

CENVAT Credit Rules, 2017

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CENVAT CREDIT RULES, 2017

[Notification No. 20/2017-C.E. (N.T.) , dated 30-6-2017]

In exercise of the powers conferred by section 37 of the Central Excise Act, 1944 (1 of 1944) and in supersession of the CENVAT Credit Rules, 2004, except as respects things done or omitted to be done before such supersession, the Central Government hereby makes the following rules, namely :-

RULE 1. Short title, extent and commencement. -

- (1) These rules may be called the CENVAT Credit Rules, 2017.
- (2) They extend to the whole of India.
- (3) They shall come into force on the 1st day of July, 2017.

RULE 2. Definitions. -

- (1) In these rules, unless the context otherwise requires,-

- (a) "Customs Tariff Act" means the Customs Tariff Act, 1975 (51 of 1975);
- (b) "electronic credit ledger" means the electronic credit ledger referred to in sub-section (46) of section 2 of the Central Goods and Services Tax Act, 2017 (12 of 2017);
- (c) "Excise Act" means the Central Excise Act, 1944 (1 of 1944);
- (d) "exempted goods" means excisable goods which are exempt from the whole of the duty of excise leviable thereon, and includes goods which are chargeable to "Nil" rate of duty;
- (e) "final products" means excisable goods manufactured or produced from input;
- (f) "first stage dealer" means a dealer, who purchases the goods directly from,-
 - (i) the manufacturer under the cover of an invoice issued in terms of the provisions of Central Excise Rules, 2017 or from the depot of the said manufacturer, or from premises of the consignment agent of the said manufacturer or from any other premises from where the goods are sold by or on behalf of the said manufacturer, under cover of an invoice; or
 - (ii) an importer or from the depot of an importer or from the premises of the consignment agent of the importer, under cover of an invoice;
- (g) "input" means excisable goods used in the factory by the manufacturer of the final product but excludes high speed diesel oil or motor spirit, commonly known as petrol;
- (h) "job work" means processing or working upon of raw material or semi-finished goods supplied to the job worker, so as to complete a part or whole of the process resulting in the manufacture or finishing of an article or any operation which is essential for aforesaid process and the expression "job worker" shall be construed accordingly;
- (i) "notification" means the notification published in the Official Gazette;
- (j) "person" means the person referred to in sub-section (84) of section 2 of the Central Goods and Services Tax Act, 2017 (12 of 2017);
- (k) "place of removal" means-
 - (i) a factory or any other place or premises of production or manufacture of the excisable goods;
 - (ii) a warehouse or any other place or premises wherein the excisable goods have been permitted to be deposited without payment of duty;
 - (iii) a depot, premises of a consignment agent or any other place or premises from where the excisable goods are to be sold after their clearance from the factory, from where such goods are removed;
- (l) "second stage dealer" means a dealer who purchases the goods from a first stage dealer;

- (2) The words and expressions used in these rules and not defined but defined in the Excise Act shall have the meanings

respectively assigned to them in the Excise Act.

RULE 3. CENVAT credit. -

(1) A manufacturer or producer of final products shall be allowed to take credit (hereinafter referred to as the CENVAT credit) of -

- (a) the duty of excise specified in the Fourth Schedule to the Excise Act, as leviable under the said Act,
- (b) the National Calamity Contingent duty leviable under section 136 of the Finance Act, 2001 (14 of 2001);
- (c) the additional duty leviable under Section 3 of the Customs Tariff Act, equivalent to the duty of excise as specified under clauses (a) and (b);
- (d) the additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act;
- (e) the additional duty of excise leviable under Section 85 of Finance Act, 2005 (18 of 2005)

paid on any input received in the factory of manufacture of final product on or after the 1st day of July, 2017 including the said duties paid on any input used in the manufacture of intermediate products, by a job-worker availing the benefit of exemption specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 214/86-Central Excise, dated the 25th March, 1986, published in the Gazette of India vide number G.S.R. 547 (E), dated the 25th March, 1986, and received by the manufacturer for use in, or in relation to, the manufacture of final product, on or after the 1st day of July, 2017.

(2) Notwithstanding anything contained in sub-rule (1), the manufacturer or producer of final products shall be allowed to take CENVAT credit of the duty paid on inputs lying in stock or in process or inputs contained in the final products lying in stock on the date on which any goods manufactured by the said manufacturer or producer cease to be exempted goods or any goods become excisable.

