



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86, अमरावति नगर : वेस्ट चर्च कॉम्पाउंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 01/2014

Dated : 7 .01.2014

Sub: Import of gold by Nominated Banks/ Agencies/Entities- Reg.

Copy of the Directorate General of Export Promotion issued vide F.No. DGEP//GOI/16/2009 Pt.II/ 75to113 dated 21.11.2013 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.

Further a compliance report in this regard as called for in the above mentioned DGEP's letter may be furnished to the technical section(HQRS) immediately.

Encl: As above.

(JANAKI ARUNKUMAR)  
COMMISSIONER

To  
As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)

मुख्य आयात कार्यालय  
केन्द्रीय उत्पाद शुल्क  
Chief Commissioner of  
Central Excise & Customs

DIRECTORATE GENERAL OF EXPORT PROMOTION  
Deptt. of Revenue, Ministry of Finance, Govt. of India

HOTEL JANPATH, NEW DELHI -110 001

EPABX No.: 23344616, 23344622, Fax No.: 23344614/ 560.

25 NOV 2013

F. No. DGEP/1030

विशाखपट्टणम् / Visakhapatnam

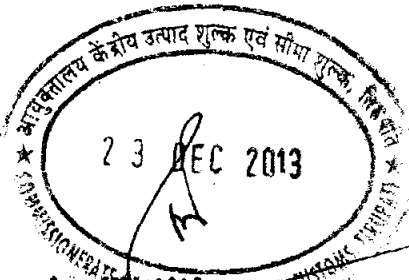
16/2009Pt.II/75 6/13.

November 21, 2013

To

All Chief Commissioners of Customs & Central Excise.

Madam/Sir,



**Sub: Import of gold by Nominated Banks/Agencies/Entities - REG.**

Attention is invited to this office letter of even no. dated 27.09.2013 where in regard to import of gold under Advance Authorizations/ Duty Free Import Authorizations it was informed that this issue has been taken up with DEA/DGFT/RBI for a suitable resolution and the same will be communicated as and when a final view is taken.

2. Now, RBI vide A.P.(DIR Series) Circular No. 73 dated 11.11.2013 has issued the following clarification:

*Any authorisation such as Advance Authorisation (AA) / Duty Free Import Authorization (DFIA) is to be utilised for import of gold meant for export purposes only and no diversion for domestic use shall be permitted. For any AA / DFIA issued prior to 14th August 2013 the condition of sequencing the imports prior to exports shall not be insisted upon.*

*Notwithstanding any of the foregoing directions, entities/units in the SEZ and EoUs, Premier and Star Trading Houses (irrespective of whether they are nominated agencies or not) are permitted to import gold exclusively for the purpose of exports only. Similarly, exports towards fulfillment of obligation under AA/DFIA scheme shall not qualify as export for the purpose of the scheme of 20:80.*

3. The above clarification may please be circulated to all the field formations and Trade for necessary compliance.

4. Difficulties faced, if any, in implementation of these instructions may be brought to the notice of the Board immediately.

Yours faithfully,

M  
21.11.13

(Manoj K Arora)  
Addl. Dir. General

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28/11



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86. अमरावति नगर ३ वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 02/2014

Dated : 7 .01.2014

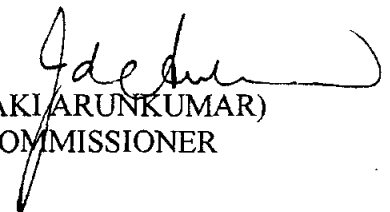
Sub: Extention of Warehousing and acceptance of LUT in place of  
Bank Guarantee for export ware housing for status holder  
manufacturer exporters - Reg.

Copy of the Board's Circular No.976/10/2013-CX dated 12.12.2013 received through Chief Commissioner's Office, Visakhapatnam letter vide C.No.V/30/338/2013-CC(VZ) dated 27.12.2013 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.

Further a compliance report in this regard as called for in the above mentioned Board's Circular may be furnished to the technical section(HQRS) immediately.

Encl: As above.

  
(JANAKI ARUNKUMAR)  
COMMISSIONER

To

As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)



OFFICE OF THE CHIEF COMMISSIONER OF CUSTOMS, CENTRAL EXCISE & SERVICE TAX  
VISAKHAPATNAM ZONE  
NEW CENTRAL EXCISE BUILDING :: PORT AREA :: VISAKHAPATNAM - 530 035

C.No. V/30/338/2013-CC(VZ)

Date: .12.2013

To  
The Commissioner of Customs & Central Excise,  
Visakhapatnam-I/II/Guntur/Tirupathi Commissionerate.

Sir/Madam

*Subject:-Extension of warehousing and acceptance of LUT in  
place of Bank Guarantee for export ware housing  
for status holder manufacturer exporters-Reg.*

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Please Find enclosed herewith the letter  
F.No.201/14/2013/CX.6 dt.12.12.2013 received from the Central Board  
of excise and Customs, New Delhi on the above subject .

This is for your information and necessary action.

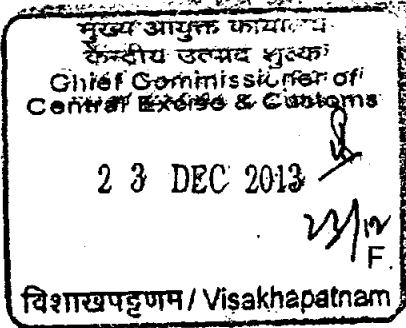
Yours faithfully,

*A. Syam Sundar*  
29.12.13

(A.SYAM SUNDAR)  
DEPUTY COMMISSIONER (CCO)

Encl:a.a.

