

CENTRAL EXCISE RULES, 2002

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CENTRAL EXCISE RULES, 2002

(Notification No. 4/2002-C.E. (N.T.), dated 1/3/2002) 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 (No. 2) 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 Rules, 2002
- (2) They extend to the whole of India.
- (3) They shall come into force on the 1st day of March, 2002.

2. Definitions :-

In these rules, unless the context otherwise requires, -

- (a) "Act" means the Central Excise Act, 1944 (1 of 1944);
- (b) "assessment" includes self-assessment of duty made by the assessee and provisional assessment under rule 7;
- (c) "assessee" means any person who is liable for payment of duty assessed or a producer or manufacturer of excisable goods or a registered person of a private warehouse in which excisable goods are stored and includes an authorized agent of such person;
- (d) "Board" means the Central Board of Excise and Customs constituted under the Central Board of Revenue Act, 1963 (54 of 1963);
- (e) "duty" means the duty payable under section 3 of the Act;
- ¹ (ea) "large taxpayer" means a person who -
 - (i) has one or more registered premises under the Central Excise Act, 1944 (1 of 1944); or
 - (i) has one or more registered premises under Chapter V of the

Finance Act, 1994 (32 of 1994) and is an assessee under the Income tax Act, 1961 (43 of 1961), who holds a Permanent Account Number issued under Section 139-A of the said Act, and satisfies the conditions and observes the procedures as notified by the Central Government in this regard."

(f) "notification" means the notification published in the Official Gazette;

(g) "Tariff Act" means the Central Excise Tariff Act, 1985 (5 of 1986);

(h) "warehouse" means any place or premises registered under rule 9; and

(i) words and expressions used herein but not defined and defined in the Act shall have the meanings respectively assigned to them in the Act.

In the Central Excise Rules, 2002, in Rule 2, after sub-rule(e) the following sub-rule shall be inserted : '(ea)"large taxpayer" means a person who - (i) has one or more registered premises under the Central Excise Act, 1944 (1 of 1944); or (i) has one or more registered premises under Chapter V of the Finance Act, 1994 (32 of 1994) and is an assessee under the Income tax Act, 1961 (43 of 1961), who holds a Permanent Account Number issued under Section 139-A of the said Act, and satisfies the conditions and observes the procedures as notified by the Central Government in this regard.' by the Central Excise (Second Amendment) Rules, 2006.

3. Appointment and jurisdiction of Central Excise Officers. :-

(1) The Board may, by notification, appoint such person as it thinks fit to be Central Excise Officer to exercise all or any of the powers conferred by or under the Act and these rules.

(2) The Board may, by notification, specify the jurisdiction of a Chief Commissioner of Central Excise, Commissioner of Central Excise or Commissioner of Central Excise (Appeals) for the purposes of the Act and the rules made thereunder.

(3) Any Central Excise Officer may exercise the powers and discharge the duties conferred or imposed by or under the Act or these rules on any other Central Excise Officer who is subordinate to him.

4. Duty payable on removal :-

(1) Every person who produces or manufactures any excisable goods, or who stores such goods in a warehouse, shall pay the duty leviable on such goods in the manner provided in rule 8 or under any other law, and no excisable goods, on which any duty is payable, shall be removed without payment of duty from any place, where they are produced or manufactured, or from a warehouse, unless otherwise provided :. ¹[* * * * *]

(2) Notwithstanding anything contained in sub-rule (1), where molasses are produced in a khandsari sugar factory, the person who procures such molasses, whether directly from such factory or otherwise, for use in the manufacture of any commodity, whether or not excisable, shall pay the duty leviable on such molasses, in the same manner as if such molasses have been produced by the procurer.

(3)² [* * * * *]

(4) Notwithstanding anything contained in sub-rule (1), Commissioner may, in exceptional circumstances having regard to the nature of the goods and shortage of storage space at the premises of the manufacturer where the goods are made, permit a manufacturer to store his goods in any other place outside such premises, without payment of duty subject to such conditions as he may specify.

1. In Rule 4, the proviso and Explanation shall be omitted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp. 4-6, No. 138

2. In Rule 4, sub-rule (3), shall be omitted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp. 4-6, No. 138

5. Date for determination of duty and tariff valuation :-

(1) The rate of duty or tariff value applicable to any excisable goods, other than khandsari molasses, shall be the rate or value in force on the date when such goods are removed from a factory or a warehouse, as the case may be.

(2) The rate of duty in the case of khandsari molasses, shall be the rate in force on the date of receipt of such molasses in the factory of the procurer of such molasses.

Explanation. - If any excisable goods are used within the factory,

'the date of removal of such goods' shall mean the date on which the goods are issued for such use.

(3)¹ [* * * * *]

1. In Rule 5, sub-rule (3), shall be omitted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp. 4-6, No. 138

6. Assessment of duty :-

The assessee shall himself assess the duty payable on any excisable goods : Provided that in case of cigarettes, the Superintendent or Inspector of Central Excise shall assess the duty payable before removal by the assessee.

7. Provisional assessment :-

(1) Where the assessee is unable to determine the value of excisable goods or determine the rate of duty applicable thereto, he may request the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, in writing giving reasons for payment of duty on provisional basis and the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, may order allowing payment of duty on provisional basis at such rate or on such value as may be specified by him.

