

Sugar factory project

[Business](#), [Industries](#)



A PROJECT REPORT ON “ STUDY OF EXCISE DUTY PAYMENT BY GABRIEL INDIA LTD. ” AT [pic] -: Submitted By:- AVINASH CHANRDAKANT IGHE -: The Research Guide:- PRO:-D. D. WALKE -: Affiliated To :- University of Pune N. D. M. V. P. Samaj’s Nashik [pic] Institute of Management Research and Technology(IMRT) For TheAcademicYear 2008 -2009 PREFACE Indirect tax is the one of the most enormous source of fund collection of the Indian government which aids to development expenses and other aspects. Central excise is one aspects of fund/revenue collection.

Features of indirect taxes. Government of India needs funds for various purposes like maintenance of law and order, defence, social /healthservices etc. Government obtains funds from various sources out of which one main source is taxation, Justice Holmes of US Supreme Court has long ago rightly said that tax is the price which we pay for a civilized society. -view echoed in Parshuram Pottery works ltd vs. ITO (1977) 106ITR 1(sc). Taxes are conventionally broadly classified as Direct taxes and indirect taxes.

As the name suggest, direct taxes are paid directly and indirect taxes paid indirectly. In the case of indirect taxes, they are paid by one person, but he recovers the same from another person. Thus, the person who actually bears the tax burden pays it indirectly through some other person, Who practically, merely acts as colleting agent of course, he is liable if fails to collect and pay the taxes. Central excise is totally whit the manufacturing company, which company Produce or manufacture excisable goods as per Central Excise Act 1944.

Excisable goods indicate which goods falling under Central Excise Act 1944, And it is also must be movable and marketable and must be produce or manufacture in India. Indirect tax structure on goods. • Excise duty 14%, • Educationcess 2%, • Secondary and higher secondary education cess 1%, • Vat 12. 50%. Invoice must be have 4 copy 1) Original for buyer. 2) Duplicate for transporter. 3) Third for assesses. 4) Fourth acknowledgement copy.

ACKNOWLEDGEMENT It gives me immense pleasure to present this project report on study of Excise Duty Paid out by GABRIEL INDIA LTD.

In partial fulfillment of post-graduate course M. B. A. No work can be carried out without the help and guidance of various persons. I am happy to take this opportunity to impress my gratitude to those who have helped me in completing this project report. At the outset, I would like to thank Mr. Kadam Head of Dept. (Excise) of ' GABRIEL INDIA LTD' for their valuable advice and guidance during my project completion, also Mr. Doke for timely help concerning various aspects of project. I would be failing in my duty if I do not express my deep sense of gratitude to Prof.

D. D. WALKE without his guidance. It wouldn't have been possible for me to complete this project work. Lastly I would like to thank all professors and staff at I. M. R. T. , my friends and all those persons who contributed directly or indirectly for successful completion of this project. AVINASH C. IGHE

DECLARATION I, Avinash Chandrakant Ighe, student of MBA studying in Institute of Management Research & Technology, Nashik solemnly declare that the project titled " STUTY OF EXCISE DUTY PAYMENT BY GABRIEL INDIA LTD. was carried out by me in partial fulfillment of the MBA program under

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To provide training to student by the organization, this is very useful in their future. 3. Preparation of project report is mandatory for every MBA student, that is why the primary objective of any project is fulfill the requirement of the syllabus with the grasping the knowledge. 1. 2Selection of the topic for study Topic selections the one of the important aspect of our project. As it decided the course of action, to be followed. The topic selected should be such that it helps in understanding the excise concept clearly, as was given the topic by the company itself. This topic given by project guide was “STUTY OF EXCISE DUTY PAYMENT BY GABRIEL INDIA LTD”.

Covers all the things related to excise analysis provided by the company. 1. 3Objectives of the project 1. To study procedure of central excise registration. 2. To study E. R. 1 form of central excise. 3. To study applicability of the central excise. 4. To study journey of Cenvat credit. 5. To study process of Cenvat credit taken. 6. To study drawbacks of central excise. 1. 4RESEARCH METHODOLOGY Research methodology is a way to systematically solve the research problem. It may be understood as ascienceof studying now research is done systematically. In that various steps, those are generally adopted by a researcher in studying his problem along with the logic behind them.

Data collection is important step in any project and success of any project will be largely depend upon now much accurate you will be able to collect and how much time, moneyand effort will be required to collect that necessary data, this is also important step. Data collection plays an important role in research work. Without proper data available for analysis

you cannot do the research work accurately. There are two types of data collection methods available. 1) Primary data: - The information about the Company is gathered from the discussion with the employees/staff. 2) Secondary data:- The secondary data collected - The balance sheets as on the date of 31st Dec 2007 for the period of 1st April 2007 to 31st Dec 2007

The methodology of this study has been adopted on the following basis:

Study of various Journals, Notes & Books. • Collection of Primary & Secondary data records of the organization. • Analysis of the collected data for its application.

1. 5 Scope of the project

The excise is the important tax from indirect tax. This project covers all points about excise and also cenvat credit rules and conditions. The central excise law mainly comprise of Central Excise act 1944, Central Excise rules 2002, Cenvat Credit Rule 2004. This project also comprises central excise registration procedure, assessee profile, rules related with central excise, journey of cenvat credit rule, process of cenvat credit taken and drawbacks of central excise.

Central excise is source of Indian Government from collection funds.

1. 6 LIMITATIONS OF THE STUDY

- Generally company does not allow outsiders to conduct any study or research work in company. Therefore, get the project done in company itself was very difficult.
- Due to confidentiality some important information, which are important for the project, could not be collected.
- Some of the information lack in accuracy, due to which approximate values were used for the analysis. Hence, the results also reveal approximate values.
- The project is based on theoretical guidelines and as per situations prevalent at the time of practical training.

