

GENERAL PROCEDURES UNDER CENTRAL EXCISE

Question 1

Explain briefly "Annual Financial Information Statement" under the Central Excise Rules, 2002.

(3 Marks) (May 2011)

Answer

Annual Financial Information Statement is a return to be submitted in Form-ER-4. It is to be submitted by every assessee to the Superintendent of Central Excise for the preceding financial year by 30th November of the succeeding year [Rule 12(2)(a) of the Central Excise Rules, 2002].

The Annual Financial Information Statement has to be submitted electronically if the manufacturer of final products has paid excise duty of ₹ 10 lakh or more including the amount of duty paid through cenvat credit in the preceding financial year.

The following assessees have been exempted from the submission of ER-4:

- (i) An assessee who pays less than ₹ 1 crore of excise duty during the financial year to which ER-4 relates.
- (ii) Indian Ordnance Factories, Department of Defence Production and Ministry of Defence.

Question 2

Briefly state the provisions of the Central Excise Rules, 2002 relating to electronic payment of excise duty and electronic filing of returns.

(4 Marks) (Nov 2010)

Answer

The Third proviso to Rule 8(1) of the Central Excise Rules, 2002 provides that an assessee, who has paid duty of ten lakh rupees or more, including the amount of duty paid by utilization of CENVAT credit, in the preceding financial year shall thereafter, deposit the duty electronically through internet banking.

Fourth proviso to Rule 12(1) provides that where an assessee has paid total duty of rupees ten lakh or more including the amount of duty paid by utilization of CENVAT credit in the preceding financial year, he shall file the monthly or quarterly return, as the case may be, electronically.

Question 3

Explain the validity of the following statement with reference to the Central Excise Laws, as amended:

Records seized by Department during investigation but not relied upon in the show cause notice should be returned within 30 days of issue of show cause notice. (1 Mark) (May 2010)

Answer

Yes, the statement is valid as per **rule 24 A** of the Central Excise Rules, 2002 inserted w.e.f. 7.7.2009.

Question 4

Briefly mention any four categories of persons who are exempted from obtaining registration under rule 9(2) of the Central Excise Rules, 2002. (2 Marks) (Nov 2009)

Answer

Central Board of Excise and Customs, as per the power given under **rule 9(2) of the Central Excise Rules, 2002, vide Notification No.36/2001-CE. (NT) dated 26.06.2001** has exempted the following specified categories of persons from obtaining registration:

- (i) Persons who manufacture the excisable goods, which are chargeable to nil rate of duty or are fully exempt from duty by a notification subject to the declaration to be made in a specified form.
- (ii) Small scale units having the slab exemption based on value of clearances under a notification. However, they have to give the declaration when their clearances touch ₹ 90 lakh.
- (iii) In respect of final products falling under chapter 61 or 62, (textile goods), the job-worker need not get registered if the principal manufacturer undertakes to discharge the duty liability. If the job worker undertakes to pay the duty, the principal manufacturer need not get registered.
- (iv) Persons manufacturing excisable goods by following the warehousing procedure under the Customs Act, 1962 subject to certain prescribed conditions.
- (v) The person who carries on whole sale trade or deals in excisable goods except first and second stage dealer, as defined in the CENVAT Credit Rules, 2004.
- (vi) A hundred percent Export Oriented Undertaking or a unit in EPZ or a unit in SEZ licensed

or appointed; as the case may be under the Customs Act, 1962 if they do not procure excisable goods from Domestic Tariff Area or do not remove excisable goods to Domestic Tariff Area.

- (vii) Persons who use excisable goods for any purpose other than the processing or manufacture of goods availing benefit of concessional duty exemption notification.
- (viii) Person who gets his goods manufactured on his account from any other person subject to the conditions that the said person authorizes the person actually manufacturing or fabricating the said goods, to comply with all procedural formalities under the Central Excise Act, 1944 and the rules made there under and to furnish information in order to enable the determination of value of the said goods.
- (ix) Manufacturing units manufacturing recorded smart cards if the manufacturer has a centralized billing or accounting system in respect of such goods manufactured by different units and he opts for registering only the premises or office from where such centralized billing or accounting is done.
- (x) Mines engaged in production/manufacture of specified goods (coal etc.) if the producer /manufacturer has a centralized billing/ accounting system in respect of such goods produced by different mines and opts for registering only the premises or office from where such centralized billing or accounting is done.

(Any four points may be given.)

Question 5

Explain the special facility available to a large tax payer under rule 12BB of Central Excise Rules, 2002 in respect of intermediate goods and the conditions required to be satisfied for availing the said facility.
(6 Marks) (June 2009)

Answer

Rule 12BB of Central Excise Rules, 2002 provides that a large tax payer may remove excisable intermediate goods, without payment of excise duty, from any of his registered premises to his other registered premises for further use in the manufacture of other excisable goods (subject goods).

For this purpose, he should satisfy the following conditions:

1. Either of the following conditions must be satisfied:-
 - (i) Subject goods should be manufactured out of the intermediate goods and cleared on payment of excise duties within six months from the date of receipt of intermediate goods, or
 - (ii) Subject goods should be manufactured out of the intermediate goods and exported out of India, under a bond or letter of undertaking, within six months from the date of receipt of intermediate goods.

2. Removal should be made under a transfer challan/invoice.
3. Transfer challan should be serially numbered and should contain details of registration number, name, address, description, classification, time and date of removal, mode of transport, vehicle registration number and name of consignee unit and registration number.
4. If goods manufactured out of intermediate goods are not cleared on payment of excise duty /exported out of India within six months, duties on intermediate goods are required to be paid with interest under section 11A and 11AA of the Central Excise Act, 1944.
5. If intermediate goods are used in exempted subject goods, recipient unit has to pay duty on intermediate product along with interest under section 11AA.