(2) The payment of duty on provisional basis may be allowed, if the assessee executes a bond in the form prescribed by notification by the Board with such surety or security in such amount as the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, deem fit, binding the assessee for payment of difference between the amount of duty as may be finally assessed and the amount of duty provisionally assessed.

(3) The Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, shall pass order for final assessment, as soon as may be, after the relevant information, as may be required for finalizing the assessment, is available, but within a period not exceeding six months from the date of the communication of the order issued under sub-rule (1):

Provided that the period specified in this sub-rule may, on sufficient cause being shown and the reasons to be recorded in writing, be

extended by the Commissioner of Central Excise for a further period not exceeding six months and by the Chief Commissioner of Central Excise for such further period as he may deem fit.

(4) The assessee shall be liable to pay interest on any amount payable to Central Government, consequent to order for final assessment under sub-rule (3), at the rate specified by the Central Government by notification issued under section 11AA or section 11AB of the Act from the first day of the month succeeding the month for which such amount is determined, till the date of payment thereof.

(5) Where the assessee is entitled to a refund consequent to order for final assessment under sub-rule (3), subject to sub-rule (6), there shall be paid an interest on such refund at the rate specified by the Central Government by notification issued under section 11BB of the Act from the first day of the month succeeding the month for which such refund is determined, till the date of refund.

(6) Any amount of refund determined under sub-rule (3) shall be credited to the Fund : Provided that the amount of refund, instead of being credited to the Fund, be paid to the applicant, if such amount is relatable to -

(a) the duty of excise paid by the manufacturer, if he had not passed on the incidence of such duty to any other person; or

(b) the duty of excise borne by the buyer, if he had not passed on the incidence of such duty to any other person.

8. Manner of payment :-

⁴(1) The duty on the goods removed from the factory or the warehouse during a month shall be paid by the 5th day of the following month :

Provided that in case of goods removed during the month of March, the duty shall be paid by the 31st day of March :

Provided further that where an assessee is availing of the exemption under a notification based on the value of clearances in a financial year, the duty on goods cleared during a calendar month shall be paid by the 15th day of the following month except in case of goods removed during the month of March for which the duty shall be paid by the 31st day of March.

Explanation. For the purposes of this rule,

(a) 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;

(b) if the assessee deposits the duty by cheque, the date of presentation of the cheque in the bank designated by the Central Board of Excise and Customs for this purpose shall be deemed to be the date on which the duty has been paid subject to realization of that cheque.

(2) The duty of excise shall be deemed to have been paid for the purposes of these rules on the excisable goods removed in the manner provided under sub-rule (1) and the credit of such duty allowed, as provided by or under any rule.

5(3) If the assessee fails to pay the amount of duty by due date, he shall be liable to pay the outstanding amount along with interest at the rate specified by the Central Governments vide notification under Sec. 11-AB of the Act on the outstanding amount, for the period starting with the first day after due date till the date of actual payment of the outstanding amount.

67"(3A) If the assessee defaults in payment of duty beyond thirty days from the due date, as prescribed in sub-rule (1), then notwithstanding anything contained in said sub-rule (1) and sub-rule (4) of rule 3 of CENVAT Credit Rules, 2004, the assessee shall, pay excise duty for each consignment at the time of removal, without utilizing the CENVAT credit till the date the assessee pays the outstanding amount including interest thereon; and in the event of any failure, it shall be deemed that such goods have been cleared without payment of duty and the consequences and penalties as provided in these rules shall follow."

8 (4) The provisions of Section 11 of the Act shall be applicable for recovery of the duty as assessed under Rule 6 and the interest under sub-rule (3) in the same manner as they are applicable for recovery of any duty or other sums payable to the Central Government.

In Rule 8, sub-rule (1), shall be substituted by Central Excise (2nd Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 1th March, 2003, pp. 183-184, No. 95

In rule 8, for subrule(3) shall be substituted by the Central Excise(Second Amendment)Rules 2005.

after subrule(3) shall be inserted (3-a) by the Central Excise(Second Amendment)Rules 2005.

In the Central Excise Rules, 2002, in rule 8, for sub-rule (3A), shall be substituted, in place of :- "(3A) If the assessee defaults in payment of duty by the date prescribed in sub-rule (2) and the same is discharged beyond a period of thirty days from the said date, then the assessee shall forfeit the facility to pay the duty in monthly installments under sub-rule (1) for a period of two months, starting from the date of communication of the order passed by the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, in this regard or till such date on which all dues including interest thereof are paid, whichever is later, and during this period notwithstanding anything contained in sub-rule (4) of Rule 3 of CENVAT Credit Rules, 2004, the assessee shall be required to pay excise duty for each consignment by debit to the account current and in the event of any failure, it shall be deemed that such goods have been cleared without payment of duty and the consequences and penalties as provided in these rules shall follow. " by the Central Excise Act, 1944 (1 of 1944).

In Rule 8, sub-rule (4), shall be substituted by Central Excise (2nd Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 1th March, 2003, pp. 183-184, No. 95

9. Registration. :-

(1) Every person, who produces, manufactures, carries on trade, holds private store-room or warehouse or otherwise uses excisable goods, shall get registered :

Provided that a registration obtained under rule 174 of the Central Excise Rules, 1944 or rule 9 of the Central Excise (No. 2) Rules, 2001 shall be deemed to be as valid as the registration made under this sub-rule for the purpose of these rules.

