



सत्यमेव जयते

MANUAL OF ACCOUNTING OF INDIRECT TAXES

**Principal Chief Controller of Accounts
Central Board of Excise & Customs**



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Central Board of Excise & Customs**

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FOREWORD

I am pleased to know that the Office of Principal Chief Controller of Accounts, Central Board of Excise & Customs has brought out this revised Manual of Accounting of Indirect Taxes, after a long gap of over three decades. The Manual presents major changes introduced in the last three decades in the accounting of indirect tax receipts in a reader-friendly format.

I need not reiterate the importance of periodical revision of our Manuals. Changes in work procedures of all stakeholder agencies are inevitable, be they the banking system, CBEC departmental authorities, or the professional Government accounting organization. In addition, all stakeholder agencies have taken steps over the years to computerize and simplify their respective procedures. These changes need to be codified from time to time through revisions to Manuals, and made available to stakeholder agencies, as it helps to impart training to newly recruited staff, and serves as a ready reckoner for day to day usage.

Major developments have occurred in the procedures of payment, remittance, reporting, reconciliation and accountal of indirect taxes. Some of these developments include, the 'One-Bank – One Commissionerate' policy that has been replaced by the introduction of the Multi-banking system. Similarly, Government accounting introduced the Electronic Accounting System in Central Excise and Service Tax (EASIEST), and the creation of a e-PAO's for accountal of Union Excise duties, Service Tax, and Customs duties. These innovations to our work procedures have immensely benefitted the changing needs of Government Financial Management.

I am sure that the revised Manual of Accounting of Indirect Taxes will greatly benefit all stakeholder agencies, such as CBEC departmental authorities, Banks, RBI and the various Pay and Accounts Offices, including tax assesses, exporters and importers.

I would like to compliment the Office of Principal Chief Controller of Accounts, CBEC for their efforts to bring out this useful document.


(Sumit Bose)



PREFACE

It is with great pleasure that I present this revised Accounting Manual relating to indirect tax revenue collections administered by the Central Board of Excise and Customs (CBEC). The Manual is intended to serve as a guide and reference not only for officials working in the Pay and Accounts Offices (PAO's) of CBEC, but equally for the use of officials of public and private sector banks, other CBEC officials dealing with the system of banking arrangements and payment and account of indirect tax revenues, as well as for members of the Trade in general.

It was back in 1979 that the first edition of this Manual was issued. Since then, many changes have occurred in the business processes, rules and procedures adopted by CBEC departmental authorities, authorized collecting banks, and the accounting authorities relating to the collection, collation, reporting, settlement and accounting of indirect tax revenues, including the system of payments of refunds, rebates and drawbacks. Of particular significance, are changes necessitated by the adoption of Information Technology and notifications/circulars issued from time to time under the rules and procedures governing the system of indirect tax collections and their related reporting and accounting. Consequently, the need was felt to revise the Manual.

This revised Manual defines, inter alia, the banking arrangements for physical and e-payment collections, in addition to prescribing the duties and responsibilities of the Pay and Accounts Officers and the Office of the Principal Chief Controller of Accounts, CBEC. An effort has been made to present all procedures in a simple and easy to comprehend manner by way of Flow Charts, Frequently Asked Questions (FAQs) etc.

This manual is derived from the Scheme for Collection of Indirect Taxes and Payment of Refunds etc, the Banking Instructions issued by the Reserve Bank of India and the approved Accounting Procedures of Electronic Accounting System in Central Excise and Service Tax (EASIEST) and the Electronic Accounting System for e-Receipts (EASeR).

Any error and omissions, detected in the Manual may be brought to the notice of the Principal Chief Controller of Accounts, CBEC, New Delhi.

I would like to thank the Financial Management Research and Resource Society (FMRRS), for their support in bringing out this Manual.

**New Delhi
December 12, 2012**


(M J Joseph)
Principal Chief Controller of Accounts

MILESTONES IN ACCOUNTAL OF INDIRECT TAX COLLECTION

- | | | |
|-----|---|------|
| 1. | Departmentalization of accounts : Setting up the accounting organization in CBEC headed by Chief Controller of Accounts (CCA) | 1976 |
| 2. | RBI, State Bank of India and its subsidiaries and select Public Sector Banks started handling the work of collection of revenue, as well as payment of refunds, rebates and drawbacks | 1977 |
| 3. | (a) First Manual of Indirect Tax accounting issued | 1979 |
| | (b) Inclusion of other Public Sector Banks as agency banks | 1979 |
| 4. | Scheme of 'One Bank-One Commissionerate' came into existence | 1986 |
| 5. | Post of CCA, CBEC upgraded to Principal Chief Controller of Accounts | 1990 |
| 6. | Computerization of Revenue Accounting : Adoption of Revenue Accounting Software (REVACT) | 1993 |
| 7. | Introduction of Service Tax | 1994 |
| 8. | Introduction of Electronic Data Interchange System (EDI) at select Major Customs Houses and other Customs Commissionerates | 1997 |
| 9. | (a) Introduction of Multi-banking system | 2003 |
| | (b) Inclusion of 3 Private Sector Banks for collection of Indirect Taxes in specified Commissionerates | 2003 |
| 10. | Introduction of e-Payments for collection of Union Excise Duty and Service Tax | 2005 |
| 11. | Introduction of Electronic Accounting System in Excise and Service Tax (EASIEST) | 2007 |
| 12. | (a) Consolidation of revenue accounting and creation of exclusive revenue PAOs in Mumbai and Kolkota | 2008 |
| | (b) Creation of e-PAOs (C.Excise and S.Tax) at Chennai & Mumbai | 2008 |
| 13. | (a) Creation of e-PAO (Customs) in New Delhi | 2012 |
| | (b) Introduction of VPN connectivity at all field PAOs with a central server P-CBEC | 2012 |
| | (c) Operationalization of central server (P-CBEC) that serves as a repository of historical data of Indirect Tax collections used as an MIS –analytical tool for report generation | 2012 |
| 14. | Preparatory work for the payment, accounting and banking arrangements for the planned introduction of the Goods and Service Tax (GST) | 2012 |

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- **Central Board of Excise and Customs (CBEC) is responsible for formulation, levy and collection of Customs and Central Excise Duties, Service Tax, prevention of smuggling and administration of matters relating to Customs, Central Excise & Service Tax.**
- **The Board is the administrative authority for its subordinate organizations, including Custom Houses, Central Excise Commissionerates and the Central Revenues Control Laboratory.**
- **The "Multi-Banking Scheme" came into existence in a phased manner from 2003. Under this scheme multiple banks were authorized for each Commissionerate in respect of Union Excise duties and Service Tax collections, subject to a maximum of five banks to a Commissionerate.**
- **At present, 263 Focal Point branches, about 7300 authorized branches of 27 nominated banks, including 3 private sector banks collect indirect tax revenues.**
- **E-payment in Central Excise and Service Tax were introduced in 2005.**

- 1.1** The Central Board of Excise and Customs (CBEC) under the Ministry of Finance, Department of Revenue is the apex authority that administers the indirect tax laws through the Central Excise, Service Tax and Custom Commissionerates.
- 1.2** The Commissionerates are entrusted with the task of collection of revenue by way of duties, taxes, cesses and other charges such as fines, penalties as well as payment of refunds and rebates and drawbacks on export of goods.
- 1.3** In the case of Central Excise, the country is divided into administrative Commissionerates, headed by a Commissioner of Central Excise. The Commissionerates mainly deal with recovery, under the Central Excise and Salt Act, 1944, of Central Excise duties on excisable goods which are produced or manufactured in India and other duties and cesses under the allied Acts administered by them. They are also responsible for collection of Custom Duties

and other charges at the minor ports and elsewhere under their jurisdiction. They also administer the Gold (Control) Act, 1968. Some of the duties and cesses are being collected on behalf of the State Governments and other departments of the Government of India and Committees administering such duties and cesses. Since 1994 the Department also collects Service Tax.

- 1.4** Custom Commissionerates mainly deal with the recovery of Import and Export Duties and countervailing duties under the Customs Act, 1962 and Customs Tariff Act, 1975. Some charges and cesses are being collected by the department on behalf of other departments of the Government of India and Committees. The Custom Houses at major ports have Departmental Treasuries. Also there are various types of Custom locations across the country like Air Cargo, Land Custom Stations (LCS), Inland Container Depots (ICD), Custom Houses etc. where custom duties are collected.
- 1.5** Central Excise and Custom Commissionerates also have been entrusted with the task of payment of refunds, rebates and drawbacks on export of goods etc.
- 1.6** After the departmentalization of revenue accounts of CBEC with effect from 1-4-1977 the task of collection of indirect tax revenues, namely duties, cesses and other charges such as fines, penalties, as well as payment of refunds, rebates and drawbacks is handled by the Reserve Bank of India, State Bank of India and its subsidiaries, selected public sector banks and by some private banks.
- 1.7** The system of collection of revenue receipts/refunds (other than customs duties and other receipts at major Custom Houses) was revised w.e.f 1st April, 1986 by RBI. Under the revised system, only one Public Sector Bank was nominated to collect the revenues of CBEC for each Commissionerate. This system was referred to as "One Bank-one Commissionerate". Under this system sub-agency was given to other banks wherever the branch of the nominated bank was not available.
- 1.8** The "Multi-Banking Scheme" replaced the 'One Bank-One Commissionerate' system. It came into existence in a phased manner from 2003. Under this scheme multiple banks were authorized for each Commissionerate in respect of Union Excise Duties and Service Tax collections, subject to a maximum of five banks to a Commissionerate.

In 2004, the extended multi-banking system was introduced, wherein the receiving branches of the nominated banks are permitted to collect Central Excise Duty and Service Tax for all the Commissionerates for which they have been authorized.
- 1.9** Due to technological advancements, computerization of banks and their branches, need for faster remittance of funds to Government account and other value added services, a few private sector banks were permitted to collect Central Excise and Service Taxes in 2003. At present, 263 Focal Point branches, about 7300 authorized branches of 27 nominated banks, including 3 private sector banks collect indirect tax revenues.