(3) The CENVAT credit may be utilised for payment of -

- (a) any duty of excise on any final product; or
- (b) an amount equal to CENVAT credit taken on inputs if such inputs are removed as such or after being partially processed; or
- (c) an amount under sub rule (2) of rule 15 of Central Excise Rules, 2017

Provided that while paying duty of excise, the CENVAT credit shall be utilized only to the extent such credit is available on the last day of the month or quarter, as the case may be, for payment of duty relating to that month or the quarter, as the case may be :

Provided also that the CENVAT credit of any duty specified in sub-rule (1), except the National Calamity Contingent duty under clause (b) thereof, shall not be utilised for payment of the National Calamity Contingent duty leviable under section 136 of the Finance Act, 2001 (14 of 2001) :

Provided also that the CENVAT credit of any duty mentioned in sub-rule (1), other than credit of additional duty of excise leviable under section 85 of Finance Act, 2005 (18 of 2005), shall not be utilized for payment of said additional duty of excise on final products.

(4) Notwithstanding anything contained in sub-rule (1) and sub-rule (3), CENVAT credit in respect of -

- (i) the National Calamity Contingent duty leviable under section 136 of the Finance Act, 2001 (14 of 2001);
- (ii) the additional duty leviable under section 3 of the Customs Tariff Act, equivalent to the duty of excise specified under item (i) above;
- (iii) the additional duty of excise leviable under section 85 of Finance Act, 2005 (18 of 2005),

shall be utilized towards payment of duty of excise under the said National Calamity Contingent duty leviable under section 136 of the Finance Act, 2001 (14 of 2001), or the additional duty of excise leviable under section 85 of Finance Act, 2005 (18 of 2005) respectively, on any final products manufactured by the manufacturer or for payment of such duty on inputs themselves, if such inputs are removed as such or after being partially processed.

RULE 4. CENVAT credit in certain cases . -

(1) When inputs on which CENVAT credit has been taken, are removed as such from the factory, the manufacturer of the final

products shall pay an amount equal to the credit availed in respect of such inputs and such removal shall be made under the cover of an invoice referred to in rule 11.

(2) If the value of any input, on which CENVAT credit has been taken is written off fully or partially or where any provision to write off fully or partially has been made in the books of account then the manufacturer shall pay an amount equivalent to the CENVAT credit taken in respect of the said input :

Provided that if the said input is subsequently used in the manufacture of final products, the manufacturer shall be entitled to take the credit of the amount equivalent to the CENVAT credit paid earlier subject to the other provisions of these rules.

(3) Where on any goods manufactured or produced by an assessee, the payment of duty is ordered to be remitted under rule 17 of the Central Excise Rules, 2017, the CENVAT credit taken on the inputs used in the manufacture or production of said goods shall be reversed.

Explanation 1.- The amount payable under sub-rules (1), (2) and (3), unless specified otherwise, shall be paid by the manufacturer of goods by debiting the CENVAT credit or otherwise on or before the 5th day of the following month except for the month of March, where such payment shall be made on or before the 31st day of the month of March.

Explanation 2 . - If the manufacturer of goods fails to pay the amount payable under sub-rules (1), (2) and (3), it shall be recovered, in the manner as provided in rule 16, for recovery of CENVAT credit wrongly taken and utilized.

(4) The amount paid under sub-rule (1) shall be eligible as CENVAT credit as if, it was a duty paid by the person who removed such goods under sub-rule (1).

RULE 5. CENVAT credit in exemption cases. -

Where the provisions of any other rule or notification provide for grant of whole or part exemption on condition of non-availability of credit of duty paid on any input, if the credit of duty paid on input is availed, the reversal of such credit after clearance of the goods (after the due date for payment of duty on such goods) shall render the manufacturer eligible for the exemption.

RULE 6. Conditions for allowing CENVAT credit. -

(1) The CENVAT credit in respect of inputs may be taken immediately on receipt of the inputs in the factory of the manufacturer or in the premises of the job worker, in case goods are sent directly to the job worker on the direction of the manufacturer :

Provided that the manufacturer shall not take CENVAT credit after one year of the date of issue of any of the documents specified in sub-rule (1) of rule 11.

