

## **Instructions**

F.No.238/11/2014-CX-7  
Government of India  
Ministry of Finance  
Department of Revenue  
(Central Board of Excise & Customs)

dated 30<sup>th</sup> March, 2016

To,

1. All Principal Chief Commissioners/Chief Commissioners and Principal Director General/Director General of Central Excise & Service Tax
2. All Principal Commissioners/Commissioners of Central Excise and Service Tax
3. [webmaster.cbec@icegate.gov.in](mailto:webmaster.cbec@icegate.gov.in); Webmaster, CBEC

**Subject:- Examination of Para 1.31 of Audit Report No.8 of 2014 of C&AG of India (Central Excise) for the year ended 31<sup>st</sup> March, 2014 relating to finalization of Provisional Assessment cases pending with the Commissionerates - regarding**

Madam/Sir,

Attention is invited to Para 1.31 of Audit Report No.8 of 2014 of C&AG of India (Central Excise) relating to finalization of Provisional Assessment cases pending with the Commissionerates/Divisions. This para was selected by the Public Accounts Committee and Ministry's comments on the same were furnished to Lok Sabha Secretariat and C&AG. Details of the above cited para is as follows:-

### **Para 1.31 – Provisional Assessment**

*Rule 7 of the Central Excise Rules 2002 envisage that where the assessee is unable to determine the value of excisable goods or the rate of duty applicable thereto, he may request the Assistant/Deputy Commissioner of Central Excise for payment of duty on provisional basis. The Assistant/Deputy Commissioner of Central Excise finalizes the assessment when the relevant information is available. Table 1.19 indicates the status of provisional assessment during the last three years.*

**Table 1.19: Provisional assessment cases pending during last three years**

**(Amount in Cr. `)**

Year	Cases pending at the end of year	Revenue involved	Age-wise break up of pendency			
			Less than 6 Months	6 – 12 Months	1 - 5 years	Over 5 Years
FY11	295	469.08	120	63	198	106
FY12	374	495.61	137	129	217	107
FY13	432	484.83	143	101	308	107

**Source: Figures furnished by the Ministry**

*Table 1.19 indicates that more than 100 cases are pending for more than five years. Ministry may look into the long pending cases and issue instructions to finalise them.*

2. In response to the Ministry's comments on the Advance Questionnaire received from Lok Sabha Secretariat, audit has furnished vetting comments and clearly stated that:-

(a) Despite the instructions for timely finalization of provisional assessment cases, many cases are pending finalization for years together. These cases may be finalized on priority basis. Suitable instructions may be issued at Commissionerates/Divisions level and proper follow up of the instructions may be ensured.

(b) There must be some cases in the Commissionerates where contracts run for years together, suitable approach may be taken to liquidate these types of provisional assessment cases.

3. The Board has decided that delay in finalization of provisional assessment cases should be reviewed by the Commissioners on monthly basis with reference to number of pendencies and their disposal, issue involved and amount of differential duty in respect of each assessee and should also be reflected in their monthly report.

4. The aforesaid exercise should be taken immediately and all the pending provisional assessment cases should be disposed off within six months of the issue of the circular. The jurisdictional Commissioner should be ensured that normally no provisional assessment case should remain pending beyond 1 year.

5. Further, for keeping pendency of provisional assessment cases at their minimum level, efforts should be made to encourage the assessee to pay the duty on clearance of goods and go for final assessment.

6. The above instructions should be followed scrupulously.

Yours faithfully,

(Sanjay Agarwal)  
Commissioner (PAC)