

F.No.201/10/2001-CX.6

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

Subject: Central Excise Manual - Latest important instructions contained therein -

I am directed to refer to the Central Excise Manual, which has been issued by the Board on 31.8.2001 (released on 1st September), and placed on websites : www.cbec.gov.in and www.finmin.nic.in.

2. Attention is drawn to the 'preface' of the Manual, in which it is mentioned that the contents therein shall be treated as instructions of the Board in supersession of all instructions that existed prior to 1.9.2001 on identical issues. There are certain instructions in the Manual, which are in nature of 'supplementary instructions' under the provisions of rule 32 of the Central Excise (No.2) Rules, 2001 and they have to be given due cognizance. It is also mentioned that if there are instructions, which have not been expressly covered by this Manual, the same will remain applicable, unless they are repugnant to the provisions of the new Rules. It has been further clarified that if there are any instructions in the Manual, which are contrary to provisions of the Central Excise Act, 1944 and the rules made thereunder (including notifications issued thereunder), the provisions of said Act and the rules (including notifications issued thereunder) shall precede.

3. The latest and important instructions of the Board contained in the Manual are specified below: -

(1)	Based on the provisions of the notification 36/2001-CE(N.T.) dated 26.6.2001 that where two premises of the same factory segregated by public road, canal, railway line, single registration may be given, certain guidelines have been incorporated in the Manual as to how to determine that two premises are parts of the same factory. <i>[Chapter 2, Part-I, sub-para 2.2]</i>
	The registered dealers of liquid gases may be exempted from having a premise. <i>[Chapter 2, Part-I, sub-para 2.3]</i> .
	The depots of the manufacturers, issuing Cenvatable invoices are required to register themselves. In other words, all traders or dealers of excisable goods have been exempted from registration except first stage dealers/second stage dealers and depots of manufactures. <i>[Chapter 2, Part-I, sub-para 3.1(v)]</i> .
	Storage of non-duty paid sugar out side factory has been allowed considering that sugar has seasonal production, but its off-take is throughout the year, and that large quantity of the off-take (sale) sugar is controlled by government [levy sugar], the manufacturer cannot clear them on payment of duty . <i>[Chapter 2, Part-V, Sub-para 1.3]</i> .
	In account current, there is no need for an assessee to have balance through out the month considering that the assessee is required to have balance just before making payments in each fortnight, where they are paying duty on fortnightly basis . <i>[Chapter 2, Part-V, Sub-para 3.4]</i>
	Attention is drawn to the 'Explanation' added to sub-rule (1) of rule 5 that the duty liability shall be deemed to have been discharged only if the amount payable is credited to the account of the Central Government by the specified date. There were certain doubts about this provision. It has been clarified that when banks affixed 'receipt stamp' on TR-6 Challan, whether against payment in cash/bankers' cheque/draft or against duly cleared cheque, the same shall be treated as 'amount credited to the account of the Central Government'. <i>[Chapter 2, Part-V, Sub-para 3.3]</i>
	An assessee can make more than three copies of invoice if they require so as invoice is their document. They shall have to mark other copies as " Not for CENVAT". <i>[Chapter 4, para 4.1]</i>
	Two invoice books - one for home consumption and the other for export has been automatically allowed to the assessee, provided different serial numbers are maintained and that they intimate the Deputy/Assistant Commissioner. For other types of cases, specific permission will be required. <i>[Chapter 4, para 5.1 to 5.3]</i> .
	It has been specified that for computerised stationary, bound book of invoice need not be insisted upon. The assessee shall get it bound for preservation as soon as the invoices in particular number is issued. <i>[Chapter 4, para 5.4]</i> .
	Rule 11 (5) of the Central Excise (No.2) Rules, 2001 provides that the owner or working partner or Managing Director or Company Secretary shall authenticate each foil of the invoice book, before being brought into use. As a supplementary instruction, it has been provided that a person duly authorised by the Board of Directors of a public limited company should be allowed to authenticate invoices. <i>[Chapter 4, sub-para 6.1]</i>
	Transshipment of goods from one vehicle to another en route destination has been allowed by suitable endorsement on invoice by the person-in-charge of the vehicle. <i>[Chapter 4, Part-II]</i>
	Special procedure for liquid gases (Pass Out System) has been retained. Here duty is ascertained after delivery of goods from cryogenic tanks and return of vehicle back to factory. <i>[Chapter 4, Part-III]</i> .
	For records and returns, details of records and definitions of source documents etc. have been incorporated, considering that these are essential for EA-2000 audit . <i>[Chapter 6, Part-I, sub-para 2.2]</i> .
	Guidelines about maintenance of computerised records and preparation of returns, documents etc. using computer have also been specified. <i>[Chapter 6, Part-III]</i> .