(2) (a) The CENVAT credit on inputs shall be allowed even if any inputs as such or after being partially processed are sent to a job worker and from there subsequently sent to another job worker and likewise, for further processing, testing, repairing, re-conditioning or for the manufacture of intermediate goods necessary for the manufacture of final products or any other purpose, and it is established from the records, challans or memos or any other document produced by the manufacturer taking the CENVAT credit that the inputs or the products produced therefrom are received back by the manufacturer, within one hundred and eighty days of their being sent from the factory :

Provided that credit shall also be allowed even if any inputs are directly sent to a job worker without their being first brought to the premises of the manufacturer, and in such a case, the period of one hundred and eighty days shall be counted from the date of receipt of the inputs by the job worker;

(b) if the inputs are not received back within the time specified under sub-clause (a) by the manufacturer, the manufacturer shall pay an amount equivalent to the CENVAT credit attributable to the inputs, by debiting the CENVAT credit or otherwise, but the manufacturer may take the CENVAT credit again when the inputs are received back in the factory.

(3) The Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, having jurisdiction over the factory of the manufacturer of the final products who has sent the input or partially processed inputs outside his factory to a job-worker may, by an order, which shall be valid for three financial years, in respect of removal of such input or partially processed input, and subject to such conditions as he may impose in the interest of revenue including the manner in which duty, if leviable, is to be paid, allow final products to be cleared from the premises of the job-worker.

Explanation I. - The amount mentioned in this rule, unless specified otherwise, shall be paid by the manufacturer of goods by debiting the CENVAT credit or otherwise on or before the 5th day of the following month except for the month of March, when such payment shall be made on or before the 31st day of the month of March.

Explanation II. - If the manufacturer of goods fails to pay the amount payable under this rule, it shall be recovered, in the manner as provided in rule 16, for recovery of CENVAT credit wrongly taken.

Explanation III. - In case of a manufacturer who avails the exemption under a notification based on the value of clearances in a

financial year, the expressions, "following month" and "month of March" occurring in Explanation I shall be read respectively as "following quarter" and "quarter ending with the month of March".

RULE 7. Refund of CENVAT Credit. -

(1) A manufacturer who clears a final product or an intermediate product for export without payment of duty under bond or letter of undertaking, shall be allowed refund of CENVAT credit as determined by the following formula subject to procedure, safeguards, conditions and limitations, as may be specified by the Board by notification in the Official Gazette :

Refund amount =	$\frac{(\text{Export turnover of goods}) \times \text{Net CENVAT Credit}}{\text{Total turnover}}$
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Where,-

(a) "Refund amount" means the maximum refund that is admissible;

(b) "Net CENVAT credit" means total CENVAT credit availed on inputs by the manufacturer reduced by the amount reversed in terms of sub-rule (3) of rule 4, during the relevant period;

(c) "Export turnover of goods" means the value of final products and intermediate products cleared during the relevant period and exported without payment of Central Excise duty under bond or letter of undertaking;

(d) "Total turnover" means sum total of the value of -

(i) all excisable goods cleared during the relevant period including exempted goods, dutiable goods and excisable goods exported;

(ii) all inputs removed as such under sub-rule (1) of rule 4 against an invoice, during the period for which the claim is filed.

(2) No refund of credit shall be allowed if the manufacturer avails of drawback allowed under the Customs and Central Excise Duties and Service Tax Drawback Rules, 1995, or claims rebate of duty under the Central Excise Rules, 2002 or Central Excise Rules, 2017, as the case may be, in respect of such duty.

Explanation 1 . - For the purposes of this rule,

(1) "export goods" means any goods which are to be taken out of India to a place outside India.

(2) "relevant period" means the period for which the claim is filed.

RULE 8. Obligation of a manufacturer or producer of final products. -

(1) The CENVAT credit shall not be allowed on such quantity of input as is used in or in relation to the manufacture of exempted goods and their clearance upto the place of removal and the credit not allowed shall be calculated and paid by the manufacturer, in terms of the provisions of sub-rule (2) or sub-rule (3), as the case may be.

Explanation 1 . - For the purposes of this rule, exempted goods or final products as defined in clauses (d) and (e) of rule 2 shall include non-excisable goods cleared for a consideration from the factory.

Explanation 2 . - Value of non-excisable goods for the purposes of this rule, shall be the invoice value and where such invoice value is not available, such value shall be determined by using reasonable means consistent with the principles of valuation contained in the Excise Act and the rules made thereunder.

(2) A manufacturer who exclusively manufactures exempted goods for their clearance up to the place of removal shall pay the whole amount of credit of input and shall, in effect, not be eligible for credit of any inputs.

