

**F.No. 268/25/2002-CX 8**

Government of India  
Ministry of Finance  
Department of Revenue

**Subject: - Pre-audit/Post audit of refund/rebate claims-regarding.**

I am directed to invite your kind attention to Board's Circular No.9/83-CX 6 dated 20.6.1983 and Circular No.33/90-CX 8 dated 31.09.1990 vide which monetary limits for pre-audit/post audit of refund and rebate claims were prescribed. Board has been receiving requests for revision in monetary limit of the claims below which selective post audit could take place to enable Audit wings to devote time to more important areas of work. Board has also been receiving reports of different interpretations of instructions relating to pre-audit/post audit of refund and rebate claims as per "Supplementary instructions" contained in the Central Excise Manual effective from 1.9.2001. Some Commissioners were of the view that there are no instructions relating to pre-audit of refund claims above Rs. 5 lakhs in the new set of procedure while other Commissioners continued to follow earlier instructions to pre-audit the refund/rebate claims above Rs. 5 lakhs.

2. To attain uniformity, Board has decided that:

- i) All claims involving a refund or rebate of duty of Rs. 5 lakhs or more shall be subjected to pre-audit as per the existing practice.
  - ii) The claims of refund or rebate of amount below Rs.50,000/- may be post-audited on the basis of the random selection by Deputy/Assistant Commissioner(Audit). The selection can be made in such a way that 25 per cent of the claims are post-audited.
  - iii) The claims of refund or rebate for amount between 50,000/- and Rs. 5 lakhs should be compulsorily post audited.
3. For the purpose, a cell comprising of Deputy/Assistant Commissioner (Audit), one Superintendent, three Inspectors under the overall supervision of Additional/Joint Commissioner(Audit) may be constituted.
4. The instruction contained in aforementioned circulars and Central Excise Manual effective from 1.9.2001 stand modified to the extent above.
5. Receipt of the same may please be acknowledged.
6. Hindi version will follow.