

Central Excise

Meaning

It is a form of indirect tax levied on the manufacture of goods within the country. It is generally collected by a retailer or intermediary from the consumers of the product and then paid to the government.

Regulatory Background

- ❖ Central Excise Act, 1944
- ❖ Constitutional Provision

Parliament exclusively empowered to make laws as per Schedule VII-
List I Entry No. 84

Duties of excise on tobacco and other goods manufactured or produced in India except alcoholic liquors for human consumption, opium, narcotics but including medical and toilet preparation containing alcohol, opium or narcotics.

Regulatory Background.... Cont..

Other Regulations:

- ▶ Central Excise Rules, 2002
- ▶ CENVAT Credit Rules, 2002
- ▶ CENVAT (Procedures) Rules, 1982
- ▶ Central Excise (Appeals) Rules, 2001
- ▶ Central Excise (Settlement of Cases) Rules, 2001
- ▶ Central Excise (Valuation) Rules, 2000

Regulatory Background.... Cont..

Schedule VII of the Constitution empowers the State Governments to levy excise duties on:

- ▶ Alcoholic liquors for human consumption;
- ▶ Opium; and
- ▶ Narcotics

Thus two types of Excise Acts are in force in our country:

- ▶ Central Excise Act; and
- ▶ State Excise Acts of respective states.

Basic Requirements for levy of Central Excise (Section 3 of Central Excise Act, 1944)

- ▶ There must be “goods” to levy the duty upon.
- ▶ The goods must be qualified to be excisable.
- ▶ The goods must be the result of “production” or “manufacture”.
- ▶ The production or manufacturing must be carried out within the territory of India

Additionally, subsidiary legislations such as judicial pronouncements, departmental clarifications and amendments play a pivotal role in determining dutiability apart from the above conditions.

GST ACT, 2014 and Position of Excise Law

- ▶ WEF September 2017, multitude of indirect taxes subsumed by GST Act including Excise Duty on goods produced or manufactured.

Exceptions:

- ▶ Petroleum Products- crude oil, petrol, diesel, natural gas, aviation turbine fuel;
- ▶ Tobacco and Tobacco Products;
- ▶ Alcohol for human consumption (taxed under State Excise Acts of respective states/ UTs)