(3) (a) A manufacturer who manufactures two classes of goods, namely :-

(i) non-exempted goods removed;

(ii) exempted goods removed,

shall follow any one of the following options applicable to him, namely :-

(i) pay an amount equal to six *per cent* . of value of the exempted goods subject to a maximum of the total of opening balance of the credit of input available at the beginning of the period to which the payment relates and the credit of input taken during that period; or

(ii) pay an amount as determined under sub-rule (4):

Provided that if any duty of excise is paid on the exempted goods, the same shall be reduced from the amount payable under clause (i)

Explanation 1 . - If the manufacturer of goods avails any of the option under this sub-rule, he shall exercise such option for all exempted goods manufactured by him and such option shall not be withdrawn during the remaining part of the financial year.

Explanation 2 . - No CENVAT credit shall be taken on the duty paid on any goods that are not inputs.

Explanation 3 . - For the purposes of this sub-rule and sub-rule (4),-

(a) "non-exempted goods removed" means the final products excluding exempted goods manufactured and cleared upto the place of removal;

(b) "exempted goods removed" means the exempted goods manufactured and cleared upto the place of removal;

(4) For determination of amount required to be paid under clause (ii) of sub-rule (3), the manufacturer of goods shall follow the following procedure and conditions, namely :-

(a) the manufacturer of goods shall intimate in writing to the Superintendent of Central Excise giving the following particulars, namely :-

(i) name, address and registration number of the manufacturer of goods;

(ii) date from which the option under this clause is exercised or proposed to be exercised;

(iii) description of inputs used exclusively in or in relation to the manufacture of exempted goods removed and description of such exempted goods;

(iv) description of inputs used exclusively in or in relation to the manufacture of non-exempted goods removed and description of such non-exempted goods removed;

(v) CENVAT credit of inputs lying in balance as on the date of exercising the option under this condition;

(b) the manufacturer of final products shall determine the credit required to be paid, out of this total credit of inputs taken during the month, denoted as , in the following sequential steps and provisionally pay every month, the amounts determined under sub-clauses (i) and (iv), namely :-

(i) the amount of CENVAT credit attributable to inputs used exclusively in or in relation to the manufacture of exempted goods removed shall be called ineligible credit, denoted as and shall be paid;

(ii) the amount of CENVAT credit attributable to inputs used exclusively in or in relation to the manufacture of non-exempted goods removed shall be called eligible credit, denoted as, and shall not be required to be paid;

(iii) credit left after attribution of credit under sub-clauses (i) and (ii) shall be called common credit, denoted as and calculated as,-

$$C = T - (A + B);$$

Explanation . - Where the entire credit has been attributed under sub-clauses (i) and (ii), namely ineligible credit or eligible credit, there shall be left no common credit for further attribution.

(iv) the amount of common credit attributable towards exempted goods removed shall be called ineligible common credit, denoted as D and calculated as follows and shall be paid,

$$D = (E/F) C;$$

where E is the sum total of value of exempted goods removed, during the preceding financial year; where F is the sum total of -

(a) value of non-exempted goods removed, and

(b) value of exempted goods removed, during the preceding financial year :

Provided that where no final products were manufactured in the preceding financial year, the CENVAT credit attributable to ineligible common credit shall be deemed to be fifty *percent* . of the common credit;

(v) remainder of the common credit shall be called eligible common credit and denoted as G, where,-

$$G = C - D;$$

Explanation . - For the removal of doubts, it is hereby declared that out of the total credit, which is sum total of A, B, D, and G,

the manufacturer shall be able to attribute provisionally and retain credit of B and G, namely, eligible credit and eligible common credit and shall provisionally pay the amount of credit of A and D, namely, ineligible credit and ineligible common credit;

(vi) where manufacturer fails to pay the amount determined under sub-clause (i) or sub-clause (iv), he shall be liable to pay the interest from the due date of payment till the date of payment of such amount, at the rate of fifteen *per cent* . per annum

(c) the manufacturer shall determine the amount of CENVAT credit attributable to exempted goods removed for the whole of financial year, out of the total credit denoted as (Annual) taken during the whole of financial year in the following manner, namely :-

(i) the CENVAT credit attributable to inputs used exclusively in or in relation to the manufacture of exempted goods removed on the basis of inputs actually so used during the financial year, shall be called Annual ineligible credit and denoted as A (Annual);