- 1.10** In addition to the conventional methods of tendering physical instruments at the bank counter for payment of Central Excise Duties and Service Tax, e-payment was introduced in the year 2005. All Public Sector Banks including IDBI (Other Public Sector Bank) and three Private Sector Banks namely HDFC, ICICI and AXIS are presently offer this facility to tax payers.
- 1.11** Custom Duties are collected by various Commissionerates across the country. The Customs Houses at major ports at Mumbai, Kolkata, Chennai, Cochin, Vishakapatnam, Kandla, Nheva Sheva and Goa collects Duties using Departmental Treasuries. Collection of Custom Duties and remittance of net collections to the Focal Point Branches of banks are discharged by these Custom House Treasuries. Since 1997-98, and in addition to the Departmental Treasuries, the Electronic Data Interchange (EDI) System, was introduced at select major Custom Houses (where Departmental Treasuries were earlier functioning) and other Custom Commissionerates to collect Custom Duty and payment of duty drawback. The EDI system has since been extended to a number of Custom Houses at major ports and Custom Commissionerates. Subsequently, the facility of e-payment of Custom Duties was introduced. In case of minor ports that do not have a Departmental Treasury, Custom Duty is collected by the nominated Focal Point Branch of the bank, similar to payment of Central Excise levies.
- 1.12** Service Tax was introduced by the Government of India for the first time in the year 1994. Initially, Service tax was levied on three services. The scope of Service Tax was considerably enlarged by the Finance Act, 1997 and extended since then from time to time. At present, there are 119 services notified by the CBEC. The present list of services under the purview of Service Tax is provided in a separate chapter in this manual. The system of payment, collection, reporting and settlement of Central Excise Duties is also applicable to the collection of Service Tax. Accordingly, assessee deposit tax payments to the authorized branches of the nominated banks. Tax is deposited through a single copy of a challan called GAR-7 by the 5th of the subsequent month. Service Tax can also be paid to the banks through the e-payment mode.

2. The following expressions have the meaning as hereby assigned to them:-

2.1 Reserve Bank

Reserve Bank means any office or branch of the banking department of the Reserve Bank of India constituted under the Reserve Bank of India Act, 1934 (2 of 1934).

2.2 Public Sector Banks (PSB)

Public Sector Banks (PSB) means the State Bank of India and other nationalized banks nominated by the Reserve Bank of India in consultation with the Principal Chief Controller of Accounts, CBEC and the Controller General of Accounts for collection of Central Excise, Service Tax & Customs Duties.

2.3 Private Banks

Private Banks are banks that are not nationalized but which have been specifically authorized by Reserve Bank of India to collect payments of duties and taxes. Presently ICICI, AXIS, IDBI and HDFC Banks are authorized to collect duties and tax for specific Commissionerates.

2.4 Focal Point Branch

Focal Point Branch means a specified branch of the Reserve Bank of India or the State Bank of India or Public Sector Bank or Private Sector Bank which is responsible for submission of branch scrolls and challans to the Pay and Accounts Office.

2.5 Link Cell

Each Public Sector Bank except State Bank of India has a Link Cell at Nagpur which receives Daily Advices from various Focal Point Branches of nominated banks. The Link Cell is responsible for daily adjustment to Government accounts through the Central Accounts Section (CAS) of RBI, Nagpur. In the case of State Bank of India, the Government Accounts Department (GAD) SBI, Mumbai functions as the Link Cell. On receipt of daily memoranda of transactions received from various Focal Point Branches this cell reports the consolidated figures to CAS, RBI, Nagpur for settlement.

2.6 Receipt Scroll

Receipt Scroll means a statement in the prescribed form that indicates the name of the assessee and amount of revenue deposited into Government account. The scroll is prepared by each receiving branch of the bank, and sent to the Focal Point Branch along with the underlying challans. The receiving bank branch prepares a daily receipt scroll in quadruplicate Major Head- wise.

2.7 Payment Scroll

Payment Scroll means a statement in the prescribed form that indicates the name of the Drawing Officer, particulars of cheque, amount etc., prepared by each paying branch of the Focal Point Branch. A separate payment scroll is prepared for each Major Head of account.

2.8 Main Scroll

Main Scroll means a consolidated statement of branch scrolls prepared by a Focal Point Branch in respect of receipts and payments made in a day by its receiving branches, including its own scroll. The Main Scroll is prepared PAO-wise and Major Head-wise i.e. separately for 0037-Customs, 0038-Union Excise Duties, 0044-Service Tax etc.

2.9 Challan

Challan means a memorandum in the prescribed form (GAR-7) for depositing money into a bank or the Departmental Treasury concerned as defined under Rule 26 of Central Govt. Account (Receipts and Payment) Rules, 1983. Any person or party paying money to a bank on Government Account under the provision of Rule 19 of the said rules, shall present a challan in a single form GAR-7 showing distinctly the nature of payment, name of the Commissionerate in whose account money is being deposited, particulars of PAO, and proper account classification.

2.10 Government

Government means the Government of India.

2.11 Government Account

Government Account means the account relating to the Consolidated Fund, the Contingency Fund and Public Account of India.

2.12 Finance Ministry

Finance Ministry means the Finance Ministry of the Government of India

2.13 Financial Year

Financial Year means the year beginning on 1st of April and ending on the 31st of March.

2.14 Competent Authority

Competent Authority means the Government or any other authority to which the relevant power has been delegated by that Government.

2.15 Comptroller & Auditor General

Comptroller & Auditor General (C&AG) means the Comptroller and Auditor General of India appointed under Article 148 of the Constitution of India.

2.16 Controller General of Accounts

Controller General of Accounts (CGA) means the Controller General of Accounts in the Ministry of Finance (Department of Expenditure) who, inter-alia is responsible for establishing and maintaining a technically sound payment and accounting system and for

prescribing the rules for regulating the custody payment and withdrawal of money from the Government Account.

2.17 Principal Chief Controller of Accounts:

Pr. CCA is the head of the Accounting Organization set up in the CBEC. He renders financial and technical advice to CBEC on matters relating to collection of revenues and their accounting, prescribing banking arrangements and is responsible for the accurate accounting of both expenditure and revenue (Indirect Taxes) of each departmental Commissionerate, through the Pay & Accounts Offices located all over the country.

2.18 Principal Accounts Officer

Principal Accounts Officer means the head of a Principal Accounts Office set up under the Departmentalized Accounting System. He is inter-alia responsible for the consolidation of accounts received from the Pay & Accounts Offices located all over India dealing with the accounting of revenue and payment functions of all offices of CBEC and furnishing these accounts to CGA. He is also responsible for compiling the revenues collected on account of Central Excise Duties and other allied Acts, Service Tax and Custom Duties and furnishing the same to the Department of Revenue every month.

2.19 Pay & Accounts Officer

Pay & Accounts Officer means the head of a Pay & Accounts Office set up under the Departmentalized Accounting System for each Accounting Unit. He is inter-alia responsible for the proper classification and correct compilation of accounts from the statements of accounts and paid cheques/vouchers received from various agencies, such as Drawing and Disbursing Officers, Banks etc. and rendering a compiled monthly account to the Pr. Chief Controller of Accounts, Central Board of Excise & Customs.

2.20 Central Board of Excise & Customs (CBEC)

Central Board of Excise & Customs (CBEC), constituted under the Central Board of Revenue Act, 1953 (54 of 1963), is the Executive Authority that administers the Customs, Service Tax and Central Excise Acts including the Narcotics laws. CBEC essentially deals with the task of policy formulation regarding levy and collection of Customs, Service Tax and Central Excise Duties, prevention of smuggling and administration of matters relating to Customs, Central Excise and Service Tax.

2.21 Commissionerates

Commissionerates are the field units of the Department of Central Excise, Customs and Service Tax that functions under the CBEC. They are responsible for indirect tax administration in their respective jurisdiction.

2.22 Custom Duty

Customs Duty is a duty levied on imports/exports of goods to/from India and includes international passengers' clearance.

2.23 Excise Duty

Excise Duty is an indirect tax levied on goods manufactured in India.

2.24 Service Tax

Service Tax is a tax leviable on the value of services rendered by a service provider, except those services which are in negative list as notified by the Central Government from time to time.

2.25 Value of Taxable Services

Value of Taxable Services as defined under section 67 Chapter V of the Finance Act, 1994 means the gross amount charged by the service provider for the taxable service rendered. However, being an indirect tax, its incidence is normally passed on by the service provider to his client.

2.26 Nominated Range Officer

Nominated Range Officer means Range Officer of Central Excise Range nominated by the Commissionerate for verifying the correctness of the returns submitted by the assesses.

2.27 Departmental Officer

Departmental Officer means an officer of the Government authorised to handle Government money.

2.28 Cheque Drawing and Disbursing Officer (CDDO)

Cheque Drawing D.D.O. means a Drawing and Disbursing Officer functioning under CBEC who is authorized to withdraw money for specified types of payments against an assignment account opened in his favour in a specified branch of an accredited bank.

2.29 Assessee

Assessee means a person liable to pay Central Excise Duty, Service Tax and Custom Duty which includes his service provider.

2.30 EDI

Electronic Data Interchange (EDI) is a system through which electronic data incorporation of 'Receipts' and 'Payments' of refunds/drawbacks of Customs Duty is done. It is also called ICES (Indian Customs EDI system). The data is entered in the EDI system of the service centre located at various customs locations.

2.31 ICEGATE

Indian Customs EDI Gateway (ICEGATE) is the e-commercial portal of Indian Customs Department. This portal offers services like e-filing of Bill of Entry (Imports Goods declaration), Shipping Bill (Exports Goods declaration) and other EDI services to trade partners of customs including Customs Duty payments and drawback disposals.

2.32 EOD

End of Day (EOD) process means a process initiated by ICEGATE/ICES as well as banks at the time upto which e-payment of indirect taxes are allowed for a particular day.

