

कार्यालय : आयुक्त, केन्द्रीय उत्पाद शुल्क आयुक्तालय, जयपुर-प्रथम

व्यापार सूचा संख्या : 42/2004-उ.शु.

विषय : संलग्न पत्रानुसार

इस पत्र के साथ केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड/वित्त मंत्रालय, नई दिल्ली के पत्र फा.सं. 345/2/2004-टीआरयू पारिपत्र संख्या 795/28/2004-के.उ. दिनांक 28.07.2004 संलग्न है।

सभी व्यापार संघ, व्यापार व उद्योग मण्डलों से निवेदन है कि उक्त पत्र/पारिपत्र की विषय सामग्री से अपने सभी सदस्यों को अवगत कराने की ~~प्रार्थना~~ कृपा करें।

संलग्न : उपरोक्तानुसार

हस्ता./दि. 12.8.2004

जयन्त मिश्र

आयुक्त

फा.सं. : पृथ-16/78/पॉलिसी/2004

दिनांक :

डाक सूची के अनुसार प्रति सभी को प्रेषित है।

अधीक्षक : प्रो.को

Circular No. 795/28/2004-CX

F.No. 345/2/2004-TRU
Government of India
Ministry of Finance
Department of Revenue
(Tax Research Unit)
* * *

New Delhi, dated 28th July, 2004

To,

- (1) The Chief Commissioners of Central Excise (All)
- (2) The Commissioners of Central Excise (All)

Madam/Sir,

Subject : Issues relating to changes in the excise duty structure on textiles and textile articles, as pointed out by the trade and the field formations - reg.

The undersigned is directed to state that subsequent to Budget 2004 announcements, a number of representations/references have been received from the trade as well as from the field formations pertaining to the changes made in the excise duty structure on Textiles and Textile Articles. The point raised and the clarifications thereon are as follows :

Issue No. (1) : Can a manufacturer of textiles or textile articles avail full exemption under notification no. 30/2004-CE as well as clear similar or dissimilar goods on payment of duty under notification no. 29/2004-CE simultaneously?

Clarification : Notification No. 29/2004-CE (prescribing optional duty at the rates of 4% for pure cotton goods and 8% for other goods) and no. 30/2004-CE (prescribing full exemption) are independent notifications and there is no restriction on availing both simultaneously. However, the manufacturer should maintain separate Books of account for goods availing of notification no. 29/2004-CE and for goods availing of notification no. 30/2004-CE.

Issue No. (2) : A manufacturer had stock of inputs as on 08.07.2004 (or stock of finished goods which contained inputs) on which he had availed credit. Can he avail full exemption under notification no. 30/2004-CE on finished goods which was in stock or are manufactured subsequently from such inputs?

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Clarification : If the manufacturer had not taken any credit on his pre-budget stock of inputs, he can clear the finished products without payment of duty under notification no. 30/2004-CE dated 09.07.2004. However, for manufacturers who had pre-budget stock of inputs (or stock of semi-finished or finished goods which contained inputs) on which credit had already been availed, there are two options. He can continue to pay duty on the finished goods made therefrom, at post budget rates i.e. 4% for cotton and 8% for others. Alternatively, he can reverse the credit amount and avail of full exemption on the finished goods.

Issue No. 3 : Rule 12B of the Central Excise Rules, 2002 (which prescribed special job work procedure for textile traders getting their goods manufactured on job work basis) was omitted vide notification no. 11/2004-CE(NT) dated 9th July, 2004. A number of units which were either not undertaking any activity/ processes or were undertaking processes such as cutting and packing (which does not amount to manufacture) had taken registration as 'said person' under the said Rule 12B. Such persons can not be considered 'manufacturers' and their registered premises can not be considered as 'factory'. Some of such persons have credit balance in their account, have inputs on which such credit is taken, and have stock of finished goods received from job workers. Some of the inputs are with their job workers. What would be modalities of clearing such goods and utilizing such credit? Whether such 'said persons' be allowed to issue Cenvatable invoices or ARE-1 for exports?

Clarification : The issue is essentially transitional one and arises only in respect of inputs received on or before 08.07.2004. The person registered under erstwhile Rule 12B, even though not undertaking any manufacturing activity on his own and not having a factory, should be treated as a manufacturer for all ~~practical~~ practical purposes. If such person reverses the credit on the pre-budget stock of inputs (as mentioned in point no. (2) above), the finished goods would become eligible for duty free clearance by anybody clearing them, be it the registered person or his job workers.

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However, in case the trader does not desire to reverse the credit on the pre-budget stock of inputs, he may be allowed to make payment of duty, whereupon the goods can be cleared from his registered premises, or from the premises of the job worker, whether for domestic clearance or for export (under ARE-1 procedure). In either case, no duty is to be paid by the job worker and duty liability, if any, would be on the trader (i.e. the registered ~~person~~ person). In case of polyester filament yarn also, which now attracts mandatory duty, the pre-budget stock can be cleared in this manner, by allowing the trader to pay duty. This procedure would not, however, apply in case of inputs received on or after 9th July, 2004.

Sd/-

(Gautam Ray)

Joint Secretary (TRU)