(ii) the CENVAT credit attributable to inputs used exclusively in or in relation to the manufacture of non-exempted goods removed on the basis of inputs actually so used shall be called Annual eligible credit and denoted as B (Annual);

(iii) common credit left for further attribution shall be denoted as C(Annual) and calculated as, -

$$C(\text{Annual}) = T(\text{Annual}) - [A(\text{Annual}) + B(\text{Annual})];$$

(iv) common credit attributable towards exempted goods removed shall be called Annual ineligible common credit, denoted by D(Annual) and shall be calculated as, -

$$D(\text{Annual}) = (H/I) \times C(\text{Annual});$$

where H is sum total of value of exempted goods removed during the financial year; where I is sum total of -

(a) value of non-exempted goods removed; and

(b) value of exempted goods removed;

(c) during the financial year;

(d) the manufacturer shall pay on or before the 30th June of the succeeding financial year, an amount equal to difference between the total of the amount of Annual ineligible credit and Annual ineligible common credit and the aggregate amount of ineligible credit and ineligible common credit for the period of whole year, namely:-

$[A(\text{Annual}) + D(\text{Annual})] - \{(A+D) \text{ aggregated for the whole year}\}$, where the former of the two amounts is greater than the later;

(e) where the amount under clause (d) is not paid by the 30th June of the succeeding financial year, the manufacturer of goods, shall, in addition to the amount of credit so paid under clause (d), be liable to pay on such amount an interest at the rate of fifteen *per cent* . per annum, from the 30th June of the succeeding financial year till the date of payment of such amount;

(f) the manufacturer, shall at the end of the financial year, take credit of amount equal to difference between the total of the amount of the aggregate of ineligible credit and ineligible common credit paid during the whole year and the total of the amount of annual ineligible credit and annual ineligible common credit, namely, $[\{(A+D) \text{ aggregated for the whole year}\} - \{A(\text{Annual}) + D(\text{Annual})\}]$, where the former of the two amounts is greater than the later;

(g) the manufacturer of the goods shall intimate to the jurisdictional Superintendent of Central Excise, within a period of fifteen days from the date of payment or adjustment, as per he provisions of clauses (d), (e) and (f), the following particulars, namely :-

(i) details of credit attributed towards eligible credit, ineligible credit, eligible common credit and ineligible common credit, month-wise, for the whole financial year, determined as per the provisions of clause (b);

(ii) CENVAT credit annually attributed to eligible credit, ineligible credit, eligible common credit and ineligible common credit for the whole of financial year, determined as per the provisions of clause (c);

(iii) amount determined and paid as per the provisions of clause (d), if any, with the date of payment of the amount;

(iv) interest payable and paid, if any, determined as per the provisions of clause (e); and

(v) credit determined and taken as per the provisions of clause (f), if any, with the date of taking the credit.

(5) Where a manufacturer has failed to exercise the option under sub-rule (3) and follow the procedure provided under sub-rule (4), the Central Excise Officer competent to adjudicate a case based on amount of CENVAT credit involved, may allow such manufacturer to follow the procedure and pay the amount referred to in clause (ii) of sub-rule (3), calculated for each of the months, *mutatis mutandis* in terms of clause (c) of sub-rule (4), with interest calculated at the rate of fifteen *per cent* . per annum from the due date for payment of amount for each of the month, till the date of payment thereof.

(6) Payment of an amount under sub-rule (3) shall be deemed to be CENVAT credit not taken for the purpose of an exemption notification wherein any exemption is granted on the condition that no CENVAT credit of inputs shall be taken.

Explanation I. - "Value" for the purpose of sub-rules (3) and (4) shall have the same meaning as assigned to it under section 3, 4 or 4A of the Excise Act, read with rules made thereunder;

Explanation II. - The amount mentioned in sub-rules (3) and (4), unless specified otherwise, shall be paid by the manufacturer of goods by debiting the CENVAT credit or otherwise on or before the 5th day of the following month except for the month of March, when such payment shall be made on or before the 31st day of the month of March.

Explanation III. - If the manufacturer of goods fails to pay the amount payable under sub-rules (3) and (4), it shall be recovered, in the manner as provided in rule 16, for recovery of CENVAT credit wrongly taken.

