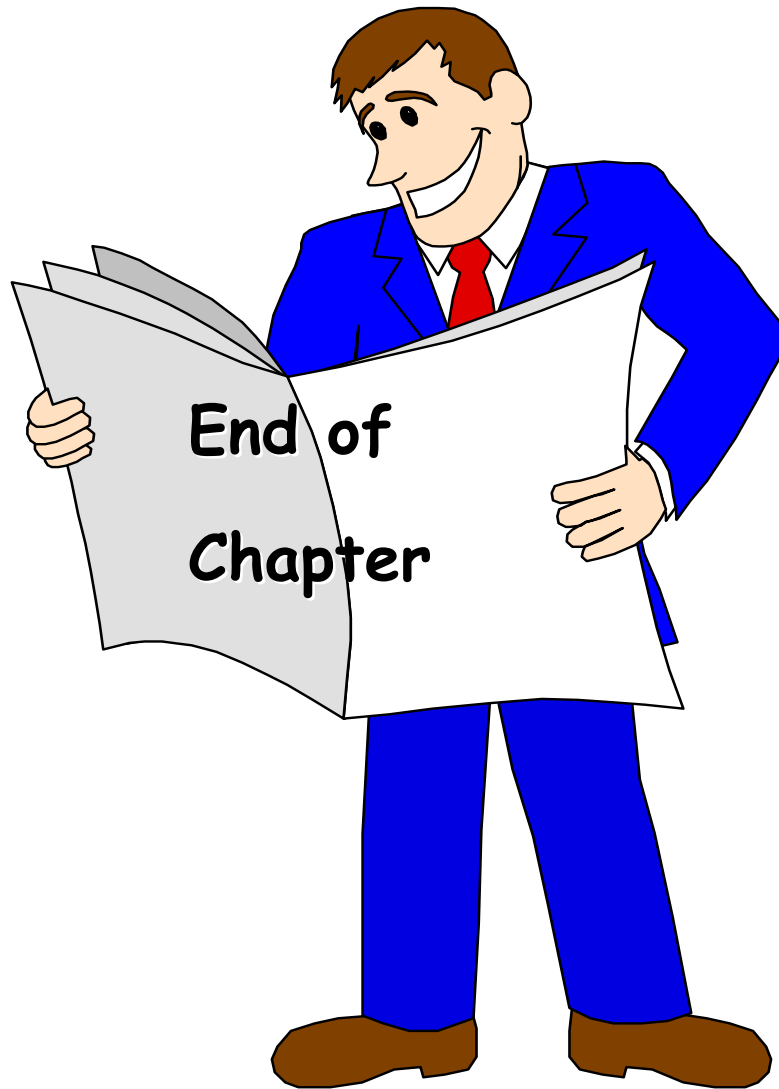


Return of goods to supplier

- The Supplier will add this return to his non-duty paid stock (in Daily Stock Account) and then deal with it.
- Monthly return should be submitted by procurer in prescribed form given in Annexure II by 10 of the following month. Regarding quantity received, used and balance etc)

Goods lost or destroyed during transport –

- it will not be treated as 'used for intended purpose'. differential duty and interest will become payable. –



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