आ. के. उ. व. सी. शु. तिरुपति C.C.E.C. (TPT)
IC No. 3
DATE 01/01/14



All Con's  
23/12/13

23/12/13

Circular No. 976/10/2013-CX

F. No. 201/14/2013-CX.6

Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise and Customs

New Delhi, the 12<sup>th</sup> December, 2103

To  
All Chief Commissioners of Central Excise & Customs,  
All Chief Commissioners of Central Excise,  
All Directors General,

Sir / Madam,

**Sub:- Extension of warehousing and acceptance of LUT in place of Bank Guarantee for export warehousing for Status Holder Manufacturer Exporters – reg.**

I am directed to invite your attention to Circular No. 579/16/2001–CX dated 26.06.2001 and Circular No. 581/18/2001-CX dated 29.06.2001, which prescribe conditions, procedures and safeguards applicable for storage in a warehouse registered at such places as may be specified by the Board and export therefrom regarding all excisable goods specified in the First Schedule to the Central Excise Tariff Act, 1985.

2. Paragraph 6 of the Circular No. 579/16/2001–CX dated 26.06.2001 contains provisions relating to "Period of warehousing". The provisions in clause (a) and clause (b) are not detailed and therefore in pursuance of notification no 46/2001-CE (N.T.) dated 26.06.2001 and sub-rule (2) of rule 20 of the Central Excise Rules, 2002, it has been decided to further elaborate the provisions by replacing the existing clause (a) and clause (b) in paragraph 6 with the following new clause (a) and clause (b), to read as follows :-

(a) Warehousing of goods shall initially be allowed for a period upto six months, which may be further extended by the Assistant /Deputy Commissioner, each extension being for a period not exceeding six months, subject to the verification that the goods have not deteriorated in quality. The maximum period, for which goods may be left in the warehouse in which they are deposited, or in any warehouse to which such goods have been removed, shall be three years from the date on which such goods were first warehoused. Excisable goods shall be deemed to be cleared for home consumption on

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expiry of the warehousing period including the extensions granted, if any. Duty and interest @ 24% per annum shall be charged on such deemed removal.

(b) If the registration of a warehouse is revoked or suspended, the excisable goods lodged therein shall either be cleared for home consumption on payment of duty and interest @ 24% per annum or shall be removed to another warehouse without payment of duty.

3. Paragraph 3.2 and paragraph 4.2.1 of the Circular No. 581/18/2001-CX dated 29.06.2001 contain provisions requiring an exporter to furnish security equal to 25% of the Bond amount for availing the facility of export warehousing.

4. Reference has been received in the Board that submission of BG (Bank Guarantee) leads to increase in transaction cost and, therefore, manufacturer exporters who are also status holders may be allowed to submit Letter of Undertaking (LUT) in place of BG. On examination the problem has been found to be legitimate and, therefore, it has been decided to amend paragraph 3.2 and paragraph 4.2.1 of the Circular dated 29.06.2001. Accordingly Board specifies that these paragraphs be amended as follows:

(i) Paragraph 3.2: After the words "backed by twenty five percent security of the bond amount" the words "in the manner as prescribed in paragraph 4.2" shall be added.

(ii) Paragraph 4.2.1: A proviso, as follows, shall be inserted at the end of the paragraph.

Provided that where the exporter is a manufacturer and a Status Holder with a clean track record, the requirement to furnish security equal to 25% of the bond amount shall be replaced by the requirement of furnishing an LUT initially for a period upto six months which may be extended by a further period not exceeding six months. Further extensions in the warehousing period in terms of paragraph 6(a) of the Circular No. 579/16/2001-CX dated 26.06.2001 shall be allowed to such exporter only on furnishing security of 25% of the bond amount.

5. There is also a need to amend the terms "Super Star Trading House" or "Star Trading House" used at paragraph 2(1) in the Circular No. 581/18/2001-CX dated 29.06.2001 and to replace it with the current nomenclature. Accordingly Board also specifies that paragraph 2(1) of the Circular be amended as follows:

Paragraph 2(1): In this paragraph dealing with Exporters, expression "The exporters who have been accorded status of Super Star Trading House or Star Trading House" may be replaced with the expression "The exporters who are Status Holder under FTP - 2009-14". Export Warehousing facility would become available to all Status Holders under FTP of 2009-14 due to this amendment.



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86 अमरावति नगर : वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 03/2014

Dated : 19.02.2014

Sub: Request for grant of exemption under Section 11C of the Central Excise Act, 1944 to gums, waxes, Soap stocks and Fatty Acids produced during the course of manufacture of refined vegetable oil - Reg.

Copy of the Board's Circular F.No.103/03/2012-CX.3 dated 03.01.2014 received through the Chief Commissioner's Office, Visakhapatnam letter vide C.No.V/30/103/2013-CC(VZ)-Misc dated 10.01.2014 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.


Further a compliance report in this regard as called for in the above mentioned Board's Circular may be furnished to the technical section(HQRS) immediately.

Encl: As above.

  
(JANAKI ARUNKUMAR)  
COMMISSIONER

To

1. As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)
2. All Divisions of the Commissionerate and the Notice Board.

  
प्रेषित किया गया  
**DESPATCHED**  
दि. Date 20/2/14

*gov*      *rekh*      *T*

**OFFICE OF THE CHIEF COMMISSIONER OF CENTRAL EXCISE AND CUSTOMS**  
**VISAKHAPATNAM ZONE :: VISAKHAPATNAM-530 035**

C.No. V/30/103/2013-CC(VZ)-Misc

Date: 01.01.2014

To  
The Commissioner of Central Excise,  
Visakhapatnam-I/II/Guntur/Tirupathi Commissionerates.