Explanation IV. - In case of a manufacturer who avails the exemption under a notification based on the value of clearances in a financial year, the expressions, "following month" and "month of March" occurring in sub-rules (3) and (4) shall be read respectively as "following quarter" and "quarter ending with the month of March".

(7) The provisions of sub-rules (1), (2) and (3) shall not be applicable in case the excisable goods removed without payment of duty are either-

(i) cleared to a unit in a special economic zone or to a developer of a special economic zone for their authorized operations ; or

(ii) cleared to a hundred *per cent* . export-oriented undertaking; or

(iii) supplied to the United Nations or an international organization for their official use or supplied to projects funded by them, on which exemption of duty is available under notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 108/95-Central Excise, dated the 28th August, 1995, number G.S.R. 602(E), dated the 28th August, 1995; or

(iv) supplied for the use of foreign diplomatic missions or consular missions or career consular offices or diplomatic agents in terms of the provisions of Notification No. 12/2012-C.E ., dated the 17th March, 2012, number G.S.R. 163(E), dated the 17th March, 2012; or

(v) cleared for export under bond in terms of the provisions of the Central Excise Rules, 2017.

RULE 9. Distribution of credit on inputs by warehouse of manufacturer. -

(1) A manufacturer having one or more factories, shall be allowed to take credit on inputs received under the cover of an invoice issued by a warehouse of the said manufacturer, who receives inputs under cover of documents specified under Rule 11, towards the purchase of such inputs.

(2) The provisions of these rules or any other rules made under the Excise Act as applicable to a first stage dealer or a second stage dealer, shall, *mutatis mutandis* , apply to such warehouse of the manufacturer.

RULE 10. Storage of input outside the factory of the manufacturer. -

The Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, having jurisdiction over the factory of a manufacturer of the final products may, in exceptional circumstances having regard to the nature of the goods and shortage of storage space at the premises of such manufacturer, by an order, permit such manufacturer to store the input in respect of which CENVAT credit has been taken, outside such factory, subject to such limitations and conditions as he may specify:

Provided that where such input is not used in the manner specified in these rules for any reason whatsoever, the manufacturer of the final products shall pay an amount equal to the credit availed in respect of such input.

RULE 11. Documents and accounts. -

(1) The CENVAT credit shall be taken by the manufacturer on the basis of any of the following documents, namely :-

(a) an invoice issued by-

(i) a manufacturer for clearance of -

(I) inputs from his factory or depot or from the premises of the consignment agent of the said manufacturer or from any other premises from where the goods are sold by or on behalf of the said manufacturer;

(II) inputs as such;

(ii) an importer;

(iii) an importer from his depot or from the premises of the consignment agent of the said importer if the said depot or the premises, as the case may be, is registered in terms of the provisions of Central Excise Rules, 2017;

(iv) a first stage dealer or a second stage dealer, as the case may be; or

(b) a supplementary invoice, issued by a manufacturer or importer of inputs in terms of the provisions of Central Excise Rules, 2017 from his factory or depot or from the premises of the consignment agent of the said manufacturer or importer or from any other premises from where the goods are sold by, or on behalf of, the said manufacturer or importer, in case additional amount of excise duties or additional duty leviable under section 3 of the Customs Tariff Act, has been paid, except where the additional amount of duty became recoverable from the manufacturer or importer of inputs on account of any non-levy or short-levy by reason of fraud, collusion or any wilful misstatement or suppression of facts or contravention of any provisions of the Excise Act, or of the Customs Act, 1962 (52 of 1962) or the rules made there under with intent to evade payment of duty.

Explanation. - For removal of doubts, it is clarified that supplementary invoice shall also include challan or any other similar document evidencing payment of additional amount of additional duty leviable under section 3 of the Customs Tariff Act; or

(c) a bill of entry; or

(d) a certificate issued by an appraiser of customs in respect of goods imported through a Foreign Post Office or an authorised Courier, registered with the Principal Commissioner of Customs or the Commissioner of Customs in-charge of the Customs airport, as the case may be:

Provided that the credit of additional duty of customs levied under sub-section (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975) shall not be allowed if the invoice or the supplementary invoice, as the case may be, bears an indication to the effect that no credit of the said additional duty shall be admissible.

(2) No CENVAT credit under sub-rule (1) shall be taken unless all the particulars as prescribed under the Central Excise Rules, 2017 are contained in the said document :

Provided that if the said document does not contain all the particulars but contains the details of duty payable, description of the goods, assessable value, Central Excise registration number of the person issuing the invoice, name and address of the factory or warehouse or premises of first or second stage dealers, and the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be, is satisfied that the goods covered by the said document have been received and accounted for in the books of the account of the receiver, he may allow the CENVAT credit.