(2) The Board may by notification and subject to such conditions or limitations as may be specified in such notification, specify person or class of persons who may not require such registration.

(3) The registration under sub-rule (1) shall be subject to such conditions, safeguards and procedure as may be specified by notification by the Board.

10. Daily stock account :-

(1) Every assessee shall maintain proper records, on a daily basis,

in a legible manner indicating the particulars regarding description of the goods produced or manufactured, opening balance, quantity produced or manufactured, inventory of goods, quantity removed, assessable value, the amount of duty payable and particulars regarding amount of duty actually paid.

(2) The first page and the last page of each such account book shall be duly authenticated by the producer or the manufacturer or his authorised agent.

(3) All such records shall be preserved for a period of five years immediately after the financial year to which such records pertain.

11. Goods to be removed on invoice :-

(1) No excisable goods shall be removed from a factory or a warehouse except under an invoice signed by the owner of the factory or his authorized agent and in the case of cigarettes, each such invoice shall also be countersigned by the Inspector of Central Excise or the Superintendent of Central Excise before the cigarettes are removed from the factory. ¹

Provided that a manufacturer of yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60 or readymade garments falling under Chapter 61 or 62 of First Schedule to the Tariff Act may remove the said goods under a pro forma invoice signed by him or his authorised agent. The provisions of sub-rules (2) to (5) shall apply to the pro forma invoice except that the said invoice shall not contain the details of the duty payable. The manufacturer shall, within five working days from the issuance of the pro forma invoice prepare the invoice in terms of this rule after making adjustments in respect of the goods rejected and returned by the buyer. The pro forma invoice and the invoice issued in terms of this sub-rule shall have cross reference to each other by way of their serial numbers.

2

"Provided further that the said period of five working days, as referred to in the first proviso, may be extended upto a period not exceeding twenty-one days, inclusive of the said period of five working days, by the Commissioner of Central Excise, on receipt of a request from the said manufacturer."

(2) The invoice shall be serially numbered and shall contain the registration number, name of the consignee, description,

classification, time and date of removal, mode of transport and vehicle registration number, rate of duty, quantity and value, of goods and duty payable thereon."

(3) The invoice shall be prepared in triplicate in the following manner, namely :-

(i) the original copy being marked as ORIGINAL FOR BUYER;

(ii) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER;

(iii) the triplicate copy being marked as TRIPLICATE FOR ASSESSEE.

(4) Only one copy of invoice book shall be in use at a time, unless otherwise allowed by the Assistant Commissioner of Central Excise, or the Deputy Commissioner of Central Excise, as the case may be, in the special facts and circumstances of each case.

(5) The owner or working partner or the Managing Director or the Company Secretary or any person duly authorised for this purpose shall authenticate each foil of the invoice book, before being brought into use.

(6) Before making use of the invoice book, the serial numbers of the same shall be intimated to the Superintendent of Central Excise having jurisdiction.

(7) The provisions of this rule shall apply mutatis mutandis to goods supplied by a first stage dealer or a second stage dealer.

Explanation. - For the purposes of this rule, "first stage dealer" and "second stage dealer" shall have the meanings assigned to them in CENVAT Credit Rules, 2002

1. In Rule 11, sub-rule (1), proviso shall be inserted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp. 4-6, No. 138

2. Inserted by Central Excise (Sixth Amendment) Rules, 2003

12. Filing of return :-

(1) Every assessee shall submit to the Superintendent of Central Excise a monthly return in the form specified by notification by the Board, of production and removal of goods and other relevant particulars, within ten days after the close of the month to which

the return relates :

12"Provided that an assessee, manufacturing pan masala falling under tariff item 2106 90 20 or pan masala containing tobacco falling under tariff item 2403 99 90, shall also file, along with the return, for the month to which the said return relates, a statement summarizing,-

(i) the purchase invoices for the month with the names and addresses of the suppliers of betel nut, tobacco and packing material along with the quantity of the said goods purchased; and

(ii) the sales invoices for the month with the names and addresses of the buyers, description, quantity and value of goods sold by the assessee.

Explanation: When the goods are not sold from the factory, the address of the premises to which the goods are dispatched from the factory shall also be provided".

13Provided further that where an assessee is,-

(a) availing the exemption under a notification based on value of clearances in a financial year; or

(b) manufacturing processed yarn, unprocessed fabrics falling under Chapters 50, 51, 52, 53, 54, 55, 58 or 60 of First Schedule to the Tariff Act; or

(c) manufacturing readymade garments falling under Chapter 61 or 62 of First Schedule to the Tariff Act, which prior to 1st day of April, 2003 were eligible for an exemption under a notification based on value of clearances in a financial year, he shall file a quarterly return in the form specified by notification by the Board, of production and removal of goods and other relevant particulars, within twenty days after the close of the quarter to which the return relates.

14(2)

(a) Notwithstanding anything containing in sub-rule (1), every assessee shall submit to the Superintendent of Central Excise, an Annual Financial information Statement for the preceding financial year to which the statement relates in the form specified by notification by the Board by 30th day of November of the succeeding year.