Hence, it may not be apply to different situations. • The time p for the project was very short which was of 2 months, which itself acts as a major constraint. Moreover, studying the guidelines and applied it practically within such short time p was a task of great pressure. 1. 7 Revenue collection of major taxes in India [pic] Note:- (1) N. A – not available. (2) Figures in crores. 1. 8 Budget changes 2008. Budget 2007-08 and Finance Bill 2008 was presented before Parliament on 29-02-2008. The changes which are effective immediately or from 1-04-2008 have been discussed at relevant places. The statutory changes and changes in duty rates are summarized in fort pages.

Highlights as follows:- • General rate of basic duty reduced from 16% to 14% from 1-3-2008. • Rule 6(3) of cenvat credit rule recast to provide for proportionate credit in case where manufacturer is manufacturing both exempted and taxable goods and service provider is providing both taxable as well as exempted services. • In case of deemed manufacturer, simple repacking will be ' Manufacture' 1-3-2008. Till now, labeling, re-labeling and also repacking was required. • Service tax on GTA to be paid by cash only. Controversy relating to cenvat credit of outward freight continues. • Strips of plastics for weaving fabric eligible for SSI exemption 1-4-2008. EOU have to pay duty equal to 50% of customs duty plus excise duty 1-3-2008. • NCCD of 1% imposed on mobile phones but NCCD on PFY and pan masala not containing tobacco has been withdrawn. 2. 1 Introduction of the company Gabriel India sets up its facility in Parwanoo in 1978 in collaboration with Federal Mogul, USA world leader in thin-walled, bimetal engine bearings, the Parwanoo plant is equipped with a fully integrated facility for the manufacture of a complete range of bimetal bearing, bushes, flanges and

thrust washes; including manufacturing of powder metal and bimetal strips. In 2004, Gabriel has put up a new plant in Khandsa (Haryana) for manufacture of aluminum tin bearings. Anand Engine bearing division was emerged in 2007 from Gabriel India Ltd and is now called Anand Engine Component Ltd. Anand Engine Component Ltd is a leading supplier of Engine bearings to domestic OEMS and replacement market in the automotive industry as well as other segments such Railway, Marine and power generation. Its product also being exported to several oversea markets. Name of the company: - Gabriel India limited, Address of company: - 29th milestones, Pune-Nashik Highway, Village Kuruli, Tal: Khed, Dist. Pune -410501 (India) Tel. :+91-9922908401/2/3/4 Fax: +91-2135-261200 www. anandgroupindia. com 1.

Capital Employed - \$ 43 Million 2. Net Fixed Assets - \$ 31 Million 3. Major Products- Shock Absorbers, Struts and Front Forks. Engine Bearings. 4. HQ Location- Delhi 5. Established - 1961 2. 1. 1 Brief history of Gabriel:- 1997 : Started Plant for OE Passenger car shocks 1998 : HMI, Tata Motors & Ford India business started 1999 : Toyota Kirloskar business started (Qualis) 2000 : Acquired certification for QS 9000 by BVQI 2001 : HM business started (Lancer) 2003 : Acquired certification for ISO 14000 2003 : Acquired certification for OHSAS 18000 2003 : Maruti business started 2003 : Acquired certification for TS 16949 by BVQI 2003 : Acquired certification for Ford. 2004 : GMI business started. 2. 1. 2 Mission of the Company:- The mission statement of Gabriel is:- “ To champion and accelerate learning by providing world-class technical and managerial solution and act as the hub for transfer of learning throughout the group. ” Basic philosophy behind that is “ Increase of value contribution & customer satisfaction” which means elimination of

non value added activities and emphasis on value stream way of thinking rather than the traditional functional way of thinking.

2. 1. 3 Logo of the Company:- pic]

2. 1. 4 Location of the production: - Company has six branches in India. It is as follows. • Pune. • Dewas. • Hosur. • Parwanao (Himachal Pradesh). • Nashik. • Gurgaon.

2. 1. 5 Production capacity:- 1) Struts 1. 5 Million units per annum. 2) Front Forks 1. 5 Million units per annum. 3) Shock Absorbers 10. 0 Million unit per annum.

2. 1. 6 Certification of the Company:- 1:-ISO9002 – Nashik, Hosur, Parwanoo. 2:-ISO14001 – Hosur, Dewas, Pune. 3:-QS9000 – Hosur, Dewas, Nashik. 4:-ISO16949 – Hosur, Pune, Dewas. 5:-OHSAS 18001 – Hosur, Dewas, Pune.

2. 1. 7 Ride control global product range. | Twin tube shocks (gas). | | Twin tube shocks (non-gas). | Mono tube shocks. | | Spring seat shocks (semi-strut). | | Cab suspension damper. | | Steering damper. | | Strut cartridges. | | McPherson struts. | | Self leveling shocks. | | Active suspension. | | Suspension corner module. |

2. 1. 7 Gabriel Pune [pic]

2. 2Product profile:- [pic] [pic]

2. 3 Organizational chart :- Deep C Anand Foundation Mr. S. G. Kulkarni (D. G. M finance) Mr. A. Vispute Mr. S. Das (Sr. manager) Manager) Mr. M. Dalal Mr. S. Agnihotri Mr. A. Mane Mr. T. J. Kadam (A. M) (A. M) (A. M) (A. M) Miss. Harivanda Mr. A. P. Doke (Asst.) (Officer) Mr. R. M. Wadekar Mr. M. D. Pardeshi

3. 1 TOPIC UNDER STUDY

3. 1. 1 Theoretical background :- 1) Journey of Central Excise. 2) Central Excise Act 1944. 3) Central Excise Rules 2002. 4) Cenvat Credit Rule 2004.) Registration procedure of central excise. 6) E. R. 1 form, analysis and format.

