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SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

New Delhi, the 1st March, 2016

Notification
No. 20/2016 - Central Excise (N.T.)

G.S.R.--- (E) .– In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944) and in supersession of the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 2001, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely:–

1. Short title, extent and commencement. — (1) These rules may be called the Central Excise (Removal of Goods at Concessional Rate of Duty for Manufacture of Excisable and Other Goods) Rules, 2016.

(2) They extend to the whole of India.

(3) They shall come into force on and from the 1st day of April, 2016.

2. Application. — These rules shall apply to a manufacturer who intends to avail of the benefit of a notification issued under sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944) granting exemption of duty to excisable goods when used for the purpose specified in that notification:

Provided that an un-registered manufacturer including manufacturers of exempted goods or non-excisable goods shall be eligible to avail the benefits of the provisions of these rules after taking registration under rule 9 of the Central Excise Rules, 2002.

3. Definitions.- In these rules, unless the context otherwise required, -

(a) “Act” means Central Excise Act, 1944 (1 of 1944);

(b) “applicant manufacturer” means a manufacturer who intends to receive goods for specified use at concessional rate of duty;

(c) “Form” means Form appended to these rules;

(d) “information” means the information provided in Form I by the applicant manufacturer;

(e) “subject goods” means the excisable goods which applicant manufacturer intends to procure at concessional rate of duty;

(f) “supplier manufacturer” means a manufacturer who supplies excisable goods at concessional rate of duty to applicant manufacturer;

(g) words and expressions used in these rules and not defined but defined in the Act and the rules made there under shall have the same meanings respectively assigned to them.

4. Information by applicant manufacturer to obtain benefit. — (1) An applicant manufacturer shall provide an information in duplicate in the Form I to the jurisdictional Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be (hereinafter referred to as the Assistant Commissioner or Deputy Commissioner) and the Assistant Commissioner or Deputy Commissioner shall forward one copy of the information to the jurisdictional range Superintendent of the supplier manufacturer .

(2) The applicant manufacturer shall number the information filed under sub-rule (1) in each financial year.

(3) The applicant manufacturer may either provide separate information in respect of each of the supplier manufacturer of subject goods or provide combined information for multiple supplier manufacturers with details of each of them in Form I.

(4) The applicant manufacturer shall provide the information from time to time to receive subject goods in quantities commensurate with expected consumption in the manufacturing process for a period of one year or less.

(5) The applicant manufacturer shall execute a general bond with surety or security:

Provided that it shall be sufficient to provide a letter of undertaking by an applicant manufacturer against whom no show cause notice has been issued under sub-section (4) or sub-section (5) of section 11A of the Act or where no action is proposed under any notification issued in pursuance of rule 12CCC of the Central Excise Rules, 2002 or rule 12AAA of the CENVAT Credit Rules, 2004.

(6) The applicant manufacturer shall forward a copy of information duly signed by his authorised signatory, to the supplier manufacturer for procuring subject goods.

5. Procedure to be followed by supplier manufacturer of subject goods. — (1) The supplier manufacturer shall avail the benefit of this notification on the basis of information received by him under sub-rule (6) or rule 5.

(2) The supplier manufacturer shall maintain record of information received under sub-rule (1) on the basis of which goods have been removed, the removal details, such as number and

date of invoice, description, quantity and value of subject goods and amount of excise duty paid at concessional rate and retain the same in his records.

6. Applicant manufacturer to submit quarterly returns. - The applicant manufacturer shall, receiving the subject goods, maintain an account indicating the quantity and value of subject goods, the quantity of subject goods consumed for the intended purpose, and the quantity remaining in stock, invoice wise and shall submit a quarterly return on the basis of such records in Form II to the Assistant Commissioner or Deputy Commissioner by the tenth day of the month following each quarter of the financial year.

7. Recovery of duty in certain cases. — Where the goods cleared by the supplier manufacturer on the basis of information provided by an applicant manufacturer, are not used for the intended purpose, the applicant manufacturer shall be liable to pay the amount equal to the difference between the duty leviable on such goods but for the exemption and that already paid, if any, at the time of removal from the factory of the supplier manufacturer of the subject goods, along with interest and the provisions of section 11A, except the time limit mentioned in the said section for demanding duty and section 11AA of the Act shall apply *mutatis mutandis*, for effecting such recoveries:

Provided that where the applicant manufacturer is found to be non-existent, the supplier manufacturer shall be liable to pay the amount equal to the difference between the duty leviable on such goods but for the exemption and that already paid, if any, at the time of removal from the factory of the supplier manufacturer of the subject goods, along with interest and the provisions of section 11A except the time limit mentioned in the said section and section 11AA of the Act shall apply *mutatis mutandis*, for effecting such recoveries.

Provided further that if the subject goods on receipt are found to be defective or damaged or unsuitable or surplus to the needs of the applicant manufacturer, he may return the subject goods to the supplier manufacturer and every such returned goods shall be added to the non-duty paid stock of the supplier manufacturer.

Explanation. - For the removal of doubts, it is hereby clarified that subject goods shall be deemed not to have been used for the intended purpose even if any of the quantity of the subject goods is lost or destroyed by natural causes or by unavoidable accidents during transport from the place of procurement to the applicant manufacturer's premises or from the supplier manufacturer's premises to the place of procurement or during handling or storage in the applicant manufacturer's premises.

Form II

[See rule 6]

Sl. No.	Description of subject goods	Details				Closing balance	Goods manufactured	
		Opening balance	Received	Total of columns (3) and (4)	Quantity consumed for the intended purpose		Nature	Quantity
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

Note: – (1) Separate entries should be made for each variety or class of goods used and manufactured.

(2) Summary table of the information issued and copy thereof should be enclosed.

I/We declare that I/we have compared the above particulars with the records (and) /books of my/our factory and that they are, insofar as I/We can ascertain true and complete.

Date :

Place :

Signature
Name in capital letters
Authorised signatory/manufacturer

[F. No.334/8/2016 -TRU]

(Mohit Tewari)
Under Secretary to the Government of India