(b) The Central Government may, by notification, and subject to such conditions or limitations as may be specified in such notification, specify assessee or class of assessee who may not require to submit such an Annual Financial Information Statement."

15 (3) The proper officer may on the basis of information contained in the return filed by the assessee under sub-rule (1), and after such further enquiry as he may consider necessary, scrutinize the correctness of the duty assessed by the assessee on the goods removed, in the manner to be prescribed by the Board.

(4) Every assessee shall make available to the proper officer all the documents and records for verification as and when required by such officer.

In the Central Excise Rules, 2002, in rule 12, in sub-rule (1), before the existing proviso, the following proviso shall be inserted, namely:- "Provided that an assessee, manufacturing pan masala falling under tariff item 2106 90 20 or pan masala containing tobacco falling under tariff item 2403 99 90, shall also file, along with the return, for the month to which the said return relates, a statement summarizing,- (i) the purchase invoices for the month with the names and addresses of the suppliers of betel nut, tobacco and packing material along with the quantity of the said goods purchased; and (ii) the sales invoices for the month with the names and addresses of the buyers, description, quantity and value of goods sold by the assessee. Explanation: When the goods are not sold from the factory, the address of the premises to which the goods are dispatched from the factory shall also be provided". by the Central Excise (Amendment) Rules, 2007.

In Rule 12, proviso shall be substituted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp.4-6, No. 138

Rule 12 of the Central Excise Rules, 2002, shall be re-numbered as sub-rule (1) thereof; and after sub-rule (1) as so re-numbered, the following sub-rule shall be inserted, by the Central Excise (Fifth Amendment) Rules, 2004

In rule 12 after subrule (2) shall be inserted by the Central Excise(Second Amendment)Rules 2005.

12A. Rule 12A :-

* * * *]

12AA. Job work in article of jewellery :-

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(1) Notwithstanding anything contained in these rules, every

person (not being an export-oriented unit or a unit located in special economic zone) who gets article of jewellery falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) (hereinafter referred to as the Tariff Act), produced or manufactured on his behalf, on job work basis, (hereinafter referred to as "the said person") shall obtain registration, maintain accounts, pay duty leviable on such goods and comply with all the relevant provisions of these rules, as if he is an assessee:

Provided that the job worker may, at his option, agree to obtain registration, maintain accounts, pay the duty leviable on such goods, prepare the invoice and comply with the other provisions of these rules and in such a case the provisions of these rules shall not apply to the said person.

(2) If the said person desires clearance of excisable goods for home consumption or for exports from the premises of the job worker, he shall pay duty on such excisable goods and prepare an invoice, in the manner referred to in rules 8 and 11 respectively except for mentioning the date and time of removal of goods on such invoice.

(3) The original and the duplicate copy of the invoice so prepared shall be sent by him to the job worker from whose premises the excisable goods after completion of job work are intended to be cleared, before the goods are cleared from the premises of the job worker.

(4) The job worker shall fill up the particulars of date and time of removal of goods before the clearance of goods and after such clearance the job worker shall intimate to the said person, the date and time of the clearance of goods for completion of the particulars by the said person in the triplicate copy of the invoice.

(5) The said person may supply or cause to supply to a job worker, the following goods, namely:-

(a) inputs in respect of which he may or may not have availed CENVAT credit in terms of the CENVAT Credit Rules, 2004, without reversal of the credit thereon; or

(b) goods manufactured in the factory of the said person without payment of duty; under a challan, consignment note or any other document (herein referred to as "document") with such information as specified in sub-rule (2) of Rule 11 of the Central Excise Rules.

2002. duly signed by him or his authorised agent.

(6) the responsibility in respect of accountability of the goods, referred to in sub-rule (5) shall lie on the said person.

(7) Notwithstanding anything contained in these rules, the job worker shall not be required to get himself registered or shall not be required to maintain any record evidencing the processes undertaken for the sole purposes of undertaking job work under these rules unless he has exercised his option in terms of the proviso to sub-rule under these rules unless he has exercised his option in terms of the proviso to sub-rule (1).

(8) The job worker, with or without completing the job work may,-
(i) return the goods without payment of duty to the said person; or
(ii) clear the goods for home consumption or for exports; subject to receipt of an invoice from the said person, as mentioned in sub-rule (4)

(9) The job worker shall clear the goods after filling in invoice the time and date of removal and authentication of such details. The rate of duty on such goods shall be the rate in force on date of removal of such goods from the premises of the job worker and no excisable good shall be removed except under the invoice.

Explanation 1. - For the purpose of this rule, "job worker" means a person engaged in manufacture or processing on behalf and under the instructions of the said person from any inputs or goods supplied by the said person or by any other person authorized by the said person, so as to complete a part or whole of the process resulting ultimately in manufacture of articles of jewellery falling under heading 7113 of the First Schedule to the Central Excise Tariff Act, 1985, and the term "job work" shall be construed accordingly.

Explanation 2.- For the purposes of this rule, article of jewellery shall mean articles of jewellery on which brand name or trade name is indelibly affixed or embossed on itself.

Explanation 3. - For the purposes of this notification, 'brand name or trade name means a brand name or trade name, whether registered or not, that is to say, a name or a mark, such as a symbol, monogram, label, signature or invented words or any writing which is used in relation to a product, for the purpose of indicating, or so as to indicate, a connection in the course of trade

between the producer and some person using such name or mark with or without any indication of the identity of that person.