3. 1. 2 Journey of Central Excise. Available historical evidence on the organized forms of commodity taxation shows that duty on two commodities – salt and liquor – was levied during

flourishing Mauryan period (5% to 10%). During Mughal period, tax on manufactured goods was extended to indigo, cotton, soap, edible oil, tobacco and salt. Early British Rule imposed duty on dairy products, handlooms, leather products. Iron and steel. Excise, as we understand it today, was 1st introduced on cotton yarn in 1894, mainly to check exports of Indian textiles to USA, China, Japan and Hong Kong.

Subsequently, excise net was widened and it was imposed on motor spirit (1917), kerosene (1922), Silver (1930), Sugar and matches (1934). More items were covered under excise in 1943. Development of Excise Law Initially, separate Act used to be introduced for each commodity. Thus, by 1944, there were 16 each enactment. All these were consolidated and a consolidating Act was passed in 1944(which is still in force). The consolidated act included various items called Tariff Items (TI) - like Sugar (TI-1), Coffee (TI-2), Tea (TI-3) etc. More and more items were added each year, usually at the time of Budget. Finally, residual item – called Not Elsewhere specified (NES) (TI-68)-was introduced w. e. f. 1-3-1975. Thus, effectively, all items were covered.

Duty on TI – 68 was 1% in the beginning, which was raised in stages to 12%. Central Excise Tariff :- Since tariff item were added from time to time, the arrangement and sequence of each was not tariff item was not scientific and logical as items were added in the Schedule to central Excise Act from time to time. In the meanwhile, International Standards were developed for classification of goods and Customs Tariff in India was revised to fall in line with International Standards for classification. Excise tariff was also revised

and Central Excise Tariff Act, 1985 was brought into effect from 1-3-1986. Thus, only 15 commodities were covered in 1944, against over 1, 300 commodities covered in 1994.

MODVAT in 1986 :- Modvat was introduced w. e. f. 1-3-1986, to avoid cascading effect of taxation. Coverage of MODVAT was increased over a period of time and now most of the inputs (except a few), are eligible. MODVAT was extended to capital goods and petroleum products in March 94. (MODVAT was renamed as CENVAT w. e. f. 1-4-2000) Other landmarks - until 1938, excise duties were administered by provincial (Now called State) Governments. Central Excise and Salt Revenue Department was established in 1938. Changes in recent times:- Some important changes in recent times are as follows: 1-4-2000 – Basic Excise Duty will be 16% on almost on all commodities.

Branded goods manufactured by SSI in rural area will be exempted from duty. 1-4-2000 – Modvat was renamed as Cenvat. New Cenvat rules 57 AK introduced Duty payment on fortnightly basis, instead of at every time before clearance. 1-7-2000 – All statutory records abolished. Department will rely on private records of assessee. New Valuation section 4 and new Valuation rules introduced. 1-7-2001- New Central Excise Rules made effective and earlier Central Excise Rules, 1944 scrapped. Many procedural simplifications made. September, 2001 – CBE&C released ‘ New Central Excise Manual, 2001’ and ‘ Custom Manual, 2001’. Basically, these are consolidation of many previous trade notices, public notices and CBE&C circulars.

In addition, general information about customs and excise law is contained in these manual. 9-7-2004 – Introduction of Education Cess @ 2% of duty or tax, Textile Articles practically out of excise net. 10-9-2004 – Integration of Cenvat Credit of Excise duty on goods and service tax. Credit is interchangeable. 1-1-2005 – Service tax on Goods Transport Agency. Tax payable by consignor/consignee paying freight. 28-2-2005 – Central Excise Tariff converted from 6 digits to 8 digits. 1-3-2006 – AED (GSI) fully exempted. SED merged with basic excise duty. 13-7-2006 – department can provisionally attach property of a person to whom show cause notice has been served (section 11DDA of CEA). Basic procedure in Central Excise

As per section 6 of CEA, registration is required to be obtained by (a) every manufacturer or producer of excisable goods that is goods specified in first and second schedule to central excise tariff act (b) wholesale purchase or sale or storage of any specified goods included in first or second schedule of central excise tariff act. As per rule 9 of Central Excise Rules, every person who produces, manufacturers, carries on trade, holds private store room or warehouses or other wise uses excisable goods shall get registered. The rule also otherwise Board to issue notification (a) specifying conditions and procedures for registration and (b) grating exemption to person or class of person from provisions registration. Registration is compulsory as both section 6 of CEA and rule 9(1).

It has been clarified that registration granted in earlier old rule 174 will be valued under new rules. 3. 1. 3 Central Excise act 1944 (sec 40) This is the first act which gave the power to excise officer for provision of collecting the

excise or taking action of arrest, penalty, Valuation. Nature of Excise Act The basic condition for levy of Excise Duty:- 1) The duty is on goods. 2) The goods must be excisable. 3) The goods must be produced or manufactured with aid of power. 4) Such production must be in India. 5) Goods must be movable and marketable. 3. 1. 4 Central Excise Rules 2002 Rule 1:-Short title, extent and commencement. Rule 2: - Definition of. Act • Assessment • Assesses • Board • Duty • Notification • Tariff act • Warehouse Rule 3: - Appointment and jurisdiction of central excise officer. Rule 4: - Duty payable on removal. (Molasses) Every person who produce or manufacture any excisable goods, or who store such goods in a warehouse, shall pay the duty livable on such goods in the manner provided in the rule 8 under any law, and no excisable goods, on which any duty is payable, shall be removed without payment of duty from any place, where they are produce or manufactured, or from a warehouse, unless otherwise provided. Rule 5: - Date for determination of duty and tariff valuation.

