

Central Excise (Compounding of Offences) Rules, 2005

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Central Excise (Compounding of Offences) Rules, 2005

In exercise of the powers conferred by clause (id) of sub-sec. (2) of Sec. 37 read with sub-sec. (2) of Sec. 9-A of the Central Excise Act, 1944 (1 of 1944), the Central Government hereby makes the following rules, namely:

1. Short title and commencement :-

- (i) These rules may be called the Central Excise (Compounding of Offences) Rules, 2005.
- (ii) They shall come into force on the date of their publication in the Official Gazette.

2. Definitions :-

In these rules, unless the context otherwise requires,

- (a) "Act means the Central Excise Act, 1944 (1 of 1944);
- (b) "applicant" means any assessee or any other person, but shall not include officers of Central Excise as appointed by Board or Commissioner of Central Excise under Rule 3 of the Central Excise Rules, 2002;
- (c) "compounding authority" means the Chief Commissioner of Central Excise, having jurisdiction over the place where the offence under the Central Excise Act, 1944, have been or alleged to have been committed;
- (d) "form" means the form appended to these rules;
- (e) "reporting authority" means, the Commissioner of Central Excise, having jurisdiction over the factory/place where the offences under the Act have been or are alleged to have been

committed or any other officer as may be authorized in this regard by the Chief Commissioner of Central Excise having jurisdiction over the place where such offences under the Act have been or are alleged to have been

committed;

(f) "section" means a section of the Act; and

(g) words and expression used in these rules and not defined but defined in the Act shall have the respective meanings assigned to them in the Act.

3. Form and manner of application :-

(1) An applicant may, either before or after institution of prosecution, make an application under sub-sec.

(2) of Sec. 9-A in the form appended to these rules, to the Compounding authority to compound the offence:

Explanation. Where an offence under the Act has been committed at more than one place falling under the jurisdiction of more than one compounding authority, then the Chief Commissioner of Central Excise having jurisdiction over such place where the value of goods seized, or the amount of duty evaded or attempted to be evaded is more than the others shall be the competent authority.

4. Procedure on receipt of application under Rule 3 :-

(1) On receipt of an application under Rule 3, the compounding authority shall call for a report from the reporting authority with reference to the particulars furnished in the application, or any other information, which may be considered relevant for examination of such application.

(2) Such report shall be furnished by the reporting authority within a period of one month or within such extended period as may be allowed by the compounding authority, from the date of receipt of communication from the compounding authority.

(3) The compounding authority, after taking into account the contents of the said application, may, by order, either allow the application indicating the compounding amount in terms of Rule 5 and grant him immunity from prosecution in terms of Rule 6 or reject such application:

Provided that application shall not be rejected unless an

opportunity has been given to the applicant of being heard and the grounds of such rejection are mentioned in such order.

(4) A copy of every order under sub-rule (3) shall be sent to the applicant.

(5) The applicant shall, within a period of thirty days from the date of receipt of order under sub-rule (3) allowing the compounding of offences, pay the compounding amount, as ordered to be paid by the compounding authority and shall furnish the proof of such payment to the compounding authority.