ORGANIZATION AND FUNCTIONS OF OFFICE OF PRINCIPAL CHIEF CONTROLLER OF ACCOUNTS (Pr. CCA) IN CENTRAL BOARD OF EXCISE & CUSTOMS

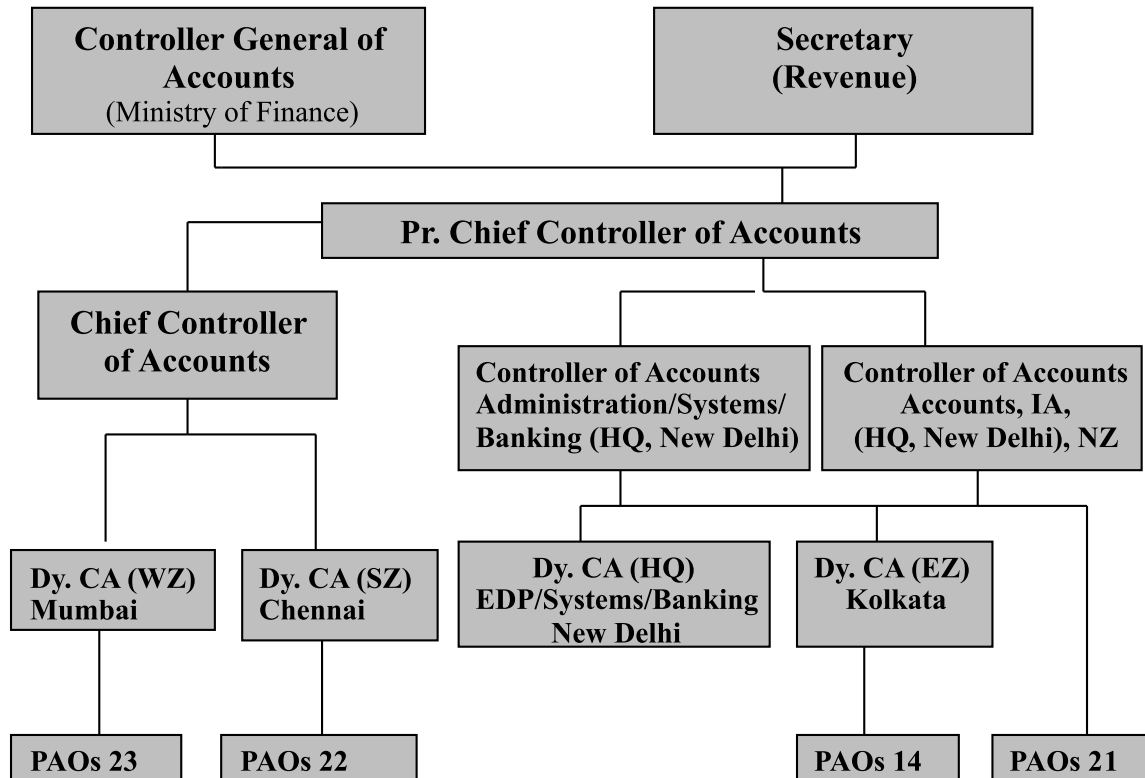
- **The Principal Chief Controller of Accounts is the Head of the Accounting Organization in CBEC and is responsible for the payment, accounting, and Internal Audit functions, along with prescribing banking arrangements for indirect tax collections.**
- **At present, there are 80 Pay and Accounts Offices (PAOs), including 3 e-PAOs, located all over the country.**
- **e-PAOs for Central Excise, Service Tax and Customs are located at Chennai, Mumbai and New Delhi respectively.**
- **There are 817 Drawing and Disbursing Officers (DDOs) under the payment control of Pr CCA, CBEC of which 143 have cheque drawing powers.**

3.1 Organization of CBEC

The Central Board of Excise and Customs (CBEC) is the Chief Executive Authority under the Department of Revenue in the Ministry of Finance. The Board came into existence as a separate entity with the enactment of the Central Board of Revenue Act in 1963, following the recommendations of the Direct Taxes Administrations Enquiry Committee (1958-59) and the Central Excise Re-organization Committee (1963). The Board mainly deals with the task of formulation of policy relating to levy and collection of Customs, Service Tax, Central Excise Duties and Narcotics (to the extent under CBEC's purview). The Board is the administrative and executive authority of all its subordinate organizations, including Customs, Central Excise, Service Tax Commissionerates and the Central Revenues Control Laboratory. The function of levy, collection and assessment of Customs, Excise Duty and Service Tax are performed through the subordinate agencies i.e field level Commissionerates.

- 3.1.1.** The Board is headed by a Chairman and consists of six other Members. They are Member (Central Excise), Member (Service Tax), Member (Customs), Member (Budget & IT), Member (P&V) and Member (L&J). The Board functions under the overall supervision of Secretary (Revenue), Ministry of Finance.

**Organization Chart:
Accounting Organization, CBEC**



3.2 Functions of Principal Chief Controller of Accounts, CBEC.

3.2.1 Under the existing arrangements in CBEC, the Secretary (Revenue) functions as Chief Accounting Authority who discharges this function through the Principal Chief Controller of Accounts (Pr CCA), CBEC.

3.2.2 The Principal Chief Controller of Accounts is the Head of the Accounting Organization in CBEC who is responsible for ensuring the payment, accounting and Internal Audit functions along with prescribing banking arrangements for indirect tax collections. The main responsibilities of Pr CCA are :

- (i) Discharging payment functions of all Commissionerates/Directorates through 80 Pay and Accounts Offices and designated Cheque Drawing DDOs (CDDO) located at various places,
- (ii) Accounting of both Expenditure and Revenues (Indirect taxes) of each Commissionerate/Directorate on a monthly basis through the Pay and Accounts

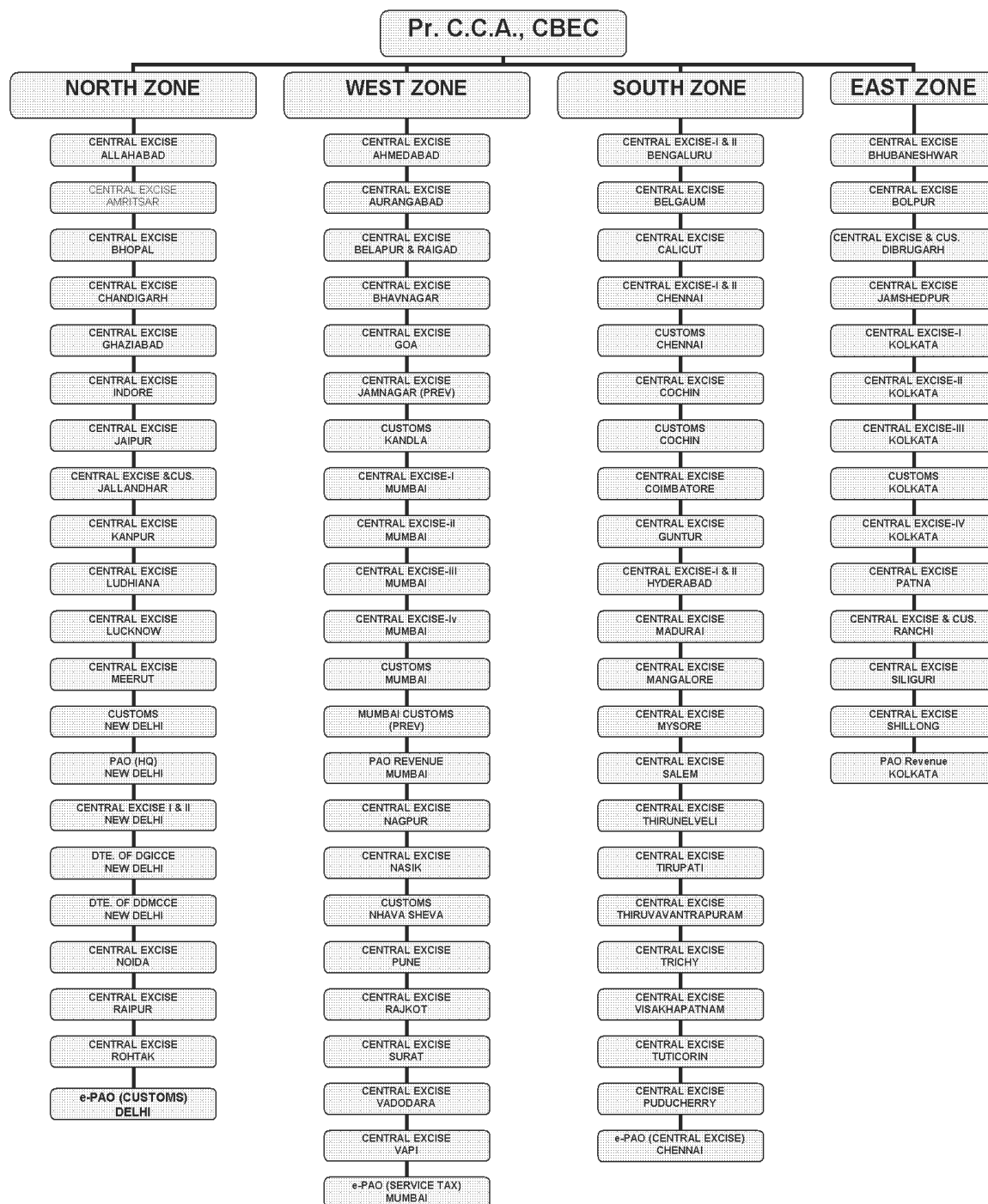
Offices, and the Principal Accounts Office located at Head Quarters and its submission by the prescribed date to the office of Controller General of Accounts (CGA).

- (iii) Preparation of Annual head-wise Appropriation Accounts in respect of the Demands for Grants of CBEC, and preparation and submission of the Statement of Central Transactions of the Department for the Union Finance Accounts.
- (iv) Prescribing banking arrangements for indirect tax collections including nomination of banks and bank branches (laying down accounting procedures) and exercising coordination with the Reserve Bank of India.
- (v) Monitoring Indirect tax collections by authorized banks including its refunds, settlement, reconciliation and accounting.
- (vi) Conducting Internal Audit of Customs, Service Tax and Central Excise Commissionerates at the Headquarters, Division and Range levels, and subordinate authorities including Pay and Accounts Offices (PAO).
- (vii) Rendering financial and technical advice to CBEC on matters relating to collection, accounting, banking arrangements and advice on classification of indirect taxes.
- (viii) Ensuring that all collections of Custom duty, Service tax, Central Excise etc. are accounted for in the books of the concerned PAO.

3.3 At present, there are 80 Pay and Accounts Offices located all over the country that assists Pr. CCA in discharging the above responsibilities. To account for e-payment collections of Central Excise and Service Tax, two e-PAOs were set up at Chennai and Mumbai w.e.f. 01-06-2008. Further, an e-PAO has been set up in New Delhi to account all e-payment collections of Customs Duty from January, 2012. Additionally two exclusive revenue PAOs were set up in Kolkata and in Mumbai w.e.f. 01-12-2008 and 01-04-2009 respectively to account all physical collection of Central Excise and Service Tax relating to these two cities.

3.4 There are 817 Drawing and Disbursing Officers (DDOs) under the payment control of Pr CCA, CBEC, of which 143 have cheque drawing powers. The remaining 673 are Non Cheque Drawing and Disbursing Officer (NCDDOs) who submit bills for payment to cheque drawing DDOs or the PAOs directly.

