

CENVAT CREDIT RULES

Inputs can be dispatched directly to place of job worker, but should be received within 180 days – Manufactured or imported goods can be sent by supplier manufacturer or importer directly to place of job worker. The invoice issued by supplier manufacturer or importer should contain details of purchaser manufacturer (or purchasing service provider) and job worker. – second and fourth *proviso* to rule 11(2) of Central Excise Rules, inserted w.e.f. 1-3-2015.

The purchasing manufacturer can avail Cenvat credit as soon as goods are received in the factory of job worker. – rule 4(1) of Cenvat Credit Rules amended w.e.f. 1-3-2015.

If the goods were sent directly to job worker, goods should be received by purchasing manufacturer after job work, within 180 days from the date at which inputs were received by first job worker – proviso to rule 4(5)(a)(i) of Cenvat Credit Rules w.e.f. 1-3-2015.

If inputs are not received back within 180 days, Cenvat credit should be reversed, but can be taken back when capital goods are received back in the factory of purchasing manufacturer – rule 4(5)(iii) of Cenvat Credit Rules, inserted w.e.f. 1-3-2015.

Duty paying document valid for one year from its date – The duty paying document will be valid for one year from date of duty paying document (against present time limit of six months) – third proviso to rule 4(1) and fifth proviso (earlier sixth proviso) to rule 4(7) of Cenvat Credit Rules, amended w.e.f. 1-3-2015 . [From 1-9-2014 to 1-3-2015, the time limit was six months].

Direct dispatch of capital goods to job worker – Capital goods can be sent to job worker's place from the supplier manufacturer. The purchaser manufacturer (or purchasing service provider) can avail Cenvat credit of those capital goods as soon as goods reach the place of job worker – amendment to rule 4(2)(a) of Cenvat Credit Rules w.e.f. 1-3-2015.

Capital goods can be sent to job worker for two years – Capital goods can be sent to job worker for processing, testing, repair, re-conditioning or for manufacture of intermediate products. The capital goods should be received by purchasing manufacturer (or purchasing service provider) within two years (against present limit of six months) – rule 4(5) (a) (ii) of Cenvat Credit Rules inserted w.e.f. 1-3-2015.

If capital goods are not received back within two years, Cenvat credit should be reversed, but can be taken back when capital goods are received back in the factory of purchasing manufacturer – rule 4(5)(iii) of Cenvat Credit Rules, inserted w.e.f. 1-3-2015.

Sending inputs from one job worker to another job worker – Inputs can be sent from one job worker to another for further processing for manufacture of intermediate goods. The duly processed intermediate products should be received by purchasing manufacturer (or purchasing service provider) within 180 days – rule 4(5) (a) (i) of Cenvat Credit Rules inserted w.e.f. 1-3-2015.

Cenvat credit of service tax paid under partial reverse charge – In respect of partial reverse charge, the service receiver who is paying service tax can avail Cenvat credit as soon as he pays his portion of service tax (even if he does not make any payment of bill amount to service provider – first proviso to rule 4(7) of Cenvat Credit Rules amended w.e.f. 1-4-2015 [earlier this provision was applicable only where entire service tax was payable by service provider]).

No refund of Cenvat credit if goods supplied to EOU or SEZ - Rule 5(1A) of Cenvat Credit Rules as inserted w.e.f. 1-3-2015 also provides that 'export goods' means goods taken outside India.

[It means that if goods are supplied to EOU or SEZ, refund of excise duty is not available].



Recovery of Cenvat credit wrongly taken but not utilized – If Cenvat credit was taken wrongly but not utilized, it can be recovered by department but interest will not be payable and penalty is not imposable – rule 14(1)(i) of Cenvat Credit Rules, inserted w.e.f. 1-3-2015]

Manner of utilisation of credit provided - In Rule 14 it has been provided that all credits taken during a month shall be deemed to have been taken on the last day of the month and the utilisation thereof shall be deemed to have occurred in the following manner, namely: - (i) the opening balance of the month has been utilised first; (ii) credit admissible in terms of these rules taken during the month has been utilised next; (iii) credit inadmissible in terms of these rules taken during the month has been utilised thereafter. (w.e.f. 01.03.15)