If any excisable are used within the factory, the date of removable of such shall mean the date on which the goods are issued for such use. Rule 6: - Assessment of duty. The assessee shall himself assess the duty payable on any excisable goods. Rule 7: - Provisional assessment. The Assistant Commissioner of central excise or the deputy commissioner of central excise, as may be required for finalizing the assessment, the is available, but within a period not exceeding six months from the date of thecommunicationof the order issued under sub rule (1). Rule 8: - Manner of payment. The duty on the goods removed from the factory or the warehouse during a month shall be paid. Rule 9:-Registration.

Any person who produces, manufacture, carries on trade, holds privet store-room or warehouse or otherwise uses excisable goods, shall get registered.

Rule 10:-Daily stock account. All such records shall be preserved for a period of five years Immediately after the financial year to which such records pertain. Rule 11:-Goods to be removed on invoice. No excisable goods shall be removed from a factory or a warehouse except under an invoice singed by the owner of the factory or his authorized agent and in the case of cigarettes, each such invoice shall also be countersigned by the inspector of central or the superintendent of central excise before the cigarettes are removed from the factory. Rule 12:-Return to filing

Provided that an assesses manufacturing pan masala failing under tariff item 21 06 90 20 or pan masala containing tobacco failing under tariff item 24 09 99 90, shall also file, along with the return , for the month which the said return relates, a statement summarizing Rule 13: - Export without payment of duty. • Any excisable goods may be exported without payment of duty from a factory of the producer or the manufacture or any other premises, as may be approved by the commissioner. • Any material may be removed without payment of duty from a factory of the producer or the any other premises, for use in the manufacture or processing of the goods which are exported, as may be approved by the commissioner. • The export under sub rule (1) or sub rule (2) shall be subject to such conditions, safeguards and procedure as may be specified by notification by the Board. Rule 14: - Warehousing provision. The central government may be notification, extend the facility of removal of any excisable goods from the factory of production to a warehouses to another warehouses without of payment duty. • The

facility under sub-rule (1) shall be available subject to such condition, including penalty and interest, limitation with respect to the period for which the goods may remain in the warehouse and safeguard and procedure including in the related to the dispatch, movement, receipt, accountable and disposal of such goods may be specified by the Board. 3. 1. 5 Cenvat credit rule 2004. (rule 16) Dated 10/9/2004 amended. Government appointed Dr. Vijay Kelkar for recommending tax reforms and as part of the report. Union budget 2003-2004 clearly recommendation of Kelkar committee have been accepted.

A new rule 12 A was inserted vide notification no: 19/2006, dated 30/09/2006. which deals with the procedure and facilities for large tax payer, particularly with reference to the following aspects. 1) Removal of input or capital goods by a large tax payer through a transfer challan/invoice. 2) Transfer of cenvat available with one of the units of the large taxpayer to his other registered premises through a transfer challan. Cenvat credit rule deals with as follows goods, Rules 1 :- Capital goods • All goods falling under chapter 82, 84, 85, 90 heading no 68. 02. • Pollution control equipment. • Component, spares and accessories of the goods. Specified (1) (2) above. • Moulds and dies, jigs and fixtures. Refractory and material. • Tubes and pipes and fitting. • Storage tank. Note:- office equipment and appliance in an industry and hence credit cannot be valid. Rules 2 :- Inputs All goods and raw material Except light diesel oil, high speed diesel oil and motor spirit, commonly known as petrol and motor vehicles, used for providing any output service. Rule: - 3 A manufacturer or producer of final products or a provider of taxable service shall be allowed to take credit. • The duty of

excise of specified in the first schedule to the Excise Tariff Act, livable under the excise act. • The duty of excise specified in the second schedule to the Excise Tariff Act. The education cess on excisable goods under section 91.

Rule:-4 Condition for allowing CENVAT credit. 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 provider of output service. Rule: - 5 Refund of CENVAT credit to units in specified areas. For the purposes of this rule, “ duty” means the duties specified in the sub rule (1) of rule 3 of these rules. Rule: - 6 Obligation of manufacturer of dutiable and exempted goods and provider of taxable and exempted services. Rule: - 7 Distribution of credit on inputs by the office or any other premise of output service provider.

A provider of output services shall be allowed to take credit on inputs and capital goods received on the basis of an invoice or a bill or a bill a challan issued by an office or premises of the said provider of output service, which receives invoice, issued in terms of the provision of the central excise rules, 2002, towards the purchase of inputs and capital goods. Rule: - 8 Storage of inputs outside the factory of the manufacturing. Rule: - 9 Documents and accounts. (1) An invoice. (2) A supplementary invoice. (3) A bill of entry. (4) A certificate issued by an appraiser of customs in respect of goods imported through a Foreign Post office. Rule: -10 Transfer of cenvat credit. Rule: - 11

Special dispensation in respect of inputs manufactured in factories located in specified areas of North East region, Kutch district of Gujarat, state of Jammu and Kashmir and state of Sikkim. Rule: - 12 Power of central government to

notify goods for deemed cenvat credit. Rule: - 13 Recovery of cenvat credit wrongly taken or erroneously refunded. Where the cenvat credit has been taken or utilize wrongly or has been erroneously refunded, the same along with interest shall be recovered from the manufacturer or the provider of the output service and the provision of section 11A B of the excise act or section 73 and 75 of the finance act. Rule: - 14 Supplementary provision.

