GIB/DL/DAI ICHI/11-01-1996/OTHERS-9

Others Category : Others

State : Delhi

Order No.: GIB/DL/DAI ICHI/11-01-1996/OTHERS-9

Name of Entry :
Dai Ichi Karkaria Ltd. vs Collector Of Central Excise

Date : 21-06-2020

Breif Issue :

Facts & Issue Of The Case :

The Applicant used to manufacture surface active agents and emulsifiers from purchased raw materials, the surface active agents being used in the manufacture of final products such as emulsifiers, wetting out agents, softners etc., .Assistant Collector issued notice to the appellant to show cause why excise duty paid on the input raw materials and in regard to which Modvat credit was availed should not be included while arriving at the cost of intermediate product used for captive consumption under Section 4(l)(b) of Central Excises & Salt Act, 1944 (for short, the Act). The appellant took the stand that since the duty paid on raw materials was "set off", it was not liable to be included in the cost of raw materials for the purpose of valuing the captively consumed product for the purpose of excise duty.

A manufacturer who purchases raw materials paying excise duty directly or indirectly is allowed credit of such duty. It is credited in the credit account in form under RG-23A. Credit can be taken on filing declaration under Rule 57G(1). Such credit shall be utilised towards payment of duty on the final products. That should also be entered in the form RG-23A account. Manufacturer has to maintain an account-current with adequate balance to cover the duty payable on the final products cleared at any time.

Decision of Advance Ruling Authority :

Decision :

The duty paid on input in regard to which Modvat credit was availed of by a manufacturer is not includible in the assessable value of the final product under Section 4(l)(b) of the Act and Rule 6(b)(ii) of the Rules. However, in every case of captive consumption it has to be verified whether the cost of input declared includes the excise duty paid on inputs or not. If the cost does not include the duty paid on input, the same cannot be deducted again.