



F. No. 267/24/2006-CX. 8
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs
New Delhi

Circular No. 844/02/2007-CX

Dated 31st January, 2007

Special procedure for removal of excisable goods for carrying out certain processes under rule 16C of the Central Excise Rules, 2002.

Attention is invited to Notification No. 26/2006-CE(NT), dated 28.12.06, wherein the erstwhile rule 16C of the Central Excise Rules, 2002 has been substituted with a new rule. The erstwhile rule has been redrafted with certain modifications. In the new rule, it has also been provided that a manufacturer can send excisable goods to a job worker for carrying certain processes not amounting to manufacture also. For example, a manufacturer of HR/CR coil can send the products for cutting/slitting, even though said processes does not amount to manufacture as per the court decision. As per new Rule 16C, a manufacturer can be permitted to remove excisable goods manufactured by him for carrying out test or any process not amounting to manufacture to any other premises including to a job worker without payment of duty. The said other person or a job worker may be a registered or unregistered person. The rule further provides that after carrying out specified processes, the goods can be cleared from the premises of the said other person or from the premises of the job worker on payment of duty.

2. As per this rule, the Commissioner is empowered to give the said permission by prescribing certain conditions. In order to ensure uniformity in the conditions to be imposed by the Commissioner, it is clarified that the procedure prescribed under sub-rules (2),(3),(4) & (9) of rule 12AA of the Central Excise Rules, 2002 should broadly be followed in such cases. However, proper records of receipt of goods, its use, nature of activities carried out, goods processed and cleared by the said other person or job worker would be maintained. In other words, proper records of such goods should be maintained both by principal manufacturer and job worker. Further, any waste/scrap arising at the premises of the said other person/job worker while carrying out the test/other processes should either be cleared on payment of duties or it should be returned back to principal manufacturer. As regards, the valuation of the goods cleared from the job worker's premise, it is clarified that in such cases, the value at which the principal manufacturer (person who has sent the goods for test/carrying out processes) sells the final goods to the customer should be taken for payment of appropriate duty. This aspect should also be incorporated in the permission. Further, such permission should be given only in deserving cases and only for one financial year at a time.

Sd/-

(RAHUL NANGARE)

Under Secretary to the Government of India