Explanation 4. - For the removal of doubts, it is hereby clarified that if any goods or part thereof is lost, destroyed, found short at any time before the clearance of articles of jewellery falling under heading 7113 of the First Schedule to the Tariff Act or waste, byproducts or like goods arising during the course of manufacture of such goods, the said person shall be liable to pay duty thereon as if such goods were cleared for home consumption.

1. After Rule 12-A, rule shall be inserted, Central Excise (First Amendment) Rules, 2005.

12B. Job work in textiles and textile articles. :-

1

(1) Notwithstanding anything contained in these rules, every person (not being an export-oriented unit or a unit located in special economic zone) who gets ² [yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60, readymade garments falling under Chapter 61 or 62 or made up textile articles falling under Chapter 63 of First Schedule to the Tariff Act, produced or manufactured on his account, on job work (hereinafter referred to as "the said person") shall obtain registration, maintain accounts, pay duty leviable on such goods and comply with all the relevant provisions of these rules, as if he is an assessee:

Provided that the job worker may, at his option, agree to obtain registration, maintain accounts, pay the duty leviable on such goods, prepare the invoice and comply with the other provisions of these rules. In such a case the provisions of these rules shall not apply to the said person. The job worker, may, at his option, authorize the said person to, on his behalf as his agent, maintain accounts, pay duty, prepare invoice and comply with any of the provisions of these rule except that of Rule 9 :

Provided further that the job worker may make an option to undertake the activities mentioned in this sub-rule as an agent or person authorized by the said person and in such a case, the said job worker shall be deemed to be the said person.

(2) If the said person desires clearance of excisable goods for home consumption or for exports from the premises of the job worker, he shall pay duty on such excisable goods and prepare an invoice, in

the manner referred to in Rules 8 and 11 respectively except for mentioning the date and time of removal of goods on such invoice. The original and the duplicate copy of the invoice so prepared shall be sent by him to the job worker from whose premises the excisable goods after completion of job work are intended to be cleared, before the goods are cleared from the premises of the job worker. The job worker shall fill up the particulars of date and time of removal of goods before the clearance of goods. After such clearance the job worker shall intimate to the said person, the date and time of the clearance of goods for completion of the particulars by the said person in the triplicate copy of the invoice.

(3) The said person may supply or cause to supply to a job worker, the following goods, namely:

(a) inputs in respect of which he may or may not have availed CENVAT credit in terms of the CENVAT Credit Rules, 2002, without reversal of the credit thereon; or

(b) goods manufactured in the factory of the said person without payment of duty;

(4)

(a) The document shall be in duplicate, in printed (including computer printed) format, having printed running serial numbers on a financial year basis. The document, before it is issued shall be signed by the sender, of the goods referred to in sub-rule (3) or his authorized representative, as the case may be.

(b) The document for the movement of goods from the said person to the job worker shall contain the following information,

(i) the name, address and registration number of the said person;

(ii) the Range, Division and the Commissionerate with whom the said person is registered;

(iii) the description, quantity (in terms of kg/m/sq m) and the value of the goods being sent for the job work;

(iv) the date of dispatch of such goods; and

(v) the name and address of the job worker.

(c) The document pertaining to movement of goods from a job worker to another job worker or from a job worker to the said

person shall contain,

(i) the name and address of the job worker (the sender); (ii) the description and quantity (in terms of kg/m/sq m) of the goods being sent;

(iii) the date of dispatch of such goods; (iv) the name and address of the job worker/the said person to whom the goods are being sent (the receiver).

(d) The responsibility in respect of accountability of the goods, referred to in sub-rule (3) shall lie on the said person.

(5) The job worker, on receipt of the goods mentioned in sub-rule (3) or, as the case may be, from another job worker sent by him in terms of clause (if) to sub-rule (7), shall duly acknowledge the receipt of the goods on the said document.

(6) Notwithstanding anything contained in these rules, the job worker shall not be required to get himself registered or shall not be required to maintain any record evidencing the processes undertaken for the sole purposes of undertaking job work under these rules unless he has exercised his option in terms of the first or the second proviso to sub-rule (1).

(7) The job worker, with or without completing the job work, may,

(i) return the goods without payment of duty to the said person; or

(ii) send the goods without payment of duty to another job worker; or

(iii) clear the goods for home consumption or for exports

subject to receipt of an invoice from the said person, as mentioned in sub-rule (2). The job worker shall clear the goods after filling in the time and date of removal and authenticating such details. The rate of duty on such goods shall be rate in force on date of removal of such goods from the premises of the job worker. No excisable goods shall be removed except under an invoice :

Provided that the goods may be sent under a pro forma invoice in terms of proviso to sub-rule (1) of Rule 11.

(8) The provisions of this rule, mutatis mutandis, be applicable to the goods in the nature of the waste, by-products or like goods arising during the course of manufacture of the goods mentioned in

sub-rule (1).

(9) Nothing contained in these rules shall apply to the goods sent from or to an export oriented unit or a unit located in a special economic zone.