Any notification, circular, instruction standing order trade notice or other order trade issued under the Cenvat Credit Rule 2002, by the Central Government, the central board of excise and customs, the chief commissioner of central excise, and in fore of 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 provision of these rules. 6. Registration procedure of Central Excise As per section 6 of CEA 1944, Registration is required to be obtained by (a) every manufacturer or producer of excisable goods that is goods specified in first and second schedule to central excise tariff act b(b) wholesale purchase or sale or storage of any specified goods included in first or second schedule of central excise tariff act.

As per rule 9 of central excise rules, every person who produces, manufacturers, carries on trade, holds privet store room or warehouses or other wise uses excisable goods shall get registered. The rule also otherwise Board to issue notification (a) specifying conditions and procedures for registration and (b) grating exemption to person or class of person from provisions registration. Registration is compulsory as both section 6 of CEA

and rule 9 (1) use the word shall. It has been clarified that registration granted in earlier old rule 174 will be valued under new rules. 1. Application for registration:- Before starting production of excisable goods or dealership for the purpose of issuing invoice to pass Cenvat credit, registration should be obtained.

The Application Forms specified for this purpose are given in Annexure (Form A1 for all persons except certain textile processors/cheroot manufacturers). Separate Form A2 is prescribed for registration of Power loom Weavers/Hand processors/ dealers of yarns and fabrics and manufacturers of readymade garments. Form A3 is the application for registration specified for manufacturers of hand – rolled cheroots tobacco falling under sub – heading 2402. 00 of Central Excise Tariff. The application should be submitted in duplicate to the jurisdictional Deputy/ Asst. Commissioner of Central Excise. An attested copy of permanent Account Number (PAN) allotted by Income Tax Department should be enclosed with the application.

Under the New Central Excise Registration Procedure for Power loom Weavers/Hand processors/ dealers of yarns and fabrics and manufacturers of readymade garments, the C. B. E. and C. through Circular No. 708/24/2003-CX, dated 23-4-2003[2003(153) E. L. T(T63)], asked departmental officers to issue registrations even if PAN is not available. 2. Registrations Certificate:- The Registrations Certificate in prescribed format [Form RC-Annexure-2] will be issued within seven days. Normally, RC can be obtained across the table on the date of application itself. Verification of the premises will be made later. 3. Permanent nature of RC:- Registrations Certificate, once issued, is

permanent except when it is suspended or revoked. RC is not required to be renewed. 4. No fee for Registration:-

Registrations Certificate is issued free of charge and there is no fee prescribed for the same. 5. Same form for intimation of changes:- The same application form is to be used for intimating any change in the information furnished originally at the time of applying for Registrations Certificate.

Manufacture of new or additional products need not be intimated. 6. Transfer of Business:- Excise registration is premises-specific. But it is non-transferable and hence, when the business is transferred to another person by way of sale or lease, the taking over the business (transferee) should take fresh registration in this name. 7. Change in the Constitution:-

If the entity holding Central Excise Registration is a firm or company or association of persons, any change in the constitutions should be intimated to the concerned Central Excise Officer within 30 days. 8. De- Registration:- If the business is not carried, Registrations Certificate should be surrendered to the superintendent of Central Excise. A declaration specified for this purpose [Annexure-3] should be given while surrendering RC. 9. Quoting RC Number:- The PAN- based Excise registration number is required to be printed on top of all Central Excise invoices, duty challans, PLA & other Forms /documents. Textile units coming into Excise fold for the first time can clear their goods and pay duty pending grand of registration. 10. Revocation or suspension of registration:-

For contravention of provisions of Central Excise Act, 1944/ Central Excise Rules, 2002 and other specified offences, RC can be suspended or revoked

by the deputy/Assistant Commissioner. As there are separate penal provisions to take care of various infractions, this is seldom resorted to. 3. 1. 7 Analysis and detail of Excise Return Form: - Excise Return (E. R. -1) form :- Excise Return (E. R. -1) form is the most important document of excise return. Rule 12 of the Central Excise Rules, 2002 and rule 9(7) of CENVAT Rules, 2004. Each E. R. 1 form have two copies one is original and other is duplicate this document use for return of excisable goods and availment of cenvat credit for the month.

Includes details of the manufacture, clearance and duty payable also detail of goods item code, registration number, name of the company, address, quantity manufactured, and quantity cleared assessable value etc. E. R. 1 form has details about basic excise duty 14%, education cess 2% and secondary and higher education cess. Attached all detailed value, item code number, description and also detail of cenvat credit availment and utilized. E. R. 1 form has details about cenvat input goods, cenvat capital goods, and cenvat service tax. The following points are include in cenvat credit availment and utilized. • Credit on manufacture invoice. • Credit taken on Dealers invoices. • Credit taken on capital goods. • Credit taken on input services. • Credit taken on imported capital goods. Credits taken from inter unit transfer of credit by a large taxpayer. E. R. 1 form include Self assessment memorandum, acknowledgment and lastly authorized signature and name. 3. 1. 8 CENVAT Credit Process:- (1) Cenvat credit is allowed to offset duty liability on final product services. Hence, as per rule, Cenvat credit is not allowed on quantity of inputs and input service used exclusively in the manufacturer of exempted goods/ services. If cenvat credit is availed

on inputs and input services used in the manufacture or rendering of both dutiable and exempted goods or services, 10% of total price (excluding sales tax and other taxes if any paid) shall be paid.

The output service provider shall utilize credit only credit only to the extent of an amount not exceeding 20% of the amount of service tax payable or taxable output service. Now sub-rule (3A) in Rule 6 Vide Notification No. 10/2008-C. E. (N. T.), dated 1-3-2008. (w. e. f. 1-4-2008) provides for reversal of credit attributable to the input and input services used in the manufacture of exempted goods as per the prescribed in the said rule. (2) The condition of 10% payment is not applicable if separate accounts of receipt, consumption and inventory of such inputs or input service are maintained cenvat credit is taken on that quantity of inputs and input services used in the manufacture of dutiable goods/ taxable service only.

