

**OFFICE OF THE COMMISSIONER CENTRAL EXCISE & SERVICE TAX
COMMISSIONERATE CHANDIGARH -I**

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व्यापार सूचना सं. 03/2014/C.E TRADE NOTICE NO. 03/2014/C.E

**विषय/SUB: - Divergent practices of assessment with respect to compounded levy
scheme applicable for smokeless tobacco products-reg.**

उपर्युक्त विषय पर केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड, राजस्व विभाग, वित्त मंत्रालय, भारत सरकार की
फा.सं. 354/120/2011-TRU से जारी परिपत्र सं. 980/04/2014-Cx., दिनांक 24.01.2014, की प्रति
व्यापार एवं क्षेत्रीय संगठन को सूचना एवं मार्गदर्शन हेतु इसके साथ संलग्न की जाती है।

A copy of Circular No. 980/04/2014-Cx., dd dated 24.01.2014 from F. No. 354/120/2011-TRU issued by the Govt. of India, Ministry of Finance, Department of Revenue, on the above subject matter, is enclosed herewith for information and guidance for the trade and field formations.

2) सभी व्यापार संघ/वाणिज्य मण्डल एवं क्षेत्रीय सलाहकार समिति/ लोक शिकायत निवारण समिति के सदस्यों से अनुरोध किया जाता है कि वे इस व्यापार सूचना की अंतर्वस्तु को अपने सदस्यों / संघटकों की सूचना एवं आवश्यक कार्यवाही हेतु उनके ध्यान में लाएँ / प्रचार करें।

2) All the Trade Associations / Chambers of Commerce and members of the RAC/PGRC are requested to publicize the contents of this Trade Notice amongst their Members/Constituents for information and necessary action.

Sd/-

**[P.S.Sodhi]
COMMISSIONER**

संलग्नक Encl. यथोपरि As above.

फा.सं. F.No.IV(16) Tech/Trade Notice/50/2012

दिनांक Dated: 10 .02.2014

Sd/-

Superintendent (Tech)

Circular No.980/04/2014-CX

F.No.354/120/2011-TRU
Government of India
Ministry of Finance
Department of Revenue
Tax Research Unit

New Delhi, the 24th January, 2014

To,

Chief Commissioners of Central Excise (All),
Chief Commissioners of Central Excise and Customs (All),
Director General, Directorate General of Central Excise Intelligence,
Commissioners of Central Excise (All),
Commissioners of Central Excise and Customs (All).

Madam/Sir,

Subject: Divergent practices of assessment with respect to compounded levy scheme applicable for smokeless tobacco products – Regarding.

Representations have been received from trade and industry that the field formations are following divergent practice of assessment with respect to compounded levy scheme applicable for various tobacco products. Certain field formations have also sought clarification on the excise duty leviable under the said compounded levy scheme.

2. Under the compounded levy scheme, excise duty is chargeable with respect to deemed production based on the number of packing machines in the factory of the manufacturer. The issue raised is whether excise duty can be re-determined based on the speed of the packing machine and actual production thereof, which may be higher than the deemed production.

3. Presently, the mandatory compounded levy scheme is applicable to Pan Masala, Gutkha and chewing tobacco manufactured with the aid of packing machine & packed in pouches. The factor relevant to the production on which excise duty is leviable has been notified to be the number of packing machines in the factory of the manufacturer under the Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 and the Chewing Tobacco and Unmanufactured

Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 read with section 3A (2) and (3) of the Central Excise Act, 1944. The monthly deemed production per operating machine per month is prescribed based on the average speed of packing machines and average working hours of a factory. Excise duty is chargeable at the rates notified on the basis of Retail Sale Price (RSP) slabs on per machine basis (notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CE, dated 27.02.2010 refer). In order to minimize the element of subjectivity and to ensure certainty and objectivity, the number of packing machines installed in the factory has been notified to be the only factor relevant to the production of the notified goods under the said rules.

5. Accordingly, it is clarified that the duty payable under notification No.42/2008-CE dated 01.07.2008 and notification No.16/2010-CE, dated 27.02.2010 may be determined based on deemed production with respect to the number of operating packing machines in the factory during the month and the Retail Sale Price printed on the pouches and not on the basis of actual production by a unit.

6. Trade Notice/Public Notice may be issued to the field formations and taxpayers.

7. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board.

8. Hindi version follows.

(Rajkumar Digvijay)
Under Secretary (TRU)