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Dated: 18.01.2016

MINUTES OF MEETING OF REGIONAL ADVISORY COMMITTEE

Sub: Central Excise - Regional Advisory Committee [RAC] - Minutes of the meeting held by Chief Commissioner with the members of RAC on 22.12.2015 - Reg.

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The Central Excise Chennai Zonal Regional Advisory Committee meeting was held under the Chairmanship of Smt.Janaki Arunkumar, Chief Commissioner of Central Excise, Chennai Zone on 22.12.2015 at 15:30 hours in the Conference Hall, Chennai-I Commissionerate, Nungambakkam, Chennai-34. The meeting was attended by the following members of the RAC / Representatives of the Trade and Officers from the Department:

RAC MEMBERS		
Sl. No.	Name of the Member [S/Shri./Smt.]	Name of Association / Chamber
1	T.G.Srinivasan	Andhra Chamber of Commerce
2	Chozha Naachiar Rajasekar	Tamilnadu Chamber of Commerce
3	G.K.Bhasha	TANSTIA & Guindy Industrial Estate Manufacturers Association [GIEMA]
4	S. Santhanakrishnan, AGM	Pubic Sector Undertaking
5	N.Ramaswamy	Andhra Chamber of Commerce
6	P.Jagadeesh, Joint Director	Directorate of Industries & Commerce, Government of Tamilnadu
7	P. Ganapathi	Ambattur Industrial Estate Manufacturers Association
8	S. Padmanabhan	Chennai Custom House Agents Association
9	K.V.Giri	
Departmental Officers		
Sl. No.	Name of the Officers [S/Shri./Smt.]	Designation
1	S.Thirunavukkarasu	Commissioner, LTU
2	J.M.Kennedy	Commissioner, Chennai - II & III
3	P.Kalaichelvan	Additional Commissioner, CCO
4	T.R.Gajalakshmi	Additional Commissioner, Chennai-IV
5	V.Srinivas	Joint Commissioner, Chennai-I

2. Further, Shri.S.Subramanian, Indirect Tax Ombudsman [ITOM], Chennai Zone, was also present the RAC meeting on invitation as per Board's guidelines issued in letter F.No.286296/81(v)/2013-CX.9 dated 28.10.2015.

3. The Chief Commissioner welcomed the members and introduced the Officers present and also got introduced to the members. Thereafter, the Chief Commissioner introduced Shri.S.Subramanian, ITOM to the members present and requested him to sensitize the trade about the institution of ITOM. Thereupon, Shri. S.Subramanian, ITOM addressed the members and made a power point presentation explaining the salient features and the purpose of appointing ITOMs. During the course of power point presentation, ITOM clarified the doubts raised by the members. The members also requested ITOM to conduct such awareness program in their respective places and ITOM readily accepted their invitation.

4.0 Then, the Committee took up the points sponsored by the members. The discussion and the decision on the points raised are detailed hereunder:

Point No.1: Utilisation of accumulated credit of Education Cess and Secondary & Higher Education [SHE] Cess towards payment of duty - Sponsored by Shri.S.Santhanakrishnan, AGM, BHEL:

Issue: The accumulated Education Cess and Higher & Secondary Education Cess lying in closing balance as on 31.03.2015 can be utilized towards payment of excise duty, in line with the Board's circular No.4/93-CX.8 dated 23.04.1993. Therefore, CBEC may be addressed for allowing the accumulated credit of Education cess & SHE cess for payment of Excise duty.

Discussion & Decision: It was clarified that there is no provision in Cenvat Credit Rules, 2004 to cross utilize the Education Cess and SHE Cess. Further, attention of the member was drawn to the provisions of Rule 3(5)(b) of Cenvat Credit Rules which stipulates that credit of both the cesses can be used for payment of cesses only and not towards excise duty. The member was also informed that the above point was discussed in the Tariff Conference held recently and it has been decided by the Board that it is policy decision to not allow cross utilisation.