In respect of certain specified services, such restriction does not operate. Thus credit is allowed on the service tax pay without the requirement of maintaining separate accounts to consulting engineer, architect, and interior decorator, management consultant, real estate agent, commissioning and instillation service, technical inspection and certification service, commercial or industrial construction service security, security agency, scientific or technical consultancy, banking and financial services, life insurance services, technical testing and analysis service, maintenance or repair service and intellectual property service, if these or not used exclusively for providing exempted output services.

In the case of general insurance service, when both taxable and exempted services are provided, an optional scheme, utilize Cenvat credit attributable to inputs/ input services used in providing taxable services, has been provided. (3) For manufacturer of certain specified exempted goods manufacturer shall pay an amount equivalent to Cenvat credit attributable to inputs and input services used in or in relation to manufacture of such final products. These products are: A - Goods falling within heading No. 2207 of the First Schedule to the Tariff Act; (Ethyl alcohol and other spirits, denatured, of any strength); B - Low sulphur Heavy Stock (LSHS) used in the generation of electricity; C - Naphtha (RN) used in the manufacture of fertilizer; D -. Newsprint, in rolls and sheets, falling within heading No 48. 1 of Central excise tariff; E - Final products falling within chapters 50 to 63 Central excise tariff; F - Naphtha (RN) furnace oil used for generation of electricity; G - Goods supplied to defense projects or to the Ministry of Defense for official purposes, under any of the specified notifications; H - Liquefied Petroleum Gases (LPG) falling within item 27111200, 2711300 and 27111900 of the said First Schedule; I - Kerosene for ultimate sale through Public Distribution System. If the above producer is not followed the assessee will be liable not only for recovery under Rule 14 of Cenvat Credit Rule, 2004, but also for interest penalty. (4) Amount of 8% paid (now 10% under Rule 6) while clearing non-dutiable goods and realized from customers was held as not recoverable under section 11D of Central Excise Act, 1944 – Unison Metals Ltd. V. commissioner, 2006 (204) E. L. T. 323(Tri. -LB).

But if the amount was collected in respect of dutiable goods, the same Larger Bench judgment says, real identity of the amount collected is not

relevant for section 11D; whether the collection ‘represented duty’ of excise alone is relevant. (5) As per new condition “(d)” in Rule 6(3), the output service provider in the case of general insurance service has to intimate the option in writing to utilize Cenvat attributable to inputs and input services in providing taxable output services to the Range Superintendent, giving prescribed details. The option once exercised cannot be withdrawn during the remaining part of the financial year. (6) Credit is not admissible on capital goods used exclusively in manufacture of exempted goods/rendering of exempted services. 7) Under Rule 6 (3), no distinction is to be made between intended final product and unintended emergency of by – product – 2007 (208) E. L. T. 25(Tri. -LB) – Rallies India Ltd. v. CCE. (8) The substantive provisions of Rule 6 as contain in sub-rule (1),(2) and (3) shall not apply for exempted goods cleared either to :- ? SEZ Unit, ? 100% EOU, ? EHTP, STP unit, ? United Nations or an International Organization for their official use or supplied to projects listed in Notification No. 108/95 – C. E. , or ? For export under bond under Rule 19 of the Central Excise Rules, 2002. [C. B. E. & C. circular No. 785/18/2004 – CX. , dated 17-5-2004 – 2004 (167) E. L. T. T35] ?

Gold or Silver arising in the course of manufacture of copper or zinc by smelting, or, All goods which are exempt from the basic duties of Customs and the additional duty (C. V. D.) when imported into India and supplied against International competitive bidding in terms of Notification No. 6/2006 – C. E. 2. KEY ANALYSIS & DATA PRESENTATION 3. 2. 1 EXCISE DATA OF THE COMPANY :- Financial highlight of the period 1st April 2004 to 31st March 2008 A. Value of clearance goods. | S. R. | Particulars | 2004 - 2005 | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 | | 1 | Domestic clearance | 774200060 |

1001839000 | 1024535335. 87 | 761355812. 0 || 2 | Scrap | 2990434 |
 4460621 | 4406276 | 3947935 || || || || || 3 | Export clearance | 11270 |
 2740620 | 5150444 | 1958831 || 4 | Other | 26581926 | 29447903 |
 8895151. 08 | 00. 00 || 5 | Total clearance | 803783690 | 103783690 |
 1042987207. 15 | 767262578. 50 | B. Central excise duty. | S. R. Particulars |
 2004 - 2005 | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 || 1 | Payment in PLA |
 48740016 | 53681491 | 41367098 | 26186202 || || || || || 2 | Payment
 through cenvat credit | 90119634 | 112750237 | 169196919 | 100193615 ||
 || || || || || || || || || 3 | Total | 138859650 | 166431728 | 210564017 |
 126379817 || || || || || || || || || C. Cenvat credit taken. | S.

R | Particulars | 2004 - 2005 | 2005 - 2006 | 2006 - 2007 | 2007 - 2008 || 1 |
 On capital goods | 4958440 | 4773122 | 8147200 | 7764147 || || || || || 2 |
 On input goods | 87752967 | 109226355 | 153488966 | 86673644 || || || || ||
 | 3 | On input services | 165307 | 311808 | 4044501 | 3008152 || || || || || ||
 || || 4 | Total | 91776714 | 114311285 | 165680667 | 97445943 || || || || || ||
 || || || Passenger cars in India- Share of Business The following chart shows

market share of Gabriel India Ltd. Conclusion:- The above pie chart shows Gabriel is the enormous producer in the India which produces automotive components. Gabriel covered about 63% production and other companies covered only 37%.