(3) The CENVAT credit in respect of input purchased from a first stage dealer or second stage dealer shall be allowed only if such first stage dealer or second stage dealer, as the case may be, has maintained records indicating the fact that the input was supplied from the stock on which duty was paid by the producer of such input and only an amount of such duty on pro rata basis has been indicated in the invoice issued by him :

Provided that provisions of this sub-rule shall apply *mutatis mutandis* to an importer who issues an invoice on which CENVAT credit can be taken.

(4) The manufacturer of final products shall maintain proper records for the receipt, disposal, consumption and inventory of the input in which the relevant information regarding the value, duty paid, CENVAT credit taken and utilized, the person from whom the input have been procured is recorded and the burden of proof regarding the admissibility of the CENVAT credit shall lie upon the manufacturer taking such credit.

(5) The manufacturer of final products shall submit within ten days from the close of each month to the Superintendent of Central Excise, a monthly return in the form specified, by notification, by the Board :

Provided that where a manufacturer is availing exemption under a notification based on the value or quantity of clearances in a financial year, he shall file a quarterly return in the form specified, by notification, by the Board within ten days after the close of the quarter to which the return relates.

(6) A first stage dealer or a second stage dealer or a registered importer, as the case may be, shall submit within fifteen days from the close of each quarter of a year to the Superintendent of Central Excise, a return in the form specified, by notification, by the Board :

Provided that the first stage dealer or second stage dealer or a registered importer, as the case may be, shall submit the said return electronically.

RULE 12. Annual return. -

(1) A manufacturer of final products shall submit to the Superintendent of Central Excise an annual return for each financial year, by the 30th day of November of the succeeding year, in the form as specified by a notification by the Board.

(2) The provisions of rule 12 of the Central Excise Rules, 2017, in so far as they relate to annual return shall, *mutatis mutandis*, apply to the annual return required to be filed under this rule.

RULE 13. Transfer of CENVAT credit. -

(1) If a manufacturer of the final products shifts his factory to another site or the factory is transferred on account of change in ownership or on account of sale, merger, amalgamation, lease or transfer of the factory to a joint venture with the specific provision for transfer of liabilities of such factory, then, the manufacturer shall be allowed to transfer the CENVAT credit lying unutilized in his accounts to such transferred, sold, merged, leased or amalgamated factory.

(2) The transfer of the CENVAT credit under sub-rule (1) shall be allowed only if the stock of inputs as such or in process, is also transferred along with the factory or business premises to the new site or ownership and the inputs, on which credit has been availed of are duly accounted for to the satisfaction of the Deputy Commissioner of Central Excise or the Assistant Commissioner of Central Excise, as the case may be.

(3) Subject to the provisions contained in sub-rule (2), the transfer of the CENVAT credit shall be allowed within a period of three months from the date of receipt of application by the Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, as the case may be :

Provided that the period specified in this sub-rule may, on sufficient cause being shown and reasons to be recorded in writing, be extended by the Principal Commissioner of Central Excise or Commissioner of Central Excise, as the case may be, for a further period not exceeding six months.

RULE 14. Transfer of CENVAT credit of additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act. -

(1) A manufacturer or producer of final products, having more than one registered premises, for each of which registration under the Central Excise Rules, 2017 has been obtained on the basis of a common Permanent Account Number under the Income-tax Act, 1961 (43 of 1961), may transfer unutilized CENVAT credit of additional duty leviable under sub-section (5) of section 3 of the Customs Tariff Act, lying in balance with one of his registered premises at the end of a quarter, to his other registered premises by-

(i) making an entry for such transfer in the documents maintained under rule 11;

(ii) issuing a transfer challan containing registration number, name and address of the registered premises transferring the credit and receiving such credit, the amount of credit transferred and the particulars of such entry as mentioned in clause (i) and such recipient premises may take CENVAT credit on the basis of the transfer challan.

(2) The manufacturer or producer shall submit the monthly return, as specified under these rules, separately in respect of transferring and recipient registered premises.