Sir/Madam,

**Subject:-**Request for grant of exemption under Section 11C of the Central Excise Act, 1944 to gums, waxes, Soap Stocks and Fatty Acids produced during the course of manufacture of refined vegetable oil-Reg

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Please refer to the Board's letter F.No.103/03/2012-CX.1 dated 3.1.2014 on the above subject.

It is for information and necessary action. Suitable Trade notices may please be issued.

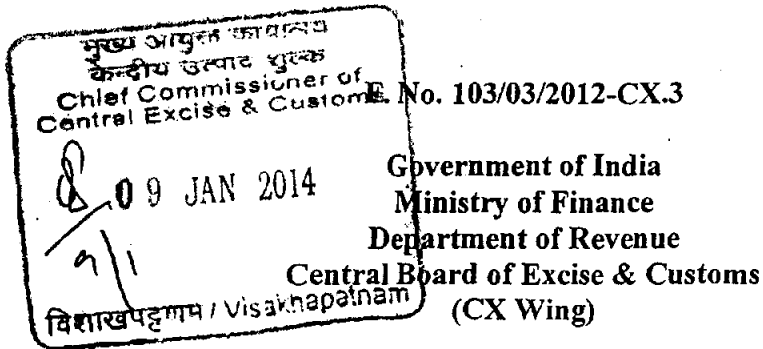
Yours faithfully,

*A. Syamsundar*

(A.Syamsundar)  
DEPUTY COMMISSIONER

आ. के. उ. शु. सी. शु. तिरुपति C.C.Ex. (TPT)
IC No. 25
DATE 12/01/14





New Delhi, dated the 3<sup>rd</sup> January, 2014

To

All Chief Commissioners of Central Excise & Customs,  
All Chief Commissioners of Central Excise,

Sir / Madam,

**Subject – Request for grant of exemption under Section 11C of the Central Excise Act, 1944 to Gums, Waxes, Soap Stocks and Fatty Acids produced during the course of manufacture of refined vegetable oil – reg.**


I am directed to invite your attention to this office letter of even no. dated 30.03.2012 vide which a survey was floated to decide the issue of allowing the benefit of Section 11 C exemption to byproducts like Gums, Waxes, Soap Stocks and Fatty Acids produced during the course of manufacture of refined vegetable oil, which is exempt.

The survey has revealed that a majority of manufactures were paying duty on these byproducts. Thus a general practice of non levy of central excise duty on these products is not established. Further, the Hon'ble Supreme Court has dismissed the Civil Appeals (and also the review petitions) filed by the parties affected by the decision of the CESTAT in the case of CCE, Jalandhar v/s A. G. Fats Limited and others reported as 2012 (277) ELT 96 (Tribunal), where it was inter alia held that the by-products like Gums, Waxes, Soap Stocks and Fatty Acids have not been shown to be of no value or negligible value and hence, are not eligible for exemption as waste under notification no. 89/95-CE dated 18.05.1995.

In view of the above facts, the request of the Solvent Extractors' Association of India for benefit of Section 11C and also its request for issue of an order under Section 37B of the Central Excise Act, 1944 declaring these byproducts as waste have been rejected.

This is for you information and further necessary action.

Yours Faithfully,

  
3/1/2014

(Pankaj Jain)

Under Secretary (CX-3)

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09/01



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86 अमरावति नगर : वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 04/2014

Dated : 19/02.2014

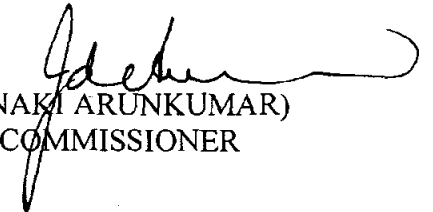
Sub: Divergent practices of assessment with respect to compounded levy scheme applicable for smokeless tobacco products - Reg.

Copy of the TRU's Circular F.No.354/120/2011-TRU dated 24.01.2014 received through the Chief Commissioner's Office, Visakhapatnam letter vide C.No.V/30/227/2013-CC(VZ)-Misc dated 06.02.2014 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.

Further a compliance report in this regard as called for in the above mentioned Board's Circular may be furnished to the technical section(HQRS) immediately.

**Encl: As above.**

  
(JANAKI ARUNKUMAR)  
COMMISSIONER

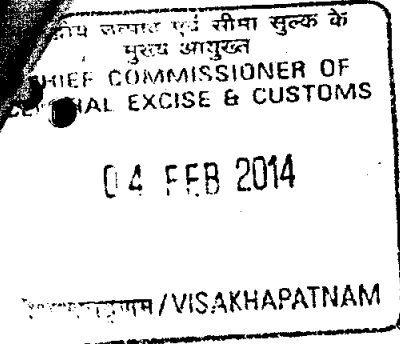
To

1. As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)

2. All Divisions of the Commissionerate and the Notice Board.

प्रेषित किया गया  
**DESPATCHED**  
दि. Date. 20/2/14





Circular No.980/04/2014-CX

F.No.354/120/2011-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
Tax Research Unit  
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New Delhi, the 24<sup>th</sup> January, 2014

To,

Chief Commissioners of Central Excise (All),  
Chief Commissioners of Central Excise and Customs (All),  
Director General, Directorate General of Central Excise Intelligence,  
Commissioners of Central Excise (All),  
Commissioners of Central Excise and Customs (All).

Madam/Sir,

Subject: Divergent practices of assessment with respect to compounded levy scheme applicable for smokeless tobacco products – Regarding.

Representations have been received from trade and industry that the field formations are following divergent practice of assessment with respect to compounded levy scheme applicable for various tobacco products. Certain field formations have also sought clarification on the excise duty leviable under the said compounded levy scheme.