Point No.2: Applicability of Swacch Bharat Cess is applicable under reverse charge for services received before 15.11.2015 - Sponsored by Shri.S.Santhanakrishnan, AGM, BHEL:

Issue: Clarification was sought whether Swacch Bharat Cess is applicable under reverse charge for services received before 15.11.2015 and invoices issued by the service provider before 15.11.2015 but payment made to the service provider on or after 15.11.2015.

Discussion & Decision: The subject issue was already clarified by Board vide Question No.19 of the FAQ issued on Swacch Bharat Cess [SBC], wherein, it has been clarified that the point of taxation in such case is the date on which consideration is paid to the service provider and hence if payment is made after 15.11.2015, SBC is liable to be paid.

4.1 Then with the permission of the Chairperson, the following points were discussed.

Point No.3: Issue of Pre-authenticated Procurement Certificates – Raised by Chennai Custom House Agents' Association:

Issue: At present Procurement Certificate [PC] for import of materials is issued by the Range Office on a case to case basis only. As a result when there is a requirement for PC on Saturdays or holidays, the PC could be obtained only on the next working day. It is said that in Bangalore pre authenticated PCs are issued which can be used for transaction within the value limit and revived further. It was requested to consider extending similar facility for the benefit of the assessee. The member said the copies of documents issued by the Bangalore Customs Authorities will be furnished for information.

Discussion & Decision: Vide Customs Circular No.17/2006-Cus dated 01.06.2006, as amended by Circular No.19/2015-Cus dated 09.06.2015, the Board has extended the facility of issuing pre-authenticated procurement certificates to the EOUs which are having physical export turnover of Rs.10 crores and above in the preceding financial year and having a clean track record. Hence, the said facility is already available to the EOUs which satisfy the parameters stipulated by the Board. However, the Chairperson requested the member to give further details and the guidelines issued by the Bangalore Commissionerate for considering their request.

Point No.4: Difficulties faced in Nandanam Office Complex due to power breakdown during rainy days - Sponsored by the Chennai Custom House Agents' Association:

Issue: Whenever there is rain, there is power breakdown in Nandanam Office complex resulting in disruption in work.

Discussion & Decision: The transformer installed in the MHU Complex at Nandanam is heavily damaged in the recent floods and the feasibility or otherwise to continue with the same is under examination. Consequent to the floods, the premises has been visited by the Member (P&V) recently to ascertain the extent of damages caused. In the meantime, power has been restored in the complex since 21.12.2015.

Point No.5: Request for extension of time by two months for payment of Excise duty by MSME on account of floods – Point orally sponsored by Shri.G.K.Bhasha, TANSTIA & GIEMA:

Issue: The Micro Small & Medium Enterprises are yet to recover from the damages caused by the recent floods and about 60% of the manufacturers in this sector are yet to resume operations. Hence, requested for extension of time for payment of duty / tax for two months.

Discussion & Decision: Considering the difficulties experienced by the Trade and Industry, the Government has already extended the time limit for payment of duty upto 20.12.2015. However, the MSME sector units are generally paying duty on quarterly basis and in such case the due date for payment of duty for October 2015 to December 2015 is 6th January 2016. Further extension of time is a policy decision and hence the matter will be examined on receipt of the representation and forwarded to the Board, if required.

5. The meeting concluded with vote of thanks to all the members present in the meeting.
6. This is issued with the approval of the Chief Commissioner of Central Excise, Central Excise, Chennai Zone.



[P. KALAICHELVAN]
ADDITIONAL COMMISSIONER [CCO]

To

1. All Members of RAC [As per mailing List]
2. The Indirect Tax Ombudsman, Chennai Zone
3. The Principal Commissioner / Commissioner of Central Excise
Chennai - I / II / III / IV / Puducherry / LTU
4. Sr. P.S. to Chief Commissioner

Copy to

File C.No.IV/16/310/2015-CCO (Tech.I)

[For forwarding to the Director General, Directorate General of Taxpayer Services,
New Delhi with reference to letter No.DTPS/5/2015/3009 to 3058 dated
10.09.2015]