It is indicating Gabriel very important company for the Indian automobile sector. Central excise paid by Gabriel: (Payment in PLA, payment through cenvat credit) The following chart shows payment through personal ledger account and cenvat credit. Conclusion:- The above chart shows central

excise payment through personal ledger account and cenvat credit. Cenvat credit is the most important element of excise. As per above chart company paid continuously excise from personal ledger account and continuously growth in payment of duty. Total excise payment of Gabriel (from 2001 to 2008) The following pie chart shows excise payment of Gabriel India Ltd. Il payment shows in parentage from 2001 - 02 to 2007 - 08 [pic] Conclusion :-

The above chart shows every year increase the total value of excise clearance, that means Gabriel have incessantly growth and also paid the duty regularly. Cenvat credit taken :- The following bar graph shows cenvat credit taken by Gabriel India Ltd. The following value shows Capital goods, Input goods and Input Services. [pic] Conclusion :- The above hart shows value of Capital goods, Input goods and Input Services in graphically. As per above chart input goods is one most important goods for cenvat credit and large commitment for cenvat credit. Capital goods and input services covered very small area of cenvat credit. | | [See rule 12 of the Central Excise Rules, 2002 and rule 9 (7) of CENVAT Credit Rules, 2004] | | | | | | Large Taxpayer unit opted for (Name of City) | | | | | | | | | | | | | | Name of the assessee | | | 29-Mile Stone Pune - Nasik Highway | | | | | | Village Kuruli, Pune-410501 | | | 3.

Details of the manufacture, clearance and duty payable: | | | | | | | | 1 | Motor Vehicle parts & Accessories : Shock | 8708. 00 | | 14 % | | | Absorber & Struts / Kits/Tube | | | | | | | - | | | 2 | Tools & Dies | 8207. 00 | - | 14 % | | 3 | Waste & Scrap of Steel | 7204. 90 | - | 14 % | 2. List of the principal inputs and capital goods used by the assessee.

A) Inputs :- 1) MS Steel Tubes 2) Bright Bar 3) Sintered parts. B) Capital

Goods: - As per Annex- G. 4. Brief details of the revenue for the last three

years in the Performa given below. | Year. | Total duty paid | Total duty paid
through CENVAAT | Total duty | | | PLA | Inputs Cap. Goods | | | | | payment |
| |(In Rs.) |(In Rs.) | | | | |(In Rs. | | | | Inputs /Cap. Goods | | | 2002-2003 |
28871497 | 42919868 / 3224062 | 75015427 | | 2003-2004 | 39091938 |
61721263 / | 104876428 | | | 4063257 | | | 2004-2005 | 48740016 |
86010192 / 3369064 | 138119272 | C. SUMMARY OF AUDIT RESULTS Date of
preparation 22. 09. 2002 W/P No_____ Provide an outline of all

objections , which involve short/non levy/collection of Duty, amount (say
under Sec. 1D), irregular availment / utilization of credit, Irregular payment
of refund and non -payment of interest due. Details of objection Of
technical /procedural in nature without involving revenue / credit / interest
/amounts should also be mentioned . Indicate whether the assessee has
agreed to the objection and if so , has made spot payment (if so details
thereof). D. PRELIMINARY OR DISK REVIEW: Date of preparationW/P

No_____ 1. Give reasons for selection of the unit for audit this time
(as informed by Planning Cell) The Company has paid Central Excise Duty
between 1 to 2 crores through PLA for the last three years; therefore
according to the CBEC letter F.

No. 598/35/2001-CX DT. 09. 11. 2001, the company has been selected for
EA-2000 Audit, under new standard audit programmer 2. The auditor should
check whether the Assessee Master File (refer to in Annexure A and B of New
SAP) is available in IAD and whether the same is complete. If not the auditor
should complete the same as far as possible from the information available

in the office. Go through the information available in Assessee Master File. Identify and mention (with justifications), the areas or issues those merit verification during the conduct of audit (refer Para 3. 4. 2 of New SAP) No Assessee Master File has been maintained in IAD.

However, now it is being prepared. (i) Obtain and study other documents illustrated in para 3. 4. 2 and Annexure G of New SAP and conduct examination as illustrated in Annexure D of New SAP. List Out the documents studied. 1) Balance Sheet 2) Clearances for last three years 3) Classification list 4) Modvat Declaration (ii) Identify and mention (with justifications), the areas or issues those merit Verification during the conduct of audit (refer para 3. 4. 2 of New SAP). In the balance sheet for the year 2003-04 it is observe that the company has shown Other income Rs. 50, 163, 700/- the detail of the same are required to be verified (See Annexure “ A”) 3.

Work out sum of the important financial ratios as mentioned in para 3. 4. 3 and Annexure C of New SAP. Mention the important indicators which require detailed Verification during the conduct of audit. From the balance sheet for the year 2000-01 & 2001-02 it is observed that the company have not taken any term loan from bank but during the year 1996-97 the company has taken term loan from ICICI, SBI Patiyala, Deutsche bank for installation an of plant as well as purchase of assets. Further the company has not taken major advances from their customers. 4. Mention charges in the law and rates of duty pertaining to the products manufactured and inputs since previous audit.