2. Under the compounded levy scheme, excise duty is chargeable with respect to deemed production based on the number of packing machines in the factory of the manufacturer. The issue raised is whether excise duty can be re-determined based on the speed of the packing machine and actual production thereof, which may be higher than the deemed production.

3. Presently, the mandatory compounded levy scheme is applicable to Pan Masala, Gutkha and chewing tobacco manufactured with the aid of packing machine & packed in pouches. The factor relevant to the production on which excise duty is leviable has been notified to be the number of packing machines in the factory of the manufacturer under the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 and the Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 read with section 3A (2) and (3) of the Central Excise Act, 1944. The monthly deemed production per operating machine per month is prescribed based on the average speed of packing machines and average working hours of a factory. Excise duty is

174  
05/02


chargeable at the rates notified on the basis of Retail Sale Price (RSP) slabs on per machine basis (notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CF dated 27.02.2010 refer). In order to minimize the element of subjectivity and to ensure certainty and objectivity, the number of packing machines installed in the factory has been notified to be the only factor relevant to the production of the notified goods under the said rules.

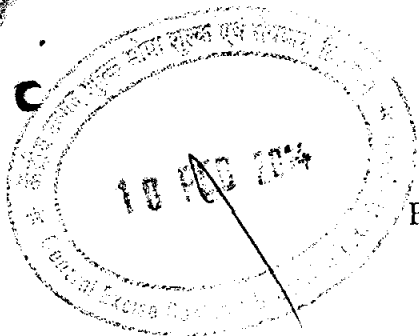
5. Accordingly, it is clarified that the duty payable under notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CE, dated 27.02.2010 may be determined based on deemed production with respect to the number of operating packing machines in the factory during the month and the Retail Sale Price printed on the pouches and not on the basis of actual production by a unit.

6. Trade Notice/Public Notice may be issued to the field formations and taxpayers.

7. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

8. Hindi version follows.

  
(Rajkumar Digvijay)  
Under Secretary (TRU)



Circular No.980/04/2014-CX

F.No.354/120/2011-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
Tax Research Unit  
\*\*\*\*\*

New Delhi, the 24<sup>th</sup> January, 2014

To,

Chief Commissioners of Central Excise (All),  
Chief Commissioners of Central Excise and Customs (All),  
Director General, Directorate General of Central Excise Intelligence,  
Commissioners of Central Excise (All),  
Commissioners of Central Excise and Customs (All).

Madam/Sir,

Subject: Divergent practices of assessment with respect to compounded levy scheme applicable for smokeless tobacco products – Regarding.

Representations have been received from trade and industry that the field formations are following divergent practice of assessment with respect to compounded levy scheme applicable for various tobacco products. Certain field formations have also sought clarification on the excise duty leviable under the said compounded levy scheme.

2. Under the compounded levy scheme, excise duty is chargeable with respect to deemed production based on the number of packing machines in the factory of the manufacturer. The issue raised is whether excise duty can be re-determined based on the speed of the packing machine and actual production thereof, which may be higher than the deemed production.

3. Presently, the mandatory compounded levy scheme is applicable to Pan Masala, Gutkha and chewing tobacco manufactured with the aid of packing machine & packed in pouches. The factor relevant to the production on which excise duty is leviable has been notified to be the number of packing machines in the factory of the manufacturer under the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 and the Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 read with section 3A (2) and (3) of the Central Excise Act, 1944. The monthly deemed production per operating machine per month is prescribed based on the average speed of packing machines and average working hours of a factory. Excise duty is

Sl. No.	10/02/2014
IC No.	87
DATE	11/02/14


chargeable at the rates notified on the basis of Retail Sale Price (RSP) slabs on per machine basis (notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CE, dated 27.02.2010 refer). In order to minimize the element of subjectivity and to ensure certainty and objectivity, the number of packing machines installed in the factory has been notified to be the only factor relevant to the production of the notified goods under the said rules.

5. Accordingly, it is clarified that the duty payable under notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CE, dated 27.02.2010 may be determined based on deemed production with respect to the number of operating packing machines in the factory during the month and the Retail Sale Price printed on the pouches and not on the basis of actual production by a unit.

6. Trade Notice/Public Notice may be issued to the field formations and taxpayers.

7. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

8. Hindi version follows.

  
(Rajkumar Digvijay)  
Under Secretary (TRU)



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86, अमरावति नगर : वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 05/2014

Dated : .03.2014

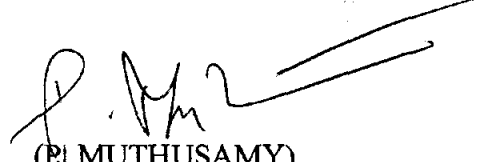
Sub: Effective date for levy of Excise duty on cigarettes at the enhanced rates vide Finance Act, 2012- Clarification - Reg.

Copy of the TRU's Circular No.981/5/2014-CX and letter F.No.345/01/2013-TRU dated 11.02.2014 received through the Chief Commissioner's Office, Visakhapatnam letter vide C.No.V/30/103/2013-CC(VZ) dated 19.02.2014 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.

Further a compliance report in this regard as called for in the above mentioned Board's Circular may be furnished to the technical section(HQRS) immediately.


Encl: As above.