Explanation 1. For the purposes of this rule, "job worker" means a person engaged in manufacture or processing on behalf and under the instructions of the said person from any inputs or goods supplied by the said person or by another job worker or by any other person authorized by the said person, so as to complete a part or whole of the process resulting ultimately in manufacture of yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60, readymade garments falling under Chapter 61 or 62 or made up textile articles falling under Chapter 63 of First Schedule to the Tariff Act and the term "job work" shall be construed accordingly.

Explanation 2. For the removal of doubt, it is clarified that if any goods or part thereof is lost, destroyed, found short at any time before the clearance of yarn or fabrics falling under Chapters 50, 51, 52, 53, 54, 55, 58 or 60 or readymade garments falling under Chapter 61 or 62 of First Schedule to the Tariff Act or waste, by-products or like goods arising during the course of manufacture of such goods, the said person shall be liable to pay duty thereon as if the such goods were cleared for home consumption."

1. Rule 12B, shall be inserted by Central Excise (Third Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 25th March, 2003, pp. 4-6, No. 138

2. Substituted by Central Excise (Fourth Amendment) Rules, 2003

12C. Maintenance of records and payment of duty by the independent weaver of unprocessed fabrics :-

B2 . An independent weaver of unprocessed fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60 of the First Schedule to the Tariff Act, may, at his option, authorize another person, on his behalf, to maintain accounts, pay duty, prepare invoice and comply with any of the provisions of these rules except that of Rule 9:

Provided that primary responsibility to comply with the provisions of these rules shall lie with the said independent weaver and in case of short payment or non-payment of duty on such unprocessed fabrics, consequences and penalties shall apply both to the said independent weaver and his authorized agent.

Explanation. Independent weaver means a weaver who works on

his own, purchases the yarn himself and sells the grey fabrics manufactured by him."

b2. Inserted by Central Excise (5th Amendment) Rules, 2003

13. Duty on matches :-

1 ["At the option of the duty on matches shall be paid by affixing to each box"] or booklet a Government Central Excise Stamp of a value appropriate to the rate of duty, and where such boxes or booklets are issued in packages, each package shall be reckoned by the manufacturer as his minimum unit of distribution and shall bear the manufacturer's trade label and a mark clearly showing the class of matches contained in the package.

1. Rule 13,13A,and 14, shall be omitted by Central Excise (2nd Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 1th March, 2003, pp.183-184, No. 95

13A. Utilisation of amount paid for procurement of Central Excise Stamps for payment of duty. :-

1 [* * * *]

1. Rule 13,13A,and 14, shall be omitted by Central Excise (2nd Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 1th March, 2003, pp.183-184, No. 95

14. Procedure for procurement of central excise stamps and maintenance of records for production and removal of matches :-

1 [* * * * * *]

1. Rule 13,13A,and 14, shall be omitted by Central Excise (2nd Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 1th March, 2003, pp.183-184, No. 95

15. Special procedure for payment of duty :-

(1) The Central Government may, by notification, specify the goods in respect of which an assessee shall have the option to pay the duty of excise on the basis of such factors as may be relevant to production of such goods and at such rate as may be specified in the said notification, subject to such limitations and conditions, including those relating to interest or penalty, as may be specified in such notification.

(2) The Central Government may also specify by notification the manner of making an application for availing of the special procedure for payment of duty, the abatement, if any, that may be allowed on account of closure of a factory during any period, and any other matter incidental thereto.

16. Credit of duty on goods brought to the factory. :-

(1) Where any goods on which duty had been paid at the time of removal thereof are brought to any factory for being re-made, refined, re-conditioned or for any other reason, the assessee shall state the particulars of such receipt in his records and shall be entitled to take CENVAT credit of the duty paid as if such goods are received as inputs under the CENVAT Credit Rules, 2002 and utilise this credit according to the said rules.

(2) If the process to which the goods are subjected before being removed does not amount to manufacture, the manufacturer shall pay an amount equal to the CENVAT credit taken under sub-rule (1) and in any other case the manufacturer shall pay duty on goods received under sub-rule (1) at the rate applicable on the date of removal and on the value determined under sub-section (2) of section 3 or section 4 or section 4A of the Act, as the case may be.

(3) If there is any difficulty in following the provisions of sub-rule (1) and sub-rule (2), the assessee may receive the goods for being re-made, refined, re-conditioned or for any other reason and may remove the goods subsequently subject to such conditions as may be specified by the Commissioner.

16B. Special procedure for removal of semi-finished goods for certain purposes :-

¹ The Commissioner of Central Excise may by special order and subject to conditions as may be specified by the Commissioner of Central Excise, permit a manufacturer to remove excisable goods which are in the nature of semi-finished goods, for carrying out certain manufacturing processes, to some other premises and to bring back such goods to his factory, without payment of duty, or to some other registered premises and allow these goods to be removed on payment of duty or without payment of duty for export from such other registered premises.

1. Inserted by Central Excise (Amendment) Rules, 2004, w.e.f. 9.1.2004

16C. Special procedure for removal of excisable goods for carrying out tests. :-

2526 The Commissioner of Central Excise may, by special order and subject to such conditions as may be specified by him, permit a manufacturer to remove excisable goods manufactured in his factory, without payment of duty, for carrying out tests or any other process not amounting to manufacture, to any other premises, whether or not registered, and after carrying out such tests or any such tests other process may allow:

(a) bringing back such goods to the said factory without payment of duty, for subsequent clearance for home consumption or export, as the case may be or

(b) removal of such goods from the said the other premises, for home consumption on payment of duty leviable thereon or without payment of duty for export, as the case may be:

provided that this rule shall not be apply to the goods known as "prototypes" which are sent out for trial or development test.