LIST OF PAY AND ACCOUNTS OFFICES (ZONE-WISE)



- **Receipts of Customs Duties, Central Excise and Service Tax are classified under Major Heads 0037, 0038 and 0044 respectively.**
- **Refunds/Drawbacks appear as distinct sub-head under each Minor head below Major Head.**

Major Heads of Accounts for accounting of revenues

4.1 The various types of revenues collected by the field formations of Central Board of Excise and Customs are classified under the following Major Heads of account and defined by its nature and source:

- (i) Receipts of Custom duties on Imports and Exports and Cesses on Export under Major Head "0037- Customs."
- (ii) Receipts of Central Excise duties and cesses on commodities under Major Head "0038- Union Excise Duties".
- (iii) Receipt of 'Services' rendered to consumers under Major Head "0044-Service Tax".
- (iv) Receipts on account of Inland/Foreign Travel Taxes under Major Head "0045- Other Taxes and Duties on Commodities and Services".
- (v) Receipts under the Gold Control Act, 1968 under Major Head "0047- Other Fiscal Services".

4.2 'Deduct Refunds' appear as a distinct sub-head under each of the Minor head below Major Head "0037-Customs". However, 'Deduct Drawbacks' appear as a distinct sub-head under 'Imports'.

4.3 'Deduct Refunds' and 'Drawbacks' appear as distinct sub-head under each of the minor heads below the duty sub-major head under major head '0038 - Union Excise Duties'. However, the

sub-head 'Deduct Refunds' appear under the Minor head, below the Sub-Major Head "04-Cesses on commodities and '60-Other Receipts'

- 4.4** Under Major Head "0044 - Service Tax", a distinct Minor head is opened for each service whenever a new service is added to the list of services under the purview of Service Tax. Sub-heads 'Other Receipts', Deduct refunds' and "Penalties" are opened below each Minor Head. While "Deduct Refunds" is meant for the Service Tax Department allowing refunds of Tax and not to be used by taxpayers, "Other Receipts" and "Penalties" are meant for interests leviable on delayed payment of Tax and penalties imposed on various reasons respectively.
- 4.5** For accommodating transactions of 'Refunds,' the sub-head 'Deduct Refunds" are opened below each Minor Head under the Major Head '0045- other taxes and duties on Commodities and Services'.
- 4.6** The details of various Minor Heads and Sub-heads under the above Major Heads are given in the 'List of Major and Minor Heads of Accounts of Central and State Receipts and Disbursements'.

ROLE AND RESPONSIBILITIES OF ASSESSEES

- **The Electronic Accounting System in Excise and Service Tax (EASIEST) was introduced in April 2007. Under this system assesseees are required to pay taxes using a single copy of challan called GAR-7 by the 5th of the subsequent month.**
- **The Assessee or tax payer can remit payment of Excise Duty and Service Tax at any authorized branch of a nominated bank of the Commissionerate either in cash or direct debit from his bank account, or by cheque/draft drawn on the same bank, or another bank/branch at the same centre where the payment is made. Payment by way of outstation cheque/draft can also be made.**
- **In addition to the conventional physical mode of tax payment system, the facility of electronic payment of Central Excise duty and Service Tax is also available to taxpayers. Presently, e-payment is mandatory for assesseees paying Tax Rs. 10 lakhs or more.**

5.1 Central Excise Duty, Service Tax and Custom Duty are the three indirect taxes imposed by the Central Government. These taxes are administered by the Central Board of Excise and Customs (CBEC).

5.2 Levy of Central Excise Duty and Service Tax:

5.2.1 Central Excise Duty is levied on goods manufactured in India. It is levied in terms of the Central Excise Act, 1944 and the rates of duty are imposed under Schedule I and II of the Central Excise Tariff Act, 1985. The taxable event under the law is 'manufacture' and the liability of the Central Excise Duty arises as soon as the goods are manufactured. The Central Excise officers are also entrusted to collect other types of duties levied under the Additional Duties (Goods of Special Importance) Act, Additional Duties (Textiles and Textile Articles) Act, Cess etc.

5.2.2 Service Tax is a tax imposed on the "Services" rendered to consumers. It is levied in terms of Finance Act, 1994.

5.3 Self-assessment of Central Excise Duty:

5.3.1 The self-assessment system was introduced from 1996. Under this system the assessee assesses the tax payable and makes payment to the Government through the banks, as per the prescribed system laid down for this purpose. Even the classification of goods is done by the assessee instead of obtaining prior approval from the department. The fortnightly system of payment which was initially introduced for the Small Scale Industries was extended to all other commodities from the year 2000. However, this system of fortnightly payment was replaced by monthly payment of duty w.e.f. March 1, 2003.

5.3.2 Service Tax is based on the rates of tax notified by the Central Government, from time to time.

5.4 Procedure for payment of taxes at the receiving branches of the authorized Banks:

5.4.1 The instructions for the collection, reporting, remittance and account of Central Excise, Customs and other dues and payment of Refunds, Rebate and Drawbacks etc. by the branches of the banks were revised and issued by the Reserve Bank of India, effective from 1st April, 1986. Since then, the system of payments has undergone changes. The Electronic Accounting System in Excise and Service Tax (**EASIEST**) was introduced from April 2007, under which assessee are required to fill in a single copy of GAR-7 form.

5.4.2 The Assessee or the tax payer can remit Excise Duty and Service Tax at any authorized branch of the nominated bank of the Commissionerate, either in cash or direct debit from his bank account, or by a cheque/draft drawn on the same bank or another bank/branch at the same centre where the payment is made. Payment by way of outstation cheque/draft can also be made.

5.4.3 While making payment, the tax payer should fill up a single copy of the challan in Form GAR-7. A copy of Form GAR-7 and the instructions to fill up the form are indicated at Annexure-5.1. The tax payer should ensure that the following information has been recorded before tendering the payment at the bank counter:

1. The assessee code (15 character PAN based, TAN based in case of Service Tax and temporary code allotted by the department) is mandatory on the GAR-7 and should be correctly written. The assessee code should be entered carefully as no correction to assessee code is possible after the payment has been made. In case the assessee code is

not allotted to the tax payer, the bank will not accept the tax payment. In that case, the assessee should approach the commissionerate for allotment of temporary assessee code before making the payment;

2. It should contain full name, address, telephone number and signature of the assessee;
3. The main portion of the challan and the taxpayer's counterfoil to be filled in properly;
4. The amount and the reduced accounting code (8 digit) to which the amount relates to should be correctly recorded therein;
5. Description of the duty i.e. Basic Excise Duty, Additional Excise Duty in lieu of Sales Tax, Auxiliary Duty, Education Cess and Service Tax etc. must be recorded by the assessee as indicated on the reverse of GAR-7;
6. Details of Commissionerate, Division and Range etc. (location code) is directly linked to the assessee code;
7. Each challan should include the amount creditable to one Major Head of account only;
8. Where the payment is by cheque or draft, the same should be drawn and endorsed in favour of the authorised Bank for Central Excise Duty / Service Tax / Customs Duty.

5.5 Facility of on-line Verification of the Status of the Tax Payment using Challan Identification Number (CIN)

After successful payment of tax, bank branch generates a Challan Identification Number (CIN) which is a 20 digit unique identification number. The CIN would be mentioned on the acknowledgement/receipt given by the bank branch to tax payer. 20 digits of CIN includes BSR code of the bank branch (7 digit), date of deposit (8 digit) and challan serial number (5 digit). The 20 digit CIN is required to be quoted in the return by the tax payer.

5.5.1 In order to verify the status of tax payment, the assessee should:

- (i) Go to the website <http://nsdl.co.in>.
- (ii) Click on 'Central Excise/Service Tax Challan Status Inquiry'.
- (iii) Enter the Challan Identification Number (CIN) to view status of tax payment.

5.6 Loss of Computer Generated Receipt/Acknowledgement by the Tax Payer

The tax payer should retain the computer generated Acknowledgement/Receipt given by the bank. However, in case of loss of the same, the tax payer can request in writing to the bank to issue a certificate of credit/ computer regenerated copy of the receipt containing all details of the challan. The bank after verification of the authenticity of the depositor and based on their record, will issue the requisite certificate/computer regenerated copy of the receipt. The certificate/receipt will contain Challan details i.e. amount, bank branch name, BSR code, date of deposit of cash, cheque/draft, Major Head, challan number, date of realization of cheque and collecting bank scroll number and date.

5.6.1 Frequently Asked Questions (FAQs) by taxpayers under Electronic Accounting System in Excise and Service Tax (EASIEST) are provided at Annexure- 5.2.

5.7 e-Payments of Excise Duty and Service Tax:

5.7.1 In addition to the conventional physical mode of payment of tax by the tax payer in the authorized bank branch by submitting GAR-7, the facility of electronic payment of Central Excise Duty and Service Tax through banks is also available to taxpayers. The CBEC has made e-payment of Central Excise and Service Tax mandatory for assessee's paying Rs. 10 lakhs or more in the preceding financial year, or those who have already paid Rs. 10 lakhs or more in the current financial year. This facility has been made available to the tax payers through the NSDL gateway that provides the facility for the Assessee's to fill in challans online and thereafter pay the tax online at bank's internet portal.

5.7.2 For the e-payment facility, the tax payer has to avail of the net banking facility from the authorized bank for which the bank will provide a user-id/password for electronic banking. The tax payer is required to access the NSDL-EASIEST website "<https://CBEC.nsdl.com/EST/JSP/security/EasiestHomePage.jsp>" and select the e-payment option. Thereafter the following steps may be taken by the taxpayer:

- (a)** To pay the Excise Duty or Service Tax, the tax payer has to enter a 15 digit Assessee Code allotted by the Commissionerate. By doing so, the 'drop down menu' will appear in the system.
- (b)** The validity of the assessee code entered will be checked on-line.
- (c)** If the Assessee Code is found valid, the corresponding details such as Name, Address, and Commissionerate code etc. as available in the Assessee Code Master will be displayed.
- (d)** Based on the Assessee Code, the Excise Duty or the Service Tax to be paid will be automatically displayed.

- (e) The Assessee will be required to select the type of duty/tax to be paid by clicking "Select Accounting Codes for Excise" or "Select Accounting Codes for Service Tax" depending on the duty or tax the assessee wants to pay.
- (f) At a time, the tax payer can select upto six Accounting Codes.
- (g) Once the data is validated in the NSDL central system, a drop down menu will appear indicating the names of various Banks offering internet payment facility. The assessee can opt for any of these banks through which he opts to make payment.
- (h) On submission of data a confirmation screen will be displayed. If the assessee confirms the data entered in the screen, he will be directed to the net-banking site of the bank selected.
- (i) The challan details entered by the assessee will be transmitted to the bank along with the location code (Commissionerate, Division, Range Code) of the assessee.
- (j) The tax payer will log on to the net-banking site with the user-id/password provided by the bank for net banking purpose and enter payment details at the bank site.
- (k) On successful payment, a challan counterfoil will be displayed containing Challan Identification Number (CIN), payment details and name of the bank through which e-payment has been made. This counterfoil is proof of payment made.
- (l) The assessee has an option to download the counterfoil from the website of the bank. This will contain all details that are usually given in the hard copy of the computerized acknowledgement, including CIN and the name of the bank where e-payment has been made and transaction ID of the bank.