  
(P. MUTHUSAMY)  
ADDITIONAL COMMISSIONER

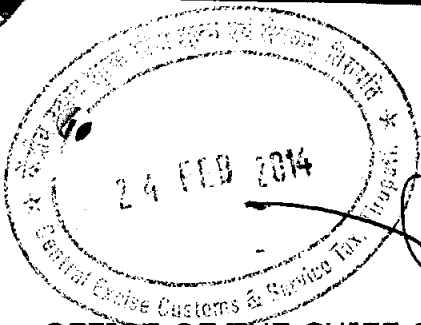
To

1. As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)

2. All Divisions of the Commissionerate and the Notice Board.

  
प्रेषित किया गया  
**DESPATCHED**  
दि. Date..19/3/14





OFFICE OF THE CHIEF COMMISSIONER OF CUSTOMS, CENTRAL EXCISE &  
SERVICE TAX :: NEW CENTRAL EXCISE BUILDING :: PORT AREA ::  
VISAKHAPATNAM ZONE :: VISAKHAPATNAM - 530 035.

C.No. V/30/103/2013-CC(VZ)

Date: .2.2014

To  
The Commissioner of Customs & Central Excise,  
Vsp-I/II,Guntur/Tirupathi.

Sir/Madam,

Subject:-Effective date for levy of excise duty on cigarettes at  
the enhanced rates vide Finance Act, 2012-  
Clarification-Reg.

\*\*\*\*\*

Please find enclosed herewith a copy of the letter  
F.No.345/01/2013-TRU dt.11.2.2014 received from Ministry of Finance TRU,  
New Delhi on the above subject.

This is for your information and necessary action. Suitable Trade  
Notices may please be issued.

Yours faithfully,

*Sudhakar*  
19.2.14

(SUDHAKAR MISHRA)  
JOINT COMMISSIONER(CCO)

आ. के. उ. शु. सी. शु. तिरुपति C.C.Ex. (TPT)
IC No. 139
DATE 26/02/14

F.No.345/01/2013-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
Tax Research Unit  
\*\*\*\*\*

New Delhi, the 11<sup>th</sup> February, 2014

To,

Chief Commissioners of Central Excise (All),  
Chief Commissioners of Central Excise and Customs (All),  
Director General, Directorate General of Central Excise Intelligence,  
Commissioners of Central Excise (All),  
Commissioners of Central Excise and Customs (All).

Madam/Sir,

**Subject: Effective date for levy of excise duty on cigarettes at the enhanced rates vide Finance Act, 2012 - Clarification - Regarding.**

I am directed to invite your attention to the above mentioned subject.

2. In the Budget 2012-13, vide Finance Bill, 2012 as introduced in the Lok Sabha on 16.03.2012, the basic excise duty rate was increased on various lengths of cigarettes by imposing an ad valorem component in addition to the specific duty, through clause 141 of the Finance Bill read with the Seventh Schedule as under:

- (i) The lowest length slab of cigarettes upto 60 mm was expanded to include cigarettes upto 65 mm while maintaining the existing duty applicable to erstwhile 60mm cigarettes.
- (ii) An ad valorem component of 10% chargeable on 50% of Retail Sale Price was added to other slabs beyond 65 mm.

3. By a declaration under the Provisional Collection of Taxes Act, 1931 (hereafter referred to as the PCT Act), the above increase in the excise duty was made effective immediately on the expiry of the day on which the Finance Bill, 2012 was introduced i.e. w.e.f. 17.03.2012.

4. Subsequently, by virtue of Government amendment to the Finance Bill, 2012 as introduced, the ad valorem component of 10% was converted to a specific rate. Consequently, the basic excise duty on cigarettes was levied at specific rates which were higher than the excise duty rates proposed in the Finance Bill as introduced. The Finance Bill, 2012 received the assent of the President on 28.05.2012. Thus, the provisions of the Finance Act, 2012 came into effect from 28.05.2012.

5. The issue that arises for consideration is whether the excise duty levied on cigarettes at higher specific rates by virtue of the Government amendments to the Finance Bill, 2012 would be applicable w.e.f. 17.03.2012, immediately on the expiry of the day on which the Finance Bill, 2012 was introduced or w.e.f. 28.05.2012, when the Finance Bill, 2012 received the assent of the President.

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18/2

6. In the post-Budget letter issued under F.No.334/1/2012-TRU dated 01.06.2012, it was clarified that since clause 141 of the Finance Bill, 2012 read with the Seventh Schedule, by virtue of which the excise duty on cigarettes was increased, was declared under PCT Act, therefore the rates proposed in the Finance Bill came into effect from 17.03.2012. And, since the rates proposed in the Finance Bill have been revised through Government amendments, the revised rates will apply with effect from 17.03.2012.

7. However, representations have been received from trade and industry as well as field formations stating that the increase in the excise duty would be effective from 28.05.2012 and not w.e.f. 17.03.2012, as clarified in the said letter.

8. In view of the conflicting views on the issue, the matter was examined in consultation with the Ministry of Law and Justice. Ministry of Law & Justice has opined that under section 3 of the Provisional Collection of Taxes Act, 1931 (PCT Act) a declaration can be made by the Central Government while introducing the Bill for imposition or increase of a duty of customs or excise in the public interest. Under section 4(1) of the PCT Act, a declared provision shall have the force of law immediately on the expiry of the date on which the Bill containing it is introduced. Under sub-clause 2 (a) of this section, a declared provision ceases to have the force of law when it comes into operation as an enactment with or without amendment.

8.1 In view of above legal position and also in view of the declaration made while introducing the Finance Bill, 2012, the excise duty as provided through said Bill will have the force of law from the date on which the Finance Bill was introduced i.e. 17.03.2012. Since the amendments proposed to the Finance Bill were in the form of official amendments and no separate Bill was required for the said purpose, no declaration under the PCT Act is permissible. However, in view of the provisions of section 4(2)(a) of the PCT Act, the declaration made ceases to have force of law once the enactment comes into operation.


