

Circular No.: 990/14/2014-CX-8

F. No. 267/72/2013-CX.8 (Pt)
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, the 19th of November, 2014

To,
Principal Chief Commissioners/Chief Commissioners of Central Excise (All)
Principal Chief Commissioners/Chief Commissioners of Central Excise & Customs (All)
Director General, Directorate General of Central Excise Intelligence
Principal Commissioners/Commissioners of Central Excise (All)
Principal Commissioners/Commissioners of Central Excise & customs (All)
Web-master, CBEC

Madam/Sir,

Sub: Clarification regarding availment of CENVAT credit after six months-reg.

Attention is invited to the Notification of the Government of India in the Ministry of Finance, Department of Revenue No. 21/2014-CE (NT) dated 11.07.2014, vide which, inter alia, amendment was made in Rule 4(1) and 4(7) of CENVAT Credit Rules, 2004 (CCR, 2004) to prescribe that manufacturer or output service provider shall not take CENVAT credit after six months of the date of issue of any of the documents specified in sub-rule (1) of Rule 9.

2. Concerns have been expressed by trade that in view of above changes, the re-credit taken in following three situations may be hit by the time limit of six months prescribed:

- i. 3rd proviso to Rule 4(7) of CCR, 2004 prescribes that if the payment of value of input service and service tax payable is not made within three months of date of invoice, bill or challan, then the CENVAT Credit availed is required to be paid back by the manufacturer or service provider. Subsequently, when such payment of value of input service and service tax is made, the amount so paid back can be re-credited.
- ii. According to Rule 3(5B) of CCR, 2004, if the value of any input or capital goods before being put to use on which CENVAT Credit has been taken, is written off or such provisions made in Books of Account, the manufacturer or service provider is required to pay an amount equal to credit so taken. However, when the inputs or capital goods are subsequently used, the amount so paid can be re-credited in the account.
- iii. Rule 4(5)(a) of CCR, 2004 prescribes that in case inputs sent to job worker are not received back within 180 days, the manufacturer or service provider is required to pay an amount equal to credit taken on such inputs in the first instance. However, when the inputs are subsequently received back from job worker, the amount so paid can be re-credited in the account.

3. The matter has been examined. The purpose of the amendment made by Notification No. 21/2014-CE (NT) dated 11.07.2014 is to ensure that after the issue of a document under sub-rule (1) of Rule 9, credit is taken for the first time within six months of the issue of the document. Once this condition is met, the limitation has no further application. It is, therefore, clarified that in each of the three situations described above pertaining to Rule 4(7), Rule 3(5B) or Rule 4(5) (a) of CCR, 2004, the limitation of six months would apply when the credit is taken for the first time on an eligible document. It would not apply for taking re-credit of amount reversed, after meeting the conditions prescribed in these rules

4. Difficulties faced, if any, in implementation of this Circular may be brought to the notice of the Board. Hindi version follows.

(Shankar Prasad Sarma)
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