5.7.3 Frequently Asked Questions (FAQs) for e-payment of Central Excise Duty and Service Tax and examples of 15 digit PAN based registration number has been provided at Annexure 5.3.

5.8 Collection of Customs Duty

5.8.1 There are various types of Customs locations across the country like Sea Ports, Air Cargo Section of Air Ports, Land Custom Stations (LCS), Inland Container Depot (ICD), Custom Houses etc. where Custom Duties are levied and collected. Each Importer/Exporter needs to declare goods/items in details through a Bill of Entry (BE) at the Customs location, or at the Indian Customs and Excise Gateway of the Department (ICEGATE) (a web portal hosting various services for Custom houses). If a customs location does not have access to an EDI system, payments are determined by filling the Bill of Entry, duty assessment, Challan generation, payment of assessed value and delivery of goods.

5.8.2 In the traditional manual system prior to the introduction of **Indian Customs Electronic Data Interchange System (ICES)**, the Importer/Exporter is required to fill in the Bill of Entry (BE)/Shipping Bill (SB) as prescribed for import or export of goods respectively. On the basis of details provided in the BE/SB, the designated officer does the appraisal/item-wise calculation of various duties, and prepares challan (TR-6/GAR-7) for tendering duty payment at the counter of the authorized banks. The basic unit of Custom accounting (other than customs revenue and other dues at the major Custom Houses) is the Pay and Accounts Office at the designated Commissionerate. Only the bank branches located in the jurisdiction of the Commissionerates are authorized to collect the revenue relating to that Commissionerate and effect payment of refunds etc. The tax payer is required to deposit the duty in the nominated bank by cash, cheque or demand draft alongwith four copies of the challan TR-6/GAR-7, on the basis of the calculations made by the concerned officer.

Each tax payer should ensure that:

- (i) proper form of the challan has been used,
- (ii) the challan has been presented to the bank in quadruplicate,
- (iii) the assessee's name, address and date of payment has been filled in.
- (iv) the challan bears the signature of the assessee,
- (v) each challan includes the amounts creditable to one Major Head of Account only and relates to one commodity,
- (vi) where the payment is made by cheque or demand draft, the same has been drawn or endorsed in favour of the bank of the Commissionerate of Customs concerned,
- (vii) particulars of cash, cheque or draft are mentioned on the reverse of the challan.

5.9 Payment of duty at Customs House at Major Ports:

5.9.1 Revenue receipts are booked under the Major Heads with which the Commissionerates of Custom at major ports are concerned, viz "0037-Customs", "0045-Other Taxes and Duties on Commodities and Services-Foreign Travel Tax". The Custom Houses at the major ports at Mumbai, Kolkata, Chennai, Cochin, Visakhapatnam, Kandla and Goa have their own Departmental Treasuries. Since Departmental Treasuries at these major Custom Houses are located at the premises of the Customs Houses, assesseees pay Customs Duties to the Departmental Treasuries.

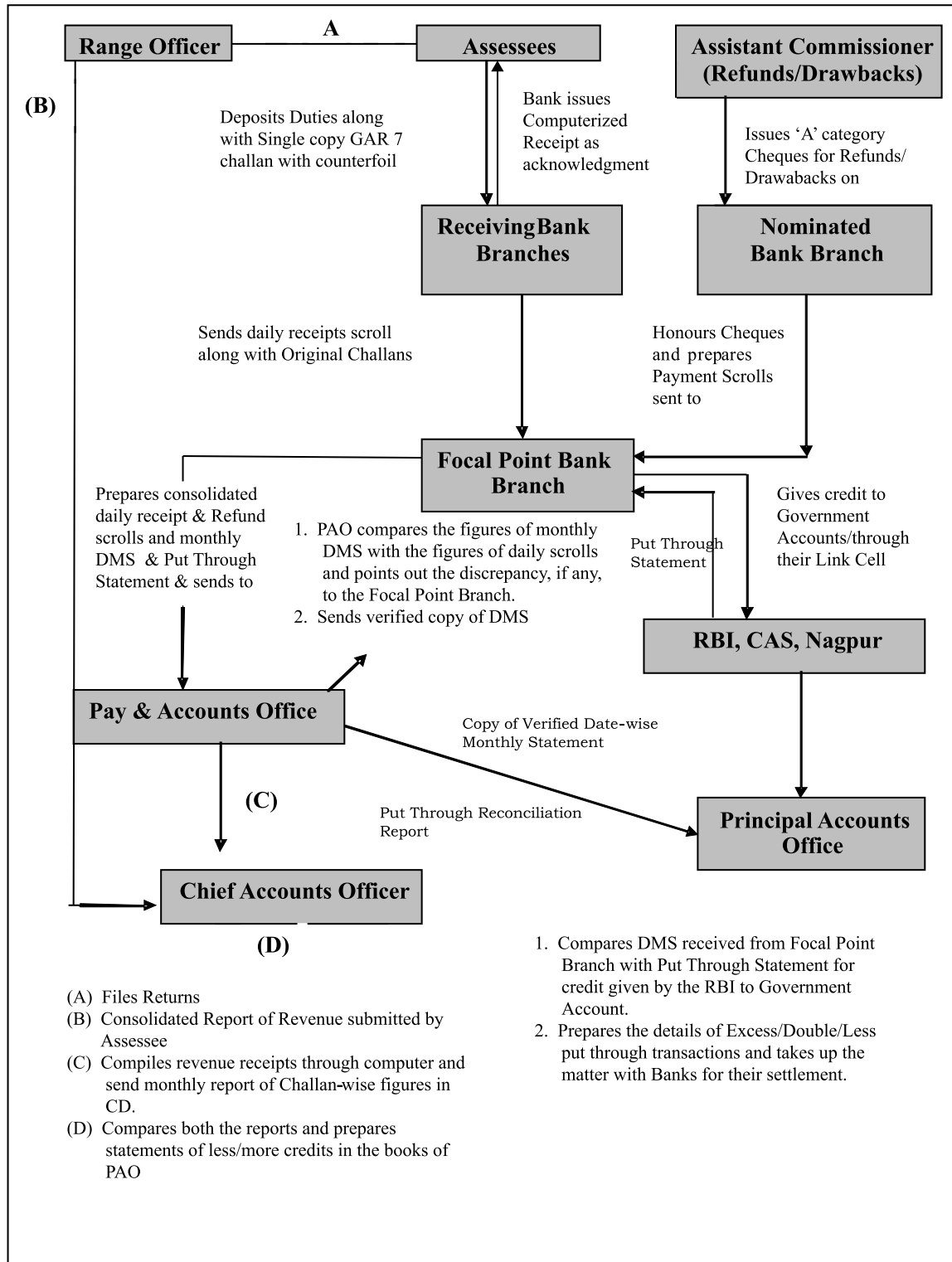
5.9.2 The Custom Duty can also be paid at nominated bank branch at customs locations.

5.10 e-payment of Customs Duty:

5.10.1 e-Payment of Custom Duty through internet is the facility offered to the Importers/Exporters, in addition to the existing physical mode of paying taxes at the counter of the authorized banks. Assesseees have an advantage under this method to pay duty anytime and anywhere, and a choice of banks to select from. e-payments facilitate the faster remittance of tax dues and settlement. Under this system Importers/Exporters can pay the duty by following the procedure below:

- (a) The Importer/Exporter logs into the ICEGATE e-payment site using the ICEGATE user ID and password provided by the Customs authorities or through IE Code.
- (b) He is presented with Payment Gateway option.
- (c) The Importer/Exporter can select challan from the system for payment.
- (d) Selecting a challan will navigate the user to a screen, where a list of banks authorized for the purpose of collections by electronic payments is indicated.
- (e) On selecting a bank from the list, the ICEGATE application will trigger a message to the selected bank's internet site. The message that is passed to the bank will have limited parameters that can identify the EDI site, Challan Number, Document type, Document Number, Document date, total amount of duty to be paid, etc.
- (f) At the Bank's internet banking portal, the user is allowed to make payment using the bank's user Id/Password/ Transaction Id etc. as the case may be for net banking.
- (g) Select the challan for payment displayed at the ICEGATE.
- (h) Upon successful completion of transaction, the bank URL closes and the user is directed back to ICEGATE with the parameters that were sent to the bank including the payment confirmation and the unique transaction ID Number of the bank. Payment confirmation message gets integrated into ICES System for further processing.
- (i) Challans for e-payment are made available to the Importers/Exporters till 08:00 p.m. (20:00 Hrs) for the day. EOD process at the bank starts after that. Each bank sends a summary file of the payments for the day to ICEGATE for verification/reconciliation. Challan-wise reconciliation will be done vis-à-vis ICES challan data. After successful reconciliation between ICES and Bank a final EOD confirmation message is sent back to the bank to close the day's transaction activity. In case of any mismatch, reconciliation exercise will be repeated in order to sort out the discrepancy and then EOD will be completed with the bank.

FLOW OF ACCOUNTS AND RECONCILIATION OF REVENUE RECEIPTS WITH NOMINATED BANKS IN CBEC



ROLE OF BANKS IN COLLECTION AND REPORTING OF REVENUES

- For collection of Indirect Taxes the "Extended Multi-Banking System" was introduced in 2004. Under this system many banks are authorized for a particular commissionerate. Receiving branches of the banks are permitted to collect duties/taxes for all Commissionerates they have been authorized, irrespective of the location of the bank branches.
- At present, 263 Focal Point Branches and more than 7300 authorized branches of 27 nominated banks including 3 private sector banks, are collecting revenues of CBEC.
- For authorization of particular branch, banks have to approach the O/o Pr CCA and submit details of the branch concerned in the prescribed pro-forma, along with the recommendations of the Jurisdictional Commissioner.
- The receiving branch is required to affix double dated stamp on the challan, indicating Date of Tender and Date of Realisation, separately.
- The bank has to remit tax amounts collected through physical mode in to Government Account within T+3 days for local and T+5 days for outstation branches. Collections through e-mode is to be settled within T+1 day, where T is the transaction day (the day on which money is made available to bank).