There is no change in rates of duty for products manufactured and inputs since last audit. 5. Mention details of Anti-evasion cases booked in recent past or are in progress and Past audit objections, which have not been settled so far by way of assessee acceptance, Adjudication, appeals etc. No anti-evasion cases booked in recent or past, Audit objections are pending related to service tax on Tech. know how and clearance to Sister Unit, Non payment of interest on rate escalation charges 6. Observation of the Auditor on any other issue emerging during Desk Review. E. GATHERING AND DOCUMENTING SYSTEMS INFORMATION INTERVIEWS Date of preparation: 16. 09. 2 to 18. 09. 02W/P No _____ Person (s) Interviewed, their designation and dates of interview. | Person | Designation | Date of interview | | Mr. Sanjay Agrawal | Sr. Manager, Finance | | | Mr. B. Rao | Sr. Manager Production | | Whether the assessee's as submitted list of all documents maintained in respect of items mentioned under Para 3. 4. 7 of New SAP. Yes the assessee has submitted the list of all documents i. e.

Trial balance, Balance Sheet, profit & loss account, Sales tax returns, Income tax returns, Purchase & Sales ledger Give the gist of interviews especially in respect of i) related ventures , business with these ventures and annual volume of such Transactions, ii) relationships with the unit and its owners/shareholders , iii) the head office /registered office of the unit , location of its operations and location of its accounting records Head Office/Factory: Kuruli, Pune- Nasik Highway, Tal -Khed, Dist-Pune. iv) whether Company is an ancillary unit or independent unit of productions: It is an independent Unit. v) Any organizational or systems changes that has occurred since last audit CENVAT TO PLA RATIO (in 000) Year | PLA | CENVAT

| Ratio | | 2003-04 | 39092 | 65785 | 37: 63 | | 2004-05 | 4874 | 89379 | 35: 66 | Excise Duty to Turnover Ratio (in 000) | Year | Excise duty | Turnover | Ratio | | 2003-04 | 104877 | | % | | 2004-05 | 138119 | | % | AUDIT PLAN: (Please see para 3, 4, 22 to 3, 4, 24 and Annexure J of NEW SAP) Date of preparation 14. 01. 2006 W/P No_____ Audit Plan approved by_____) The Audit Plan must be based on the issues identified in the previous stops as to be verified during the conduct of audit and must be specific in the following format(also given in Annexure J of New SAP) | Srno | Subject No | Specific issue | Source Document | Field Document | Coverage Period | Selection | Verification | | | | | Criteria | Paper No | | 1 | Capital goods | Credit availed on | 1. Invoice | 1)purchase register| December, | Company | 1 | | | capital goods & | / | 2001. | Availed | | | | installation | 2. RT 12 | order | | Credit in | | | | | Capital goods of | | | | | 3. Balnce | 2) Asset | | Rs. lakhs for | | | | | sheet | Register, | | the month of Dec. | | | | | | 2001. | | | | | 4. Delivery | 3)Installatn | | | | | Challan | certificate | | | | | | | | | 5.

Cenvat A/c | 4)Gate | | | | | Register. | register | | | | | | | | | | 5) Issue slip | | | | | | | | | 2 | Credit on input| Credit availed on | 1). Export | 1).

Purchase | November, 2001. | Company has | 2 | | | inputs of | Invoices | Register, | | availed CENVAT | | | | utilization | 2). RT 12 | 2) Purchase | | Credit of | | | | | 3). Balance | order, | | Rs. 62 lakhs | | | | | sheet | 3) Gate | | On input for the| | | | | 4).

CENVAT A/c | register, | | month of Nov. | | | | | register | 4). Issue slip | |
2001 and March | | | | | 5) Stock | | 2002 | | | | | statement. | | | | | 3 |
Export | Export under bond | 1). RT 12 | 1). Purchase order, | August, 2001, |
Company has | 3 | | | / rebate | 2). ARE | | 2)..

Shipping | | exported | | | | | 3) Invoice | bill | | excisable product | | | | | 4).
UT1. | 3).. Delivery | | under UT | | | | | 5) RG1 | challan | | amounting to Rs, |
| | | | | 4). Packing slip, | | 30012993 | | | | | 5).

Proof of ||||| export, ||||| 6) Sales register. |||| 4 | Waste and scrap| Clearance of steel| 1). RT 12 | 1). Balance sheet. | March 2002 | Company has | 4 || | of steel | scrap | 2). Invoice, | 2). Sales register,| cleared maximum ||||| 3). Delivery | 3).. Tender copy, | | steel scrap in || | || | challan, | 4).

Weight | | March 2002 | | | | 4). RG1 | slip, | | | | | 5) Prodn. Clearance |
5) Gate register | | | | | | Statement for | | | | | | 2001-02 | | | | | 5 |
Consulting | Expenditure on | 1). Agreement | 1).

RBI Permission | 1997-98 | 1997-98 onwards | 5 | | | Engineer | technical know-how| 2). Balance | 2). Party | Onwards | to August 2002 | | | | i. e. | Sheet | Ledger, | | | | | Consulting | | 3) Payment | | | | | Engineer | | particular | | | EXECUTIVE SUMMARY The project titled as “ STUTY OF EXCISE DUTY PAYMENT BY GABRIEL INDIA LTD” Was done at Gabriel India Ltd Pune.

Indirect tax is the one of the most enormous source of fund collection of the Indian government which aids to development expenses and other aspects.

Central excise is one aspects of fund/revenue collection. Selection of the topic is one of the important aspects of our project. As it decided the course of action, to be followed. The topic selected should be such that it helps in understanding the excise concept clearly, as was given the topic by the company itself. The project is based on the Total excise paid by company also its registration procedure, cenvat credit taken, E. R. 1 form and various rules. The objectives of this project was - 1) To study procedure of central excise registration. 2) To study E. R. 1 form of central excise.) To study various rule of the central excise. 4) To study journey of Cenvat credit. 5) To study process of Cenvat credit taken. 6) To the study drawbacks of central excise. The central excise tax one of the most important aspects. Every manufact