RULE 15. Transitional Provisions . -

(1) A person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017) shall transfer the entire CENVAT credit available under the CENVAT Credit Rules, 2004 relating to the period ending with the day immediately preceding the 1st day of July, 2017 in his electronic credit ledger as per Chapter XX of the Central Goods and Services Tax Act, 2017 (12 of 2017) and the rules made thereunder, and any CENVAT credit which is not eligible for such transfer shall not be retained as CENVAT credit unless eligible under these rules.

(2) (a) Notwithstanding anything contained in these rules, a person registered under the Central Goods and Services Tax Act, 2017 (12 of 2017), who was not required to register under the Excise Act shall be deemed to be in possession of a document evidencing payment of duty, if the manufacturer of the specified goods on which duty of Central Excise was leviable has issued a credit transfer document to him, in relation to such specified goods held in stock by him on 1st of July, 2017, for which he was not in a possession of invoice evidencing payment of duty.

(b) The credit transfer document under clause (a) shall be issued by the manufacturer of specified goods subject to such conditions, procedures and safeguards as may be notified by the Central Government.

Explanation . - "Specified goods" for the purpose of sub-rule (2) shall mean such goods which have a value more than rupees twenty five thousand per piece and bear the brand name of the manufacturer or the principal manufacturer and are identifiable by a distinct number such as chassis or engine number of a car.

RULE 16. Recovery of CENVAT credit wrongly taken or erroneously refunded. -

(1) Where the CENVAT credit has been taken wrongly but not utilized, the same shall be recovered from the manufacturer, and the provisions of section 11A of the Excise Act shall apply *mutatis mutandis* for effecting such recoveries;

(2) Where the CENVAT credit has been taken and utilized wrongly or has been erroneously refunded, the same shall be recovered along with interest from the manufacturer and the provisions of sections 11A and 11AA of the Excise Act shall apply *mutatis mutandis* for effecting such recoveries.

RULE 17. Confiscation and penalty. -

(1) If any person, takes or utilises CENVAT credit in respect of input, wrongly or in contravention of any of the provisions of these rules, then, all such goods shall be liable to confiscation and such person, shall be liable to a penalty in terms of clause (a) or clause (b) of sub-section (1) of section 11AC of the Excise Act.

(2) In a case, where the CENVAT credit in respect of input has been taken or utilised wrongly by reason of fraud, collusion or any wilful mis-statement or suppression of facts, or contravention of any of the provisions of the Excise Act, or of the rules made thereunder with intent to evade payment of duty, then, the manufacturer shall also be liable to pay penalty in terms of the provisions of clause (c), clause (d) or clause (e) of sub-section (1) of section 11AC of the Excise Act.

(3) Any order under sub-rule (1) or sub-rule (2) shall be issued by the Central Excise Officer following the principles of natural justice.

RULE 18. General penalty. -

Whoever contravenes the provisions of these rules for which no penalty has been provided in the rules, he shall be liable to a penalty which may extend to five thousand rupees.

RULE 19. Power to impose restrictions in certain types of cases. -

Notwithstanding anything contained in these rules, where the Central Government, having regard to the extent of misuse of CENVAT credit, nature and type of such misuse and such other factors as may be relevant, is of the opinion that in order to prevent the misuse of the provisions of CENVAT credit as specified in these rules, it is necessary in the public interest to provide for certain measures including restrictions on a manufacturer registered importer, first stage and second stage dealer provider of taxable service or an exporter, may by notification in the Official Gazette, specify the nature of restrictions including restrictions on utilisation of CENVAT credit and suspension of registration in case an importer or of a dealer and type of facilities to be withdrawn and procedure for issue of such order by the Principal Chief Commissioner of Central Excise or Chief Commissioner of Central Excise, as the case may be.

RULE 20. Supplementary provision. -

(1) Any notification, circular, instruction, standing order, trade notice or other order issued under the CENVAT Credit Rules, 2004 by the Central Government, the Central Board of Excise and Customs, the Principal Chief Commissioner of Central Excise or Chief Commissioner of Central Excise, as the case may be or the Principal Commissioner of Central Excise or Commissioner of Central Excise, as the case may be, and in force at the commencement of these rules, shall, to the extent it is relevant and consistent with these rules, be deemed to be valid and issued under the corresponding provisions of these rules.

(2) References in any rule, notification, circular, instruction, standing order, trade notice or other order to the CENVAT Credit Rules, 2004 and any provision thereof, on the commencement of these rules, be construed as references to the CENVAT Credit Rules, 2017 and any corresponding provision thereof.