6.1 System of collection of revenues for indirect taxes.

- 6.1.1** The system of collection of revenue receipts/refunds under the Major Heads relating to CBEC (other than customs revenue and other dues at the Major Customs Houses) introduced on 1st April, 1977, after departmentalization of revenue accounts of CBEC, was revised w.e.f. 1st April, 1986 based on the recommendation of the "Working Group on Government Accounts" set up by Reserve Bank of India consisting of representatives of RBI, senior officers of the

Government of India and Banks. Under the revised system, only one Public Sector Bank having an extensive network of branches was nominated to collect the revenues of CBEC for a single Commissionerate. This was the scheme of "One Bank-One Commissionerate". Under this system, where there is no branch of a nominated bank within a radius of 10 kms, a branch of another PSB Branch was appointed as a sub-agent.

6.1.2 In 2003, the "Multi Banking Scheme" came into existence in a phased manner. Under this scheme, multiple banks were authorized to a Commissionerate for collection of Excise and Service Tax, subject to a maximum of five banks to a Commissionerate. This authorization of multiple banks was done based on the workload of banks, assessee convenience as well as requirements of the administrative agencies. Under the multi-banking system, there is a restriction of payment of duties only to specific identified banks/branches relating to the geographical area of the Commissionerate. With a view to broad base the system of collection of duties, the extended multi-banking scheme was introduced in the Central Excise and Service Tax Commissionerates from 2004. Under this system the receiving branches of the banks were permitted to collect duties/taxes for all Commissionerates they have been authorized, irrespective of the location of the bank branches in a particular area.

6.1.3 Further, under this scheme, on considerations of technological capabilities, full computerization, faster remittance of funds to Govt. Accounts and other value added services, 3 Private Sector Banks were also authorized for collection of Central Excise and Service Tax. At present 263 Focal Point Branches and more than 7300 authorized branches of 27 nominated banks including private sector banks are collecting revenues for CBEC.

6.1.4 In addition to the conventional method offered by the banks to the taxpayers for payment of Central Excise and Service Tax, the online tax payment to banks (e-Payment) was introduced in 2005. All authorized Banks are now offering this facility to taxpayers.

6.2 Procedure for authorisation of a bank for collections of indirect taxes

6.2.1 Reserve bank of India (RBI) is the banker to Government of India and all the revenues are remitted to RBI by the collecting banks. For this purpose, RBI nominates Public Sector Banks (PSBs) and some Private Banks as agency banks on its behalf. RBI pays commission to authorized agency banks on per challan basis for services rendered. The rate of commission is decided by RBI, from time to time.

6.2.2 Any bank interested to collect indirect taxes on behalf of RBI required to approach the O/o Principal Chief Controller of Accounts (O/o Pr CCA) with a formal request for authorization. O/o Pr CCA verifies technical capabilities of the bank for conducting business and when satisfied, recommends the bank to the O/o Controller General of Accounts (O/o CGA) for according formal authorization.

6.2.3 The procedure for authorization of a bank for collection of indirect taxes through both physical and electronic modes is the same.

6.3 Procedure for authorization of specific branch of an authorised bank for physical collection

6.3.1 After receiving formal authorization, the bank has to approach O/o Pr CCA with a request to authorize a specific branch for physical collection of indirect taxes. The bank is required to submit details of the branch in the prescribed pro-forma, separately for collection of Central Excise and Service Tax (Annexure 6.1) and Customs Duties (Annexure 6.2), and submit the same to O/o Pr CCA, along with recommendations of the concerned commissioner where the branch is intended to collect taxes. After verification of details of the branch and requirement of the Trade, O/o Pr CCA authorizes the branch concerned.

6.3.2 The procedure for authorization of a branch for physical collection of Central Excise, Service Tax and Customs Duties is the same.

6.4 Procedure for de-authorization of a branch of authorised bank

6.4.1 In respect of de-authorization of authorized branches, the proposal for de-authorization of a specific branches should be submitted by the Head Offices of the Agency banks to the O/o Pr CCA, CBEC, keeping in view the following parameters/ guidelines:

- (i) The existing branch has not collected any Indirect Tax in the previous financial year (April-March)
- (ii) The proposal for delisting of authorised branch has received the approval of the Competent Authority of the concerned bank.

6.4.2 After the proposal is approved by the O/o Pr CCA, CBEC, the concerned bank should accord wide publicity to the effect that the specific branch will discontinue acceptance of taxes from a specific prospective date.

6.4.3 In the case of unsatisfactory functioning of any receiving branch of a bank, the O/o Pr CCA reserves the right to de-authorize such branch/branches after intimating to the higher management of the bank concerned.

6.4.4 For the purpose of payment of refunds, rebate and drawback, only one bank is authorized by O/o Pr CCA, CBEC to handle payment function (one bank-one commissionerate system) in a given Commissionerate.

6.5 Role of Receiving Branches of the Bank under EASIEST

6.5.1 On presentation of the challan by the assessee for payment in cash, Cheque or Demand Draft, the Counter Clerk/Teller at authorized Banks, will carry out necessary checks particularly

with reference to the following points:-

- (i) That the assessee has presented the challan in form GAR-7 specifically prescribed under the relevant provisions of the schemes of revenue collection of the Board (CBEC) in terms of Note 1 below Rule 26 of C.G (R&P) Rules, 1983.
- (ii) That all the columns of the challan which are required to be completed by the remitter, have been filled and that remitter's signatures with full name and address and the date of remittance, are recorded thereon;
- (iii) That the correct major and minor head of account to which the revenue is creditable are clearly recorded on the challan prescribed for Central Excise Duty and Service Tax separately, and the amounts are correctly shown against each minor head with full revenue particulars, and that the total amount is shown both in figures and words;
- (iv) That separate challans are presented for the payment of revenue under each major head of account. Amounts creditable to more than one major head of account are not entered in the same challan;
- (v) Where the payment is made by Cheque/Demand draft, the same is drawn or endorsed in favour of the Bank of the Commissionerate concerned.
- (vi) That the particulars of cash or Cheque or Demand Draft are entered in the relevant space provided in the challan form.
- (vii) The amount has been written correctly both in words and figures.

6.5.2 The bank official of the receiving branch will therefore, have to verify the following while accepting payment under the EASIEST procedure:-

- (i) It should be ensured that the assessee belongs to the Commissionerate to which the bank is authorized for collections. The receiving branch cannot accept challans of assessee of Commissionerates other than the ones for which the branch has been authorized.
- (ii) The amount and the reduced account code, (8 digits) together with the description of 'duty type' to which the amount is to be accounted is correctly recorded therein.
- (iii) Description of Duty i.e. Basic Excise Duty, Additional Excise Duty in lieu of Sales tax, Auxiliary Duty, Education Cess etc. in case of Central Excise and Tax on Telephone billing, Tax on General Insurance Premium, Tax on Stock Brokerage Commission etc. in case of Service Tax must be furnished by the Assessee.
- (iv) Whether the Assessee Code, (15 digit PAN based/TAN based in case of service tax),

name and address of the taxpayer, details of Commissionerate, Division and Range and type of payment are properly filled in.

- (v) Validation of Assessee Code, Reduced Account Code is to be ensured by bank. Directories of these codes have already been provided to bank for this purpose. Incremental updates will also be provided to the banks by M/s NSDL on a weekly basis.
- (vi) If the Assessee does not furnish Assessee Code, the bank should insist upon mentioning the same. In case it has not been allotted to the taxpayer, or the code as mentioned on the challan does not match with any of the codes available with the bank's system, the payment should not be accepted, and the assessee should be advised to report to the concerned commissionerate.
- (vii) Government dues tendered in the form of a cheque/draft which is accepted under the provisions of Rule 19 of CG (R & P) Rules, 1983 is honoured on presentation, and dues shall be deemed to have been paid when the cheque or draft is tendered to the bank. On the date on which the cheque is cleared, it is entered in the receipt scroll. The main portion of the challan and the counterfoil through which a Cheque/Demand Draft/Banker's Cheque is deposited will contain two different dates i.e. date of tender and date of realization. In the case of challan tendered with cash or Cheque drawn on the same branch, the 'Date of Tender' and 'Date of Realization' will be the same.

6.5.3 After scrutinizing the challan and satisfying himself that the challan is correct in all respects, the Counter Clerk will receive the Cheque/Demand Draft. After verifying that the Cheque/Demand Draft as tendered is for the same amount as shown in the challan as well as that it is valid for payment, the receiving official of the bank branch will capture the challan data into the banks computer system, and affix the stamp prescribed for the Receiving Branch by RBI, both on the main portion of the challan and the taxpayer's counterfoil of the challan, at the appropriate space provided for it. While this receipt could be handed over to the assessee as an acknowledgement /proof of the tax payment, it has been decided that the receiving branches of the nominated banks will issue a Computerised Challan Receipt as an acknowledgement to the assessee. Accordingly, the computerised receipt could be handed over to the assessee as an acknowledgement/proof of tax payment, and the banks should retain the tear-off counterfoil presently provided to the assessee for its own record. Further, the following issues should also be kept in view:-

- (i) Care must be taken to ensure that the impression of the receipt stamp is clear and legible and do not disfigure the contents of the challan.
- (ii) The challan number generated by the bank's computer system should immediately be entered on the main portion and the tear off counterfoil at the appropriate space

provided for it. The Challan number is to be generated on the date of tender and not on the date of realization. Maximum care should be taken while endorsing the challan number of the physical document to avoid mistakes.

(iii) The collecting bank will not issue receipt in any other format.

6.5.4 Frequently Asked Questions relating to role of banks in collection of Central Excise duty and Service tax under EASIEST are provided at Annex 6.3.

6.5.5 Data Flow under EASIEST is on the next page.

6.6 Challans Tendered with Cash/Cheque/Demand Draft / Banker's Cheque (Clearing instruments)

6.6.1 In respect of a challan tendered with Cash/Cheque/Demand Draft/Banker's Cheque (clearing instruments), if found in order after scrutiny, the receiving official of the branch will capture the Challan data into the bank's computer system and computerized/receipt will be given to the tenderer across the counter.

6.6.2 The Cheque/Demand Draft Bankers Cheque are thereafter detached and sent for realization.

6.6.3 Subsequently, on realization of the Cheque/Demand draft/Bankers Cheque, the date of realization will be indicated on the stamp affixed on the main portion of the Challan. The main copy will thereafter, be passed on for scrolling in the Receipt Scroll.

6.6.4 In the case of Cash/Cheque/DD's etc. drawn on the same bank branch, the date of tender and the date of realization will be the same, as the funds deemed to have been realized on the same date.