8.2 In the light of the above legal position, as the amendments were proposed to the Finance Bill, 2012 only on 08.05.2012 and assented by the President on 28.05.2012, the same will have its applicability only from the date of assent by the President. Thus, insofar as the levy of excise duty on cigarette at enhanced rates, as contemplated in the amendments moved on 08.05.2012, is concerned, the amended provisions will have effect only from the date of assent of President i.e. from 28.05.2012.

9. The above opinion of the Ministry of Law & Justice has been accepted by the Government. It is, thus, clarified that the tariff rate of duty on cigarettes levied vide amendments in the Finance Act, 2012 shall be applicable from the date of enactment of the said Finance Act i.e. 28.05.2012 and not from 17.03.2012.

10. Trade Notice/Public Notice may be issued to the field formations and taxpayers.

11. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

Hindi version follows.

  
(Rajkumar Digvijay)  
Under Secretary (TRU)



केन्द्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86, अमरावति नगर ३ वेस्ट चर्च कॉम्पौंड ३३ तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 06/2014

Dated : .03.2014

Sub: Monitoring of Customs Revenue during financial year 2013-14-  
Reg.

As we are nearing the closure of the financial year 2013-14 an all out effort is required to surpass the revenue projection committed to the Hon'ble Finance Minister. This would necessitate close monitoring of various items of work including Bills of Entry so that the revenue collection efforts achieve the desired result.

In this regard, it is stated that the Customs working and payment of Customs duty will be available on all 7 days a week during this month.


The contents of the Trade Notice may be circulated and brought to the notice of all concerned.

Encl: As above.

  
(P.MUTHUSAMY)  
ADDITIONAL COMMISSIONER

To

1. The Trade Associations, Tirupati Commissionerate  
(Issued from file C.No.IV/16/01/2014-Tech)
2. The Banks, Tirupati Commissionerate
3. All Divisions of the Commissionerate and the Notice Board.

  
प्रेषित किया गया  
**DESPATCHED**  
दि. Date...19/3/14.....



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86, अमरावति नगर ३ वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 07/2014

Dated : 19 .03.2014

Sub: - Opening of offices during the week beginning 24<sup>th</sup> March,2014 . Reg.

In view of the closed holidays on 29<sup>th</sup> , 30<sup>th</sup> and 31<sup>st</sup> ( Ugadi) closed holidays, the Board has proposed to keep the offices open on the above mentioned holidays.

It is also stated that the Department of Revenue has requested the Secretary, Financial services to issue instructions to have the banks open for full day on 29<sup>th</sup>, 30<sup>th</sup> and 31<sup>st</sup> March, 2014 so that the efforts made for collections of revenue are reflected appropriately.

In this regard, it is stated that the Central Excise and Service Tax Formations will be kept open on 29<sup>th</sup>, 30<sup>th</sup> and 31<sup>st</sup> March, 2014. Banks will also be kept opened on these holidays.

The contents of the Trade Notice may be circulated and brought to the notice of all concerned.

Encl: As above.

(P.MUTHUSAMY)  
ADDITIONAL COMMISSIONER

To

1. The Trade Associations, Tirupati Commissionerate  
(Issued from file C.No.IV/16/01/2014-Tech)
2. The Banks, Tirupati Commissionerate
3. All Divisions of the Commissionerate and the Notice Board.

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प्रेषित किया गया  
DESPATCHED  
दि. Date.. 19/3/14



Office of the Chief Commissioner of Customs & Central Excise  
Visakhapatnam Zone

Central Excise Building, Port Area, Visakhapatnam - 530 035

C.No. II/39/2/2014-CC(VZ)

Date: 18.3.2014

To  
The Commissioner of Central Excise,  
Vizag-I / Vizag-II/ Guntur/ Tirupati

The Commissioner of Customs,  
Custom House, Visakhapatnam.

*Pl. put up  
Notice / Trade Notice  
forwarded to  
all JAs*

Sir / Madam,

Sub: Scrutiny of Service Tax returns; and

Opening of offices during the week beginning 24th March 2014.

-00000-

Earlier, the Service Tax returns are not viewable and the same has now been enabled to view. In this regard, I am directed to inform that the field officers may be directed to scrutinize the Service Tax returns and recover the duties expeditiously towards augmenting revenue mobilization.

Further, please find enclosed a copy of Board's letter F.No.296/42/2013-CX.9 dated 14.3.2014 on the above subject, to keep offices open on 29<sup>th</sup>, 30<sup>th</sup> & 31<sup>st</sup> March 2014.

It is requested to communicate the Board's instructions to the field formations and to the trade through trade notices immediately.

Yours faithfully,

Encl: As above

*[Signature]*  
Addl. Commissioner (CCO)

**Immediate**

F.No.296/42/2013-CX.9  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, the 14<sup>th</sup> March, 2014

To,

All Chief Commissioner of Central Excise and Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs,  
All Chief Commissioner of LTUs

**Subject: Opening of offices during the week beginning 24th March, 2014 - reg.**

Sir/ Madam,

As you are aware, the bulk of the revenue is received at the end of the month. However, last week of March 2014 does not have full working days. 29<sup>th</sup> March is a Saturday, 30<sup>th</sup> March is a Sunday and 31<sup>st</sup> March is a public holiday in some parts of the country. Incidentally, this week also happens to be the last week of the financial year.

2. The Chairperson, CBEC has also requested the Secretary Financial Services to issue instructions to have the banks open for full day on 29<sup>th</sup>, 30<sup>th</sup> and 31<sup>st</sup> March 2014 so that the efforts made for collections of revenue are reflected appropriately.

