



Bangalore Chamber of Industry and Commerce

No.1A, Bharat Apartments, 44/1, Fairfield Layout, Race Course Road, Bangalore 560001

Tel: 22286080 – 82; Fax: 22251475; e-mail: bcic@bcic.org.in; website: www.bcic.org.in

Mr. S. Dutt Majumder

Chairman

CBEC

Ministry of Finance, Gol

North Block, New Delhi – 110 001

Representation on exclusion of Trading Value for the purpose of reversal covering the supplies effected to customers / projects covered under clauses (i) to (vii) of sub-rule 6 of Rule 6 of Cenvat Credit Rules, 2004

Dear Sir,

Greetings from BCIC !!!

Bangalore Chamber of Industry and Commerce (BCIC) has been participating regularly at **Regional Advisory Committee Meeting of Central Excise and Service Tax, Bangalore Zone**. At the last meeting of the Advisory Committee held on **Wednesday 3rd August 2011** we brought to the kind attention of the Commissionerate on the point on **exclusion of Trading Value for the purpose of reversal covering the supplies effected to customers / projects covered under clauses (i) to (vii) of sub-rule 6 of Rule 6 of Cenvat Credit Rules, 2004** for your kind information and perusal.

Extant Rules

As per rule sub rule (3) of Rule 6 of Cenvat Credit Rules,2004 a manufacturer of provider of output services who does not opt to maintain separate accounts as mentioned in sub-rules (1) and (2) of rule (6) has to follow any of the options as mentioned in sub rule 3 (i) (ii) or (iii) of the said rules. As per sub-rule 6 of rule 6, the provisions of sub-rules (1), (2) , (3) & (4) are not applicable if the excisable goods are removed without payment of duty for the purpose as mentioned in serial number (i) to (vii) mentioned therein. Similarly as per sub-rule 6A of rule 6, the provisions of sub-rules (1), (2), (3) and (4) are not applicable in case the taxable services are provided without payment of Service Tax to a Unit in a Special Economic Zone or to a Developer of a Special Economic Zone for their authorized operations.

It has been clarified in the form of Explanation under Rule 2(e) that “Exempted Services includes trading.

Our Opinion

The supplies effected to the Customers/ Projects referred under clauses (i) to (vii) of sub-rule 6 of Rule 6 are exempted from reversal of duty as required under Rule 6 (3) .Moreover, as per sub-rule 6 A of Rule 6 ,the reversal provisions shall not be applicable for the services rendered to a unit in SEZ or to a developer of SEZ .

Going by the same analogy ,for the purpose of reversal under sub-rule 3 of Rule 6, such exemption from reversal should be extended to the trading portion of the supplies effected to Customers/ Projects referred under clauses (i) to (vii) of sub-rule 6 of Rule 6

Our Request

We have been requested by the Office of the Chief Commissioner to bring the above issue to your kind notice and seek your clarification. Accordingly, we shall be grateful if you could kindly do let us have the necessary clarification from your office for the benefit of trade and industry as a whole.

Thanking you and with kind regards

T S Sampath Kumar
Secretary General

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