6.7 Generation of Challan Number

6.7.1 The collecting bank branch will capture challan details to its computer system at the time of receipt of the challan irrespective of their being cash or clearing cheques. The bank's computer system should instantly generate the challan number. This system-generated number could be a continuous number (initialized to 1 at the start of each day) for each Major Head. The Bank code, date of receipt of challan and the challan number generated by the banks system in combination will form the unique Challan Identification Number (CIN) for a challan. Banks may use prefix to the challan number field or add another field in the file structure to identify different tellers at different counters if so required. However, this adjustment should be limited within the bank and the file uploaded to NSDL should invariably be in the structure and format prescribed for Record type RT-51.

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6.8 Preparation of scrolls by the Receiving Branch

- 6.8.1** At the end of the day, the bank branch should identify all those challans against which payments have been received in cash for the day, or for which payments by Cheque/draft have been realized. As the details of all these challans are already in the bank's computer system, the branch should generate daily scrolls, PAO-wise and Major Head-wise.
- 6.8.2** While generating the scroll, each challan record will be given a running serial number (item number) as it appears in the scroll. A running scroll serial number extending through a financial year (1st April to 31st March) will also have to be allotted for each scroll generated PAO-wise and Major Head-wise.
- 6.8.3** The electronic file containing all the challan data for which payments have been realized for that day are transmitted electronically to the Focal Point Branch (FPB). However, the physical scroll and the underlying challans are physically forwarded to FPB for preparation of main scroll.
- 6.8.4** The non-computerized /non-networked authorized branches should ensure that data is transmitted through the nearest computerized /networked branch to the Focal Point Branch. While doing so, they should ensure that the BSR code of the bank branch that gets uploaded is that of the collecting branch, and not of the branch through which the data is transmitted in the case of non computerized / non-networked branches.
- 6.8.5** It should be ensured that no challan for which payment has been realized on that day is left out.
- 6.8.6** The receiving branch will also generate daily scrolls PAO-wise and Major Head-wise, from the consolidated electronic data in quintuplicate.
- 6.8.7** There will be only one Branch Scroll for each major head of account, and for each PAO, even though there may be more than one receiving counter.
- 6.8.8** The challans with cheques/demand drafts will be entered in the Branch Scroll only on the date on which the proceeds are realised. For this purpose, the Bank will keep an internal record as per its procedures, from the date of receipt of the cheques/demand draft with the challan, till the amount is realised.
- 6.8.9** The Branch Scroll will be reconciled with cash after the close of business each working day and necessary accounting is to be completed.
- 6.8.10** At the start of the next working day, the Receiving Branch will forward two copies of the Branch Scroll alongwith the concerned challans to the designated Focal Point Branch with a forwarding memo. The third copy of the receipt scroll is to be retained by the Receiving Branch for record.

6.8.11 At present, the PAO receives the original copy of the challan with the Receipt Scrolls, on the basis of which, he classifies the amount under the relevant head of account. In due course, and depending on the satisfactory performance of the reporting by the Banks, they could be allowed to submit challan details in an electronic format, instead of physical challans. O/o Pr.CCA will issue separate orders in this regard.

6.8.12 Bank branches may use a File Validation Utility (FVU) before sending the electronic challan data to its Focal Point Branch, so as to improve the accuracy of data, and to avoid file rejection.

6.9 Treatment of Clearing Returns

6.9.1 The collecting branch should also identify all those challans against which instruments were returned unpaid. Such instruments along with related challans should be kept separately by the bank branch for taking further necessary action.

6.10 Reconciliation

6.10.1 Reconciliation is an important tool of internal control. This function will be done in two parts:-

- (i) Reconciliation between the accounts rendered by the dealing branches to focal point branch. This will be the responsibility of the concerned Focal Point Branch.
- (ii) Reconciliation from the level of Focal Point Branch onwards right up to the stage of transactions Put Through by RBI. This will be the responsibility of PAO and Focal Point branch concerned.

6.11 Functions of Focal Point Branch (FPB)

6.11.1 The FPB, on receipt of the copy of the branch scrolls together with the challans and the forwarding letter of Advice, will exercise the following precautions:-

- (a) Acknowledge the receipt on the duplicate copy of the forwarding letter of Advice and return it to the Receiving Branch.
- (b) Retain one copy of the Advice for its record.
- (c) Check that all challans have been attached with the branch scrolls so that the total amount remitted by the concerned branch to the Focal Point Branch tallies with the sum total of the amount entered in the branch scrolls and challans.
- (d) Check that scrolls as received, are in serial order, so that missing scrolls are identified.

- (e) Credit the amount to Government account and include all daily transactions in the daily Main Scroll. This will be prepared in triplicate, major head of account-wise, and PAO-wise, and will also include the challans tendered at its own office.
- (f) RBI has prescribed under letter No. DGBA/GAD/No. H-1707/41.07.04/2009-10 dated 20-8-2009 that banks shall ensure that the scroll number is reported to CAS RBI, Nagpur for settlement of funds. This would help identify scrolls and facilitate one to one reconciliation of transactions of both manual and electronic mode of receipts.
- (g) Retain one copy of the Main Scroll for its own record.
- (h) Forward to the PAO concerned, copies of the Original and duplicate copies of the Main Scroll, original copies of the challans tendered at its own office and the set of original copies of challans received from Receiving Branches and original copies of the forwarding letter of Advice.
- (i) Rectify any mistake/discrepancy pointed out by the PAO after proper verification through error scrolls, as per prescribed procedure. (see para 6.16, 6.17)
- (j) The FPB should furnish a monthly certificate on the last working day of the following month to the concerned PAO certifying that nil amounts collected of Central Excise, Service Tax, Customs (Name of the month) are lying with the collecting branches under its control, or in the pipeline somewhere between itself and the collecting branch (RBI's No.358/41.04.001/97-98 of 29.5.1995).

6.12 Responsibilities of Focal Point Branch

6.12.1 The FPB is responsible for the prompt and accurate remittance of collections of all receiving branches attached to it (including its own collections) to the Government Account at RBI, CAS, Nagpur, through its Link Cell Nagpur and GAD, State Bank of India, as the case may be.

6.12.2 It will also be responsible for reconciliation of amounts collected, settled and reported with the PAO concerned.

6.12.3 On receipt of on-line data of challans realized for a particular day from the Collecting Branches, the FPB will take the following action on day-to-day basis:

- (i) It will collate the challan data on its computer system based on the physical scrolls received from collecting branches for generation of Main Scroll.
- (ii) Challan records (RT 51) should be uploaded daily.

- (iii) Collecting branches of agency banks should upload the data pertaining to each and every challan and the focal point branches should consolidate the data received from the collecting branches, and upload the same to the Link Cell, without waiting for the physical challans and scrolls.
- (iv) The challan files which are rejected by NSDL, if any, due to validation errors should be processed and uploaded again,
- (v) Fund settlement should be made only on the basis of physical challans and scrolls.
- (vi) In addition to checking the correctness and completeness of the physical documents, it will also ensure that the electronic string received from the receiving branches including its own, tallies with the corresponding physical scrolls and challans.
- (vii) A running scroll serial number extending though a financial year (1st April to 31st March) will be given to the records relating to each PAO and Major Head, which are transmitted on a particular day.
- (viii) The FPB will also generate the main scrolls PAO-wise and Major Head-wise from the consolidated electronic data. The hard copy of the main scrolls so generated, together with the related daily scrolls and challans arranged chronologically as they appear on the Main Scroll, will then be sent to the concerned PAO.
- (ix) The consolidated file containing all the challan data that have been scrolled on the day will be transmitted to the Bank's Link Cell for fund settlement with RBI, and onward transmission to NSDL, on the same day.
- (x) During the first 15 days in April every year, the FPB will transmit and prepare two separate sets of scrolls.
- (xi) One scroll pertaining to March transactions (which means scrolls of Cheque/Demand Drafts /refund cheques tendered and cleared up to 31st March by receiving branches and sent to the FPB subsequent to 31st March but before 15th April), will be scrolled by Focal Point Branch as "March Residual Account". Another scroll, for April Transactions is to be prepared prominently indicating the month of account. Any Cheque /Demand Draft tendered on or before 31st March, and realized on or after 1st April, will be treated as a part of April transactions.
- (xii) The FPB will also generate a Date-wise Monthly Statement (DMS) from the computer system, based on the Main Scrolls prepared by it on a monthly basis, PAO-wise and Major Head-wise, at the end of every month for submission to the concerned PAO.

6.13 Reconciliation by FPB with PAO

- 6.13.1** The FPB of banks will carry out monthly reconciliation with PAOs of the amount settled by them with their Link Cell at Nagpur.
- 6.13.2** On the basis of their records, the PAOs will verify the statements received from the FPB only Major Head-wise.
- 6.13.3** In case of any discrepancy, the FPB will carry out the corrections immediately and adjust the difference in the amount already credited/debited to the CBEC's account through its Link Cell at Nagpur, through the error rectification procedure.

6.14 Functions of Link Cell

- 6.14.1** The Link Cell may use a File Validation Utility before sending the electronic challan data to its Link Cell so as to improve the accuracy of data and avoid file rejection.
- 6.14.2** The Link Cell of banks at Nagpur and Govt. Accounts Departments (GAD) for SBI at Mumbai, will consolidate the challan data received from the FPB for transmission to NSDL. It will also monitor the daily receipts and check the accuracy of the daily memos received from the FPB. The Link Cell will then transmit the daily memos to CAS, RBI, Nagpur who will generate daily statements and simultaneously carry out necessary adjustments both to Government and bank accounts.

6.15 Central Accounts Section (CAS) RBI Nagpur

- 6.15.1** For the purpose of final reconciliation of the transactions with PAOs and the Link Cell, the CAS, RBI, Nagpur will generate a monthly statement showing the Bank-wise, PAO-wise and Major Head-wise break up rendering of accounts and furnish the same to PAO, and the Link Cell of the bank. RBI, CAS, Nagpur will furnish by 20th of the following month, a monthly statement indicating Major Head-wise receipts/refunds etc. to the Principal Chief Controller of Accounts, CBEC.

6.16 Rectification of errors in "EASIEST" by banks

- 6.16.1** Banks upload challan details of tax payment to the Tax Information Network (TIN) maintained by NSDL on a day-to-day basis in electronic files. These files are prepared in the format specified as Record Type RT-51. Focal Point Branches consolidate details of challans from each of the collecting branches under its jurisdiction. They also forward corresponding physical scrolls and underlying challans to the PAO. In this process, the following errors can occur :-

- (i) Errors in challan details captured by bank and uploaded to NSDL.
- (ii) Challan details captured by banks which do not pertain to CBEC.