Inserted by Central Excise (Amendment) Rules, 2004, w.e.f. 9.1.2004

In the CENTRAL EXCISE RULES, 2002, Rule 16 shall be substituted in place of :- "16C. Special procedure for removal of excisable goods for carrying out tests.- The Commissioner of Central Excise may, by special order and subject to such conditions as may be specified by the Commissioner of Central Excise, permit a manufacturer to remove excisable goods manufactured in his factory for carrying out tests to some other premises and to bring back such goods to his factory, without payment of duty, or to some other registered premises and allow these goods to be removed on payment of duty, or without payment of duty for export from such other registered premises : Provided that this rule shall not apply to the goods known as "prototypes" which are sent out for trial or development test. by the CENTRAL EXCISE (Third Amendment) RULES, 2006, on Noti. No. F.No.267/24/2006-CX 8, {No. 26/2006-Central Excise (N.T.)}, Dated on 28th December, 2006- Gaz. Of India, Exty., Pt. II-Sec. 3(i), No. 606, Dated on 28th December, 2006, p.2.] = 2007 CCS/P.271/H.85.

17. Removal of goods by a unit in the Free Trade Zone or by a Hundred per cent. Export-Oriented undertaking or by a unit in the Special Economic Zone for Domestic Tariff Area :-

(1) Where any goods are removed from a unit in a Free Trade Zone

or a hundred per cent. export-oriented unit or a unit in the Special Economic Zone, to domestic tariff area, such removal shall be made under an invoice by following the procedure specified in rule 11, and on payment of appropriate duty before removal of goods by debiting the account current required to be maintained for this purpose.

(2) The unit shall maintain in the form specified by notification by the Board appropriate account relating to production, description of goods, quantity removed, and the duty paid.

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(3) The unit shall submit a monthly return, in the form specified, by notification, by the Board, to the Superintendent of Central Excise, within ten days from the close of the month to which, the return relates, in respect of excisable goods manufactured in, and receipt of inputs and capital goods in, the unit.

1. SUBSTITUTED BY Central Excise (Seventh Amendment) Rules, 2003, w.e.f. 1.10.2003 [Noti. No. F. No. 201/6/2002-CX-6 (Pt. 2) {No. 69/2003-Central Excise (N.T), dt. 15.9.2003 Gaz. of India, Exty., Pt. II-Sec. 3(I), No. 449, dt. 15.9.2003, p. 2.]

18. Rebate of duty :-

Where any goods are exported, the Central Government may, by notification, grant rebate of duty paid on such excisable goods or duty paid on materials used in the manufacture or processing of such goods and the rebate shall be subject to such conditions or limitations, if any, and fulfilment of such procedure, as may be specified in the notification.

Explanation. - "Export" includes goods shipped as provision or stores for use on board a ship proceeding to a foreign port or supplied to a foreign going aircraft.

19. Export without payment of duty :-

(1) Any excisable goods may be exported without payment of duty from a factory of the producer or the manufacturer or the warehouse or any other premises, as may be approved by the Commissioner.

(2) Any material may be removed without payment of duty from a factory of the producer or the manufacturer or the warehouse or any other premises, for use in the manufacture or processing of goods which are exported, as may be approved by the

Commissioner.

(3) The export under sub-rule (1) or sub-rule (2) shall be subject to such conditions, safeguards and procedure as may be specified by notification by the Board.

20. Warehousing provisions :-

(1) The Central Government may by notification, extend the facility of removal of any excisable goods from the factory of production to a warehouse, or from one warehouse to another warehouse without payment of duty.

(2) The facility under sub-rule (1) shall be available subject to such conditions, including penalty and interest, limitations, including limitation with respect to the period for which the goods may remain in the warehouse, and safeguards and procedure, including in the matters relating to dispatch, movement, receipt, accountal and disposal of such goods, as may be specified by the Board.

(3) The responsibility for payment of duty on the goods that are removed from the factory of production to a warehouse or from one warehouse to another warehouse shall be upon the consignee.

(4) If the goods dispatched for warehousing or re-warehousing are not received in the warehouse, the responsibility for payment of duty shall be upon the consignor.

21. Remission of duty :-

Where it is shown to the satisfaction of the Commissioner that goods have been lost or destroyed by natural causes or by unavoidable accident or are claimed by the manufacturer as unfit for consumption or for marketing, at any time before removal, he may remit the duty payable on such goods, subject to such conditions as may be imposed by him by order in writing : Provided that where such duty does not exceed one thousand rupees, the provisions of this rule shall have effect as if for the expression "Commissioner", the expression " Superintendent of Central Excise" has been substituted: Provided further that where such duty exceeds one thousand rupees but does not exceed two thousand five hundred rupees, the provisions of this rule shall have effect as if for the expression "Commissioner", the expression "Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be," has been substituted : Provided also that where such duty exceeds two thousand five

hundred rupees but does not exceed five thousand rupees, the provisions of this rule shall have effect as if for the expression "Commissioner", the expression "Joint Commissioner of Central Excise or Additional Commissioner of Central Excise, as the case may be," has been substituted.