Bond has been specified for all merchant exporter. However, the Status holder [Super Stat Trading House, Star Trading House, Trading House and Export House] have been exempted from furnishing security or surety as before. But for all others, security of 25% of bond amount/surety 100% of the bond amount has been specified. However, the bonds already furnished without security/surety may be continued to be honoured till 1st December, 2001. For exports thereafter, security/surety may be asked. This instruction will have precedence over the instructions contained in <i>Chapter 14, para 3. [Chapter 7, Part-I, Para 5].</i>
In export, procedures for export under 'letter of undertaking' and 'under bond' have been specified. Special attention is drawn to 'proof of export procedure'. The procedure, in nutshell is as follows: The exporter has to maintain 'running bond account and make 'self-debits' as specified in the notification. This will be based on CT-1, which is initially signed by bond-accepting authority and given to the exporter. Exporter gets his own copy of ARE-1 duly certified by Customs. He is required to submit this within six months or any extended period, or else has to discharge duty with interest. He shall submit the original copies of ARE-1 (in original) under a covering 'Statement' which is in 5 parts. The Statement will be used by Central Excise Offices to check the proof of export. On the acknowledged copy of statement, the exporter will take the credit, without waiting for Department to send any letter of acceptance of proof of export. The office of the bond-accepting officer shall conduct the necessary verification using the 'duplicate copy' certified by Customs and sent to 'bond-accepting authority'. This will help expediting proof of export. <i>[Chapter 7, Part-I, Para 13].</i>
Instructions for 'return of goods originally cleared for export but not exported', for reconditioning, remaking, repairs etc. have been incorporated. <i>[Chapter 7, Part-V, Para 2].</i>
Procedure for 're-import of exported goods' for reconditioning, repairs and re-export has been incorporated. <i>[Chapter 7, Part-V, Para 3].</i>
Procedures for entry of goods cleared from one factory for export (duty paid or without payment of duty) in another factory of the same assessee for loading and consolidation and export therefrom have been specified. This will be done under supervision of Central Excise Officer. <i>[Chapter 7, Part-V, Para 4].</i>
Instructions for 'provisional release of seized goods' and 'payment of duty/dues under protest' have been incorporated . <i>[Chapter 17, Part-I, Sub-para 3.2].</i>
Powers to supervise destruction of excisable goods has been specified. An AC/DC can supervise where duty involved (and remitted) is Rs. 20,000 and above. Superintendent - Rs. 5000 to Rs. 20,000 and Inspector - Rs. 5000 or less. <i>[Chapter 18, Part-I, Sub-para 1.2].</i>
Provision for Merchant Overtime has been specified. The Customs Regulation on this has been made applicable, mutatis mutandis in excise matters. <i>[Chapter 7, Part-II].</i>
Earlier, minimum refund (other than rebate) of Rs. 10 was allowed. It has been raised to Rs. 100. For rebate, the minimum amount should be Rs. 500 per claim as specified in the Notification No. 40/2001-Central Excise (N.T.) dated 26.6.2001 <i>[Chapter 9, Sub-para 3.4].</i>

4. The trade, industry and field formations may suitably be informed.

5. Receipt of this Circular may please be acknowledged.

6. Hindi version will follow.