3. I am, therefore, directed to request you to immediately issue trade notices for the information of the trade and also keep your offices, as a special measure, opened on 29<sup>th</sup>, 30<sup>th</sup> & 31<sup>st</sup> March, 2014. You may also contact the local banks to ensure that the assesses can make their payments electronically. These are updated to reflect the actual revenue collections for the financial year.

Yours faithfully,  
(Surendra Singh)

Under Secretary to the Govt. of India  
Tel: 2309 2413

Copy for information:

All Members, CBEC

Copy to the Webmaster, CBEC with the request to upload the above letter on the website of CBEC at appropriate place.



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय  
9 / 86, अमरावति नगर : वेस्ट चर्च कॉम्पौंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
AND SERVICE TAX, 9/86-A:: AMARAVATHI NAGAR :: WEST  
CHURCH COMPOUND :: TIRUPATI**

PHONE: 0877-2240682, 2240474

FAX: 0877-2240851

Trade Notice No. 08/2014

Dated : .07.2014

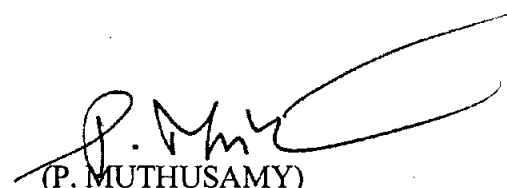
Sub: Valuation of fertilizers for the purpose of levy of Excise Duty –  
Inclusion of subsidy component in the assessable value –  
Clarification - Reg.

Copy of the TRU's Circular No..983/7/2014-CX and letter F.No.354/35/2011-TRU dated 10.07.2014 received through the Chief Commissioner's Office, Visakhapatnam letter vide C.No.V/30/103/2013-CC(VZ) dated .07.2014 on the above subject is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be circulated and brought to the notice of all concerned.

Further a compliance report in this regard as called for in the above mentioned Board's Circular may be furnished to the technical section(HQRS) immediately.

Encl: As above.

  
(P. MUTHUSAMY)  
ADDITIONAL COMMISSIONER

To

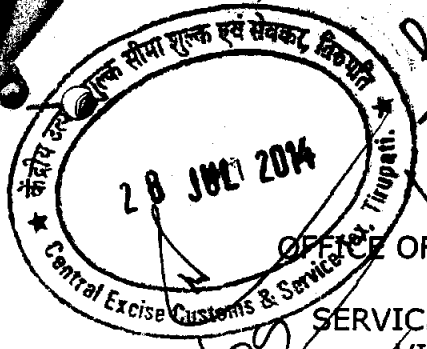
1. As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)

2. All Divisions of the Commissionerate and the Notice Board.

प्रेषित किया गया  
DESPATCHED

दि Date... 5/7/14





P.N. B.

DCO

ALL P.S. DS  
T. No. 11

OFFICE OF THE CHIEF COMMISSIONER OF CUSTOMS, CENTRAL EXCISE & SERVICE TAX :: NEW CENTRAL EXCISE BUILDING :: PORT AREA :: VISAKHAPATNAM ZONE :: VISAKHAPATNAM - 530 035.

C.No. V/30/103/2013-CC(VZ)

Date: .07.2014

To  
The Commissioner of Customs & Central Excise,  
Vsp-I/II/Guntur/Tirupathi.

Sir/Madam,

**Subject:-**Valuation of fertilizers for the purpose of levy of excise duty-Inclusion of subsidy component in the assessable value-clarification -Reg.

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Please find enclosed herewith copy of circular No.983/7/2014-CX dt.10.7.14 issued from F.No.354/35/2011-TRU by Joint Secretary, TRU, New Delhi on the above subject.

This is for your information and necessary action.

Yours faithfully,

( Dr A.Syam Sundar)

DEPUTY COMMISSIONER(CCO)

encl:- A to B only.

आ. के. उ. शु. सी. शु. तिरुपति C.C.Ex. (TPT)
IC No. 502
DATE. 28/7/14

To be circulated to all JACE for info & r/c

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F.No.354/35/2011-TRU  
Government of India  
Ministry of Finance  
Department of Revenue  
Tax Research Unit

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New Delhi, the 10<sup>th</sup> July, 2014

To,

Chief Commissioners of Central Excise (All),  
Chief Commissioners of Central Excise and Customs (All),  
Director General, Directorate General of Central Excise Intelligence,  
Commissioners of Central Excise (All),  
Commissioners of Central Excise and Customs (All).

Madam/Sir,

Subject: Valuation of fertilizers for the purpose of levy of excise duty – inclusion of subsidy component in the assessable value – Clarification – Regarding.

In the Budget 2011-12, excise duty of 1% was imposed on chemical fertilizers falling under Chapter 31 of the Central Excise Tariff such as Urea, Di-ammonium Phosphate (DAP), Ammonium Sulphate, Single Super Phosphate (SSP), etc. and various grades of complex fertilizers.

2. Consequent upon the levy of excise duty @ 1% (without CENVAT facility) on chemical fertilizers in the Budget 2011-12, the Department of Revenue had clarified to the Department of Fertilizers that in the case of price-controlled fertilizers which are sold to distributors/wholesale dealers at MRP fixed by the Government at the time of their clearance from the factory the excise duty of 1% would be chargeable on the MRP and not on the total cost of production. In the case of fertilizers not subject to price-control, the excise duty would be chargeable on their wholesale price representing the transaction value at the factory gate.

3. Trade and Industry Associations have represented that inspite of the clarification issued by the Department of Revenue to the Department of Fertilizers, the field formations have issued show cause notices to the fertilizer companies seeking to levy excise duty on the subsidy component of price-controlled fertilizers in the light of the judgment of the Supreme Court in the case of CCE, Mumbai v/s/ M/s Fiat India Pvt. Limited [2012-TIOL-58-SC-CX].