6.17 Rectification of errors by banks

6.17.1 If banks identify any error of challan data uploaded by them in Form RT-51, they can upload details of the same to NSDL using Form RT-58

6.17.2 If RT-58 generated by the bank entails changes in the amount of a previous day's scroll, such amount would be adjusted through the Main Scroll of the day, for fund settlement with RBI. However, the physical scroll of the day sent to the PAO will give details of such adjustments in the manner illustrated below:-

ILLUSTRATION-I

"Branch "A" of a bank had effected receipt transactions of Rs. 1,84,000/- on 28th October, 2010. This transaction had been wrongly reported as Rs. 8,14,000/-. The bank carried out corrections on 30th October, 2010 through RT-58. The receipt transaction of the branch for the day (30/10/2010) was Rs. 54,00,000/-. "The adjustment entries would appear on the scroll of branch "A" dated 30/10/2010 as under:-

Correct receipt transaction of 28/10/10		1,84,000/-
Withdrawal of wrong figures reported	(-)	8,14,000/-
Total	(-)	6,30,000/-
Total transactions of the day 54,00,000/-		
Adjustment of errors relating to 28/10/10	(-)	6,30,000/-
Total	(+)	47,70,000/-

ILLUSTRATION-II

"Branch "B" also reported a receipt transaction of **Rs. 8,00,000/-** on the same day (30/10/2010) to the Focal Point Branch."

The Main Scroll generated by FPB PAO will show the details of such adjustments made by the receiving branches in the following manner:-

Total of the receipt transactions (with out incorporating adjustments) of the receiving branches (54,00,000 plus 8,00,000)		62,00,000/-
Adjustments of errors relating to Branch "A"	(-)	6,30,000/-
Total amount credited to Govt. Account on 30/10/10	(+)	55,70,000

6.18 Electronic Accounting System for e-Receipts (EASeR) of Central Excise and Service tax

6.18.1 In addition to payment of taxes at the counter of the authorized banks tax payers can remit taxes/duty through internet by accessing the internet facilities of authorized banks. EASeR (Electronic Accounting System for e-Receipt) facilitates and support the entire business process especially in the areas of electronic accounting and banking, in a smooth, efficient, effective and user friendly manner. Keeping in mind the sensitivity of revenue collection, reconciliation and easy/smooth reporting, the e-payment facility has been implemented in CBEC. As such tax payers can pay taxes/duty through internet by accessing the internet facilities of the authorized banks. However, CBEC had made it mandatory w.e.f. 1.4.2010 for payment of tax/ duty electronically through internet banking for Central Excise and Service Tax Assesseees paying Rs.10 lakhs or more duty/Tax in the current financial year or have paid Rs.10 lakhs or more in the preceding financial year.

6.18.2 To facilitate the accounting of e-payments, Pr. CCA, CBEC has established two separate e-PAOs at Chennai & Mumbai with the aim of expediting revenue collection, reconciliation and reporting of e-payments for Central Excise and Service Tax respectively.

6.18.3 Banks play a pivotal role in ensuring smooth functioning of e-payments and for prompt accountal of tax/duty.

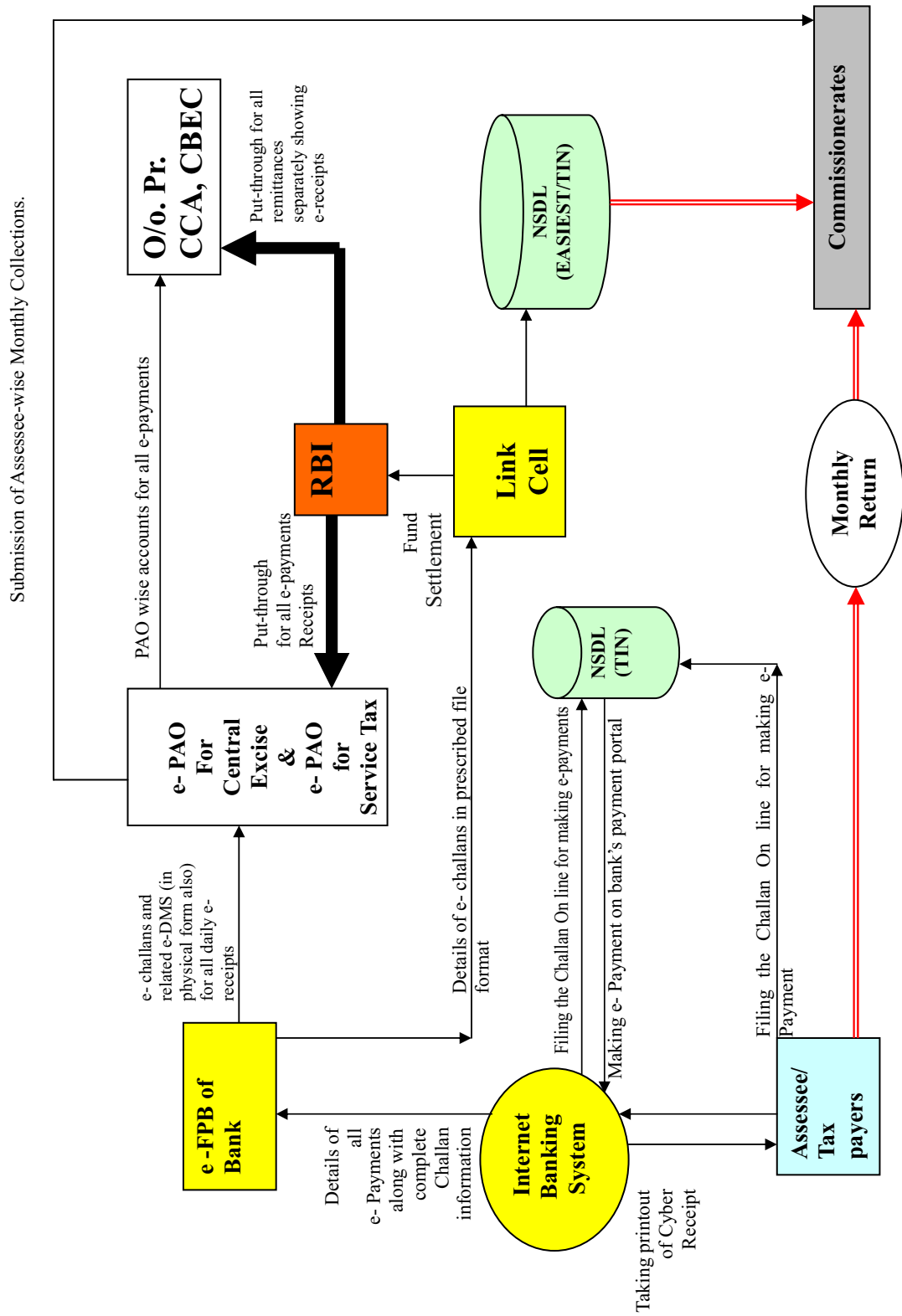
6.18.4 Only those banks that are authorized for receiving e-payments of Service Tax and Central Excise appear at NSDL e-Payment gateway for selection by the taxpayers. This includes all 26 banks authorized for physical collection and Oriental Bank of Commerce.

6.18.5 In the electronic mode of payment, there is no direct customer interaction at the bank counter, and hence no paper challan from the taxpayer is required. The Internet Banking System captures challan details of all e-receipts in the prescribed file format. Since the challan details are electronically captured, the digitally signed e-Challan data is provided by banks to the designated e-PAOs.

6.18.6 Since physical movement of challans and scrolls in the case of e-Receipts cease to exist, faster remittance of revenues to Govt. account is ensured. With the availability of digital challan details, detailed accounting is done at e-PAOs based on the classifications appearing in the e-Challans. This also facilitates reconciliation with the banks/Commissionerates.

6.18.7 Data flow under EASeR is on next page.

Data Flow in EASeR



6.19 Data Specifications

6.19.1 The entire e-Payment data reported by the e-FPB to the e-PAO/Link Cell/NSDL must confirm to data specifications prescribed under file formats prescribed under EASIEST.

6.20 Banking Arrangements for Central Excise and Service Tax under EASeR

6.20.1 26 Banks authorized for physical collection and Oriental Bank of Commerce are offering e-Payment facility for collection of Central Excise and Service Tax revenues.

6.20.2 Separate exclusive e-FPBs of all authorized banks, one each for Central Excise at Chennai, and for Service Tax at Mumbai, are additionally authorized to collate and scroll all e-Receipts relating to Central Excise and Service Tax Commissionerates. Each branch will act as the Receiving Branch and Focal Point Branch, notwithstanding the fact that the taxpayer might have debited his account in any of the bank's branches while making e-payment.

6.20.3 The e-FPBs of the banks shall be co-located with the respective e-PAOs at Chennai and Mumbai.

6.20.4 The e-FPB at Chennai shall collate and scroll the e-receipts of Central Excise for e-PAO Chennai whereas e-FPB Mumbai shall collate and scroll e-receipts of Service Tax for e-PAO Mumbai. No separate Commissionerate-wise scrolls are required to be prepared.

6.21 Generation of challan number and Challan Identification Number (CIN)

6.21.1 For each successful e-Payment transaction of Central Excise and Service Tax, the banking system generates a challan number that is provided on the cyber receipt and incorporated in RT 51 (Sl.No. 5 of RT 51). The challan number is linked to the branch code of the e- Focal Point Branch (which is treated as the receiving branch for all e-Payments) and is unique for the date of transaction.

6.21.2 The CIN enables the identification of each challan at TIN. The 20 digits that CIN comprise of three mutually exclusive information (as seen together in the following sequence): -

- (a) BSR Code of Bank branch (7 digit code allotted by RBI)
- (b) Date of tender (8 digits excluding the time). This date will be date on which the taxpayer tenders his challan (i.e. authorizes payment in the internet banking portal of the bank) irrespective of holidays or time of tender.
- (c) The 5 digit challan number generated by the banking system for the particular challan

6.22 Functions of e-FPB and preparation of Receipt Scrolls:

6.22.1 The e-FPB of the authorized bank is responsible for the collation and transmission of e-Payment collections reported to it daily by the Internet Banking System (as per file format RT 51) to the bank's link cell for prompt remittance of the e-Receipts to the Government Account at RBI, CAS, Nagpur on a day-to-day basis. The e-FPB is also responsible for providing daily Main Scroll along with the related challan details to the related e-PAOs (as per the file format RT- 51 and RT-91).

6.22.2 e-Payments are made at authorized bank's Internet payment portