

ITS RAINING RETURNS IN APRIL

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Happy to meet you all through the first Newsletter of Swamy Associates.

April is the month, where, as an assesses of Central Excise / Service Tax, many of you would be required to file various returns / intimations. I take this opportunity to remind you all about the returns which are due in April and explain briefly about such returns.

ER - 5

As per Rule 9A of the Cenvat Credit Rules, 2004, specified assesses have to be file a return (ER - 5), indicating the principal inputs used. The details of the principal inputs used and the details of the final products manufactured by using such principal inputs and the input output ratio thereof shall be furnished in this return.

This return is applicable only for the manufacturers of goods mentioned below and who have also paid a duty of over Rs. 1 crore (Both PLA and Cenvat utilisation) in the preceding financial year, i.e. 2009-2010.

S. No.	Description of Goods
(1)	(2)
1.	All goods falling under Chapters 22, 28, 29, 30, 32, 33, 34, 38, 39, 40, 48, 72, 73, 74, 76, 84, 85, 87, 90 and 94
2.	All goods falling under Heading Nos. 54.02, 54.03, 55.01, 55.02, 55.03 and 55.04

In other words, any manufacturer manufacturing goods other than the above are not liable to file this return. Further, even those who manufactures the above goods would be liable to file this return, only if their duty payment in the preceding financial year is more than Rs.1 crore (both PLA / Cenvat credit).

Those who are liable to file this return are also liable to file another monthly return (ER - 6) indicating monthly receipt and consumption of principal inputs.

The moot question is what inputs would constitute "principal inputs" and the same has been explained as those inputs which is used in the manufacture of the final products and constitutes not less than 10 % of the total cost of raw materials for the manufacture of the final product.

ER - 7

As per Rule 12 (2A)(a) of the Central Excise Rules, 2002, an Annual Installed Capacity Statement declaring the annual production capacity of the factory for the financial year. The format of this statement is known as ER - 7. The ER 7 for the year 2009-2010 shall be filed on or before 30th April 2010. The format of the same is given at the end.

A perusal of the said ER 7 would reveal that the details of the final product manufactured, its unit of measurement and annual production capacity of the unit

in terms of quantity of the final product has to be furnished. Further, the details of various plant and machineries installed in the factory for the manufacture of the final products also shall be furnished. Further, details relating to electricity utilisation of the unit shall also be furnished.

The above requirement is applicable for all Central Excise assesses.

As per Rule 6 of the Cenvat Credit Rules, 2004, if a manufacturer manufactures both dutiable and exemption final products, or a service provider renders both taxable and exempted services, as per sub rule (2) thereof, they have to maintain separate accounts for receipt, consumption and inventory of inputs and input service meant for use in taxable and non taxable activities separately and avail credit only pertaining to those inputs and input services used for the taxable activity. If the above is not possible, they have the option of either paying 5 % of the value of exempted goods (in case of manufacturers) and 6 % of the value of exempted services or adopt the proportionate reversal of credit based on the formula prescribed. As this exercise of option is an annual affair, I request all the assesses who are subjected to the provisions of this Rule 6 *ibid*, to inform the option selected by them to their jurisdictional Superintendent of Central Excise, immediately.

As per Rule 11 (6) of the Central Excise Rules, 2002, before making use of the invoice books for the financial year, the serial numbers thereof have to be intimated to the jurisdictional Superintendent of Central Excise. Though the same has not been done so far, it may be informed immediately, with a request for condonation of delay in intimating.

It is also time for you to file a fresh Letter of Undertaking, if you are exporting goods without payment of duty under LUT. Though the LUT is valid for 12 months from the date of its execution, you may do it in the month of April every year, as a matter of uniformity.

Before parting...

In the maze of returns and intimations to be filed in April, hope you have not forgotten to file your monthly ER 1 return (ER 3 Quarterly return for SSI Units) on or before 10th April 2010. It is also hoped that you will not forget to file the Service Tax Half Yearly return for the Half year ending 31st March 2010, on or before 25th April 2010.

I/We _____ hereby declare that the information (i) 5. given above is true, correct and complete in every respect to the best of my/our knowledge and belief.

I/we am/are authorized to (ii) sign this declaration.

*(Name in capital letters and signature
of the assessee or authorized signatory)*

Place :

Date :

ACKNOWLEDGEMENT

Declaration for the Financial Year _____									
	D	D	M	M	Y	Y	Y	Y	
Date of receipt									

Place :

Date :

Name and signature of the officer with seal

8. Details of electricity connection :

(a) Name of electricity supplying company

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(b) Total number of electricity meters installed in the factory

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(c) (i)