4. The matter has been examined in the light of the facts in the case of M/s Fiat India (P) Ltd. vis-à-vis the facts in the case of fertilizers. The facts in the case of M/s Fiat India (P) Ltd were that the company had declared an assessable value for Uno model cars at a price which was substantially lower than the cost of manufacture, and the company continued to sell the cars at a loss making price for nearly five years. The company admitted that the purpose of doing so was

to penetrate the market and to compete with the other manufacturers of similar cars. It was under these circumstances that the Hon'ble Supreme Court held that such sales could not be regarded as sales in the ordinary course of sale or trade, nor could the declared value be accepted as the normal price for sale of cars. As the main reason for selling cars at a lower price than the manufacturing cost and profit was to penetrate the market, the apex court held that this would constitute extra-commercial consideration and not the sole consideration. Since the price was not the sole consideration for sale of cars, the Court held that the Department was justified in invoking the provisions of Valuation Rules for the purpose of levy of excise duty.

4.1 In the case of fertilizers, the manufacturers are mandated to sell the goods at the prices notified by the Government. In the case of urea, the cost of production varies greatly from manufacturer to manufacturer depending upon the use of feedstock, technology and overheads. The Government reimburses the differential between the cost of production and the notified price to the manufacturers in the form of subsidy. As per the current policy, MRP of urea is controlled and fixed by the Government. In P&K fertilizer, however, the MRP is deregulated and companies are free to fix the MRP. They do so after taking into account the subsidy component which is fixed on the basis of nutrient content (i.e per kg subsidy is fixed by the Government for phosphate, potash, nitrogen and sulphur). Both in the case of urea and P&K, fertilizer subsidy is given by the Government to benefit the farmers, as subsidy would reduce the MRP paid by farmers.

4.2 The fertilizer policy of the Government of India is aimed at providing fertilizers to farmers at affordable prices for sustained agricultural growth and to promote balanced nutrient application. The subsidy is not linked to the buyer and it cannot be said that the subsidy given by the Government to the manufacturer is part of the consideration flowing from the buyer to the manufacturer. Likewise, it cannot be said that fertilizer manufacturers have under-declared the value with a view to penetrating the market or competing with the other manufacturers of similar fertilizers.

4.3 In the Fiat India case, it was a conscious decision on the part of the manufacturer to sell the goods below the cost of production to penetrate the market and to compete with the other manufacturers of similar cars. While dealing with the word 'consideration', the Supreme Court has observed that 'consideration' means a reasonable equivalent or other valuable benefit passed on by the promisor to the promisee or by the transferor to the transferee and it is for the Excise authorities to show that the price charged to the buyer is a concessional or specially low price or a price charged to show favour or gain in return extra-commercial advantage.

4.4 From the above, it is clear that the facts at hand are clearly distinguishable from the facts and circumstances of the Fiat India case. The manufacturers of fertilizers do not gain any extra commercial advantage vis-a-vis other manufacturers because of the subsidy received from the Government. The subsidy paid by the Government to the manufacturer is in larger public interest and not for benefitting any individual manufacturer-seller and it is also not paid on behalf of any individual buyer or entity. In view of the above, it can be concluded that the subsidy component is not an additional consideration and hence, the MRP at which the fertilizer is sold to buyers by the manufacturers is the sole consideration for its sale. Even though the subsidy component has

money value, it cannot be considered as an additional extra-commercial consideration flowing from the buyer to the seller.

4.5 The Hon'ble Supreme Court, in the Fiat India case referred to above, has cautioned against drawing general conclusions and inferences, quoting the truism stated by Lord Halsbury that "a case is only an authority for what it actually decides and not for what may seem to follow logically from it". After examination of the issue as to whether the declared transaction value can be rejected in all cases where the transaction value is lower than the manufacturing cost and profit, the Ministry has clarified vide Circular No. 979/03/2014-CX dated 15th January, 2014 that mere sale of goods below the manufacturing cost and profit cannot be taken as the sole basis for rejecting the transaction value. The Supreme Court, in the Fiat India case, has not ruled that the subsidy component provided by the Government would tantamount to consideration flowing from the buyer to the seller and therefore, should be included in the assessable value an excisable good in terms of the extant Valuation Rules.

5. It is, therefore, clarified that in respect of fertilizers for which subsidy is provided by the Government, the excise duty will be chargeable on the MRP and not on the subsidy component provided by the Government.

6. Trade Notice/Public Notice may be issued to the field formations and taxpayers.

7. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

(P.K. Mohanty)  
Joint Secretary (TRU)



केंद्रीय उत्पाद शुल्क सीमा शुल्क एवं सेवा कर आयुक्त का कार्यालय

9 / 86, अमरावति नगर ३ वेस्ट चर्च कॉम्पाउंड :: तिरुपति

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE, CUSTOMS  
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PHONE: 0877-2240682, 2240474

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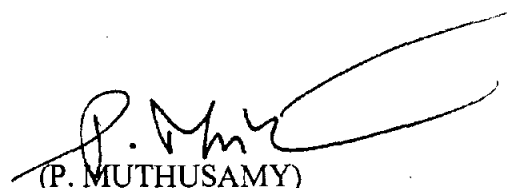
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Encl: As above.

  
(P. MUTHUSAMY)  
ADDITIONAL COMMISSIONER

To

1. As per distribution list no.2  
(Issued from file C.No.IV/16/01/2014-Tech)

2. All Divisions of the Commissionerate and the Notice Board.

  
प्रेषित किया गया  
**DESPATCHED**  
दि. Date... 5/7/14