

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE
NO.1, WILLIAMS ROAD, CANTONMENT, TRICHY-1.

GENERAL CIRCULAR NO: 07/2007 - CE

DATED :11.12.2007.

Sub: C.Ex. – Communication of Board's Letter F.No. 81/17/2007 –Cx.3
dated 19.12.2007 – Instructions on compounded levy scheme
for Pan Masala or Pan Masala containing tobacco units - Regarding.

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Copy of Board's Letter F.No. 81/17/2007 –Cx.3 dated 19.12.2007 regarding Instructions on compounded levy scheme for Pan Masala or Pan Masala containing tobacco units is communicated herewith for information, guidance and necessary action.

(Issued from file C.No.IV/16/4/2007 – C.Ex.Pol.)

Sd/-
(VASA SESHAGIRI RAO)
ADDITIONAL COMMISSIONER

To
As per mailing list III

Copy of the Board's Letter F.No. 81/17/2007 –Cx.3 dated 19.12.2007

F.No. 81/17/2007-Cx.3
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, 19 th December,2007

To

All Chief Commissioners of Central Excise
All Commissioners of Central Excise
Director General of Central Excise Intelligence
Director General of Inspection
Director General of Audit

Subject :- Instructions on compounded levy scheme for Pan Masala or Pan masala containing tobacco units-Reg.

Kind attention is invited to Notification No. 38/2007-CE dt. 19th December,2007 whereby a compounded levy scheme on optional basis has been introduced under rule 15 of Central Excise Rules, 2002 in respect of Pan Masala and Pan Masala containing Tobacco(Gutkha).

2. This scheme is being introduced to curb the massive duty evasion in this sector and to encourage voluntary tax compliance. Since this scheme is easy to administer, the resources of the department can be better utilized for concentrating on those units who do not opt for the scheme.

3. The salient features of the scheme are as under:-

- (i) This scheme is optional. However, once a manufacturer opts for the scheme, he cannot withdraw the option during the remaining part of the financial year, except in the case of complete closure of the factory.
- (ii) The application for the special procedure is required to be filed in the office of the jurisdictional Assistant/ Deputy Commissioner. As per the notification, the said application is required to be processed within next two working days, therefore, necessary arrangements for verifications of the particulars given in the application should be made to ensure that the application is processed in time. Proper records of the verifications should be maintained inter-alia to indicate the names of the officers who have carried out the necessary verification. A format of acceptance letter to be issued by AC/DC is enclosed as Annexure to this letter.
- (iii) In case a manufacturer opts for the scheme for the first time during a calendar month, he would be required to pay pro rata duty only. The special procedure would be applicable only after the payment of the duty for the said month and for subsequent months, the manufacturer is required to pay the duty in advance, before the start of the month.
- (iv) In case of removal of packing machine during the month, the duty for full calendar month would be payable for the said machine. Similarly, in case of non- working of a machine, for whatever reasons, duty for the full calendar month would be payable.
- (v) Any addition or removal of machines can be made only under the physical supervision of the officer authorised for this purpose. Commissioners are requested to authorise the officers for the said purpose. For this purpose, the procedure of filing intimation, sealing, etc., given in the instructions dated 07.09.2007 read with instruction dated 25.09.2007 issued under rule 31 should be followed.
- (vi) The duty of excise payable under the scheme includes all duties of excise leviable on the said products, like BED, Additional duty of excise, NCCD, Education Cess, etc.
- (vii) The scheme is not applicable for tin packages and pouches/packages with RSP above Rs.6.00 printed on them.
- (viii) The rates of duty prescribed for the specified goods in the notification are applicable for single track/line packing machine. In case of multiple track/line packing machine, the rates of duty shall be multiplied accordingly.
- (ix) As per the scheme, one premise can be used only for manufacture of specified goods of same RSP. In case a manufacturer is found to be manufacturing specified goods of higher RSP in the said premises, in that case, the duty for the calendar month shall be calculated based on duty applicable to the specified goods of higher RSP for all machines.

4. The manufacturers of Pan Masala and Gutkha may be encouraged to avail the scheme. Generally, those units who opt for the scheme should not be subjected to routine inspection or search. With the introduction of this scheme, it is expected that tax compliance in this sector would improve. However, the industry may be cautioned that if rampant tax evasion continues because of not many manufacturers opting for the new scheme, in that case, the government would be constrained to take further administrative and legal measures.

5. It is once again reiterated that units not opting for the scheme should be kept under regular surveillance in order to tackle the duty evasion in this sector.

(Sushil Solanki)
Commissioner(CX.)

Annexure

Format for grant of permission to avail of the special procedure relating to pan masala or pan masala containing tobacco (Gutkha).

F No -----

The application dated ----- filed by M/s ----- for availing of the special procedure relating to pan masala or pan masala containing tobacco (Gutkha) filed in terms of Notification No /2007 – CE dated ----- issued under rule 15 of the Central Excise Rules, 2002 is hereby accepted. The said manufacturer is permitted to avail the special procedure for period ----- to ----- and details of the packing machines and other particulars as declared are given below:

S No.	Make and Model of the Machine	No. of Packing Machine	Description of goods to be manufactured	Retail Sale Price of the pouches to be manufactured	Period for which the permission is granted

The above mentioned permission is being granted subject to fulfilment of the conditions given in the Notification No /2007 – CE dated ----- and in case of violation of any of the said conditions, the provisions contained in the said Notification shall apply.

Assistant Commissioner/ Deputy Commissioner of Central Excise
Division
Commissionerate
Date