22. Access to a registered premises :-

(1) An officer empowered by the Commissioner in this behalf shall have access to any premises registered under these rules for the purpose of carrying out any scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.

¹(2) Every assessee, and first stage and second stage dealer shall furnish to the officer empowered under sub-rule (1), a list in duplicate, of

(i) all the records prepared and maintained for accounting of transaction in regard to receipt, purchase, manufacture, storage, sales or delivery of the goods including inputs and capital goods, as the case may be;

(ii) all the records prepared and maintained for accounting of transaction in regard to payment for input services and their receipt or procurement; and

(iii) all the financial records and statements including trial balance or its equivalent.

(3) ²"Every assessee" and first stage and second stage dealer shall, on demand make available to the officer empowered under sub-rule (1) or the audit party deputed by the Commissioner or the Comptroller and Auditor General of India, -

(i) the records maintained or prepared by him in terms of sub-rule (2);

(ii) the cost audit reports, if any, under section 233B of the Companies Act, 1956 (1 of 1956); and

(iii) the Income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961 (43 of 1961), for the scrutiny of the officer or audit party, as the case may be.

³ Explanation. For the purposes of this rule, "first stage dealer" and "second stage dealer" shall have the meanings assigned to them in CENVAT Credit Rules, 2004.

1. In rule 22 sub rule (2) shall be substituted by the Central Excise(Second Amendment)Rules 2005
2. rule 22 sub rule(3) words Every Assessee shall be substituted by the Central Excise(Second Amendment)Rules 2005
3. after sub rule (3) Explanation shall be inserted by the Central Excise(Second Amendment)Rules 2005

23. Power to stop and search :-

Any Central Excise Officer, may search any conveyance carrying excisable goods in respect of which he has reason to believe that the goods are being carried with the intention of evading duty.

24. Power to detain or seize goods :-

If a Central Excise Officer, has reason to believe that any goods, which are liable to excise duty but no duty has been paid thereon or the said goods were removed with the intention of evading the duty payable thereon, the Central Excise Officer may detain or seize such goods.

25. Confiscation and penalty :-

(1) Subject to the provisions of section 11AC of the Act, if any producer, manufacturer, registered person of a warehouse or a registered dealer, -

(a) removes any excisable goods in contravention of any of the provisions of these rules or the notifications issued under these rules; or

(b) does not account for any excisable goods produced or manufactured or stored by him; or

(c) engages in the manufacture, production or storage of any excisable goods without having applied for the registration certificate required under section 6 of the Act; or

(d) contravenes any of the provisions of these rules or the notifications issued under these rules with intent to evade payment of duty, - then, all such goods shall be liable to confiscation and the producer or manufacturer or registered person of the warehouse or a registered dealer, as the case may be, shall be liable to a penalty not exceeding the duty on the excisable goods in respect of which any contravention of the nature referred to in clause (a) or clause (b) or clause (c) or clause (d) has been committed, or rupees ten thousand, whichever is greater.

(2) An order under sub-rule (1) shall be issued-by the Central Excise Officer, following the principles of natural justice.

26. Penalty for certain offences :-

Any person who acquires possession of, or is in any way concerned in transporting, removing, depositing, keeping, concealing, selling or purchasing, or in any other manner deals with, any excisable goods which he knows or has reason to believe are liable to confiscation under the Act or these rules, shall be liable to a penalty not exceeding the duty on such goods or rupees ten thousand, whichever is greater.

27. General penalty :-

A breach of these rules shall, where no other penalty is provided herein or in the Act, be punishable with a penalty which may extend to five thousand rupees and with confiscation of the goods in respect of which the offence is committed.

28. Confiscated property to vest in Central Government :-

(1) When any goods are confiscated under these rules, such thing shall thereupon vest in the Central Government.

(2) The Central Excise Officer adjudging confiscation shall take and hold possession of the things confiscated, and every Officer of Police, on the requisition of such Central Excise Officer, shall assist him in taking and holding such possession.

29. Disposal of confiscated goods :-

Confiscated goods in respect of which the option of paying a fine in lieu of confiscation has not been exercised, shall be sold, destroyed or otherwise disposed of in such manner as the Commissioner may direct.

30. Storage charges in respect of goods confiscated and redeemed :-

If the owner of the goods, the confiscation of which has been adjudged, exercises his option to pay fine in lieu of confiscation, he may be required to pay such storage charges as may be determined by the adjudicating officer.

31. Power to issue supplementary instructions :-

(1) The Board or the Chief Commissioner or the Commissioner, may issue written instructions providing for any incidental or supplemental matters, consistent with the provisions of the Act and

these rules.

32. Restrictions on removal of goods :-

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1. Rule 32, shall be omitted by Central Excise (1st Amendment) Rules, 2003. , published in the Gazette of India, Extra., Part II, Section 3(i), dated 11th February, 2003, p. 1, No. 68

33. Transitional provision :-

Any notification, circular, instruction, standing order, trade notice or other order issued under the Central Excise (No.2) Rules, 2001 by the Board, the Chief Commissioner or the Commissioner of Central Excise, and in force as on the 28th day of February, 2002, shall, to the extent it is relevant and consistent with these rules, be deemed to be valid and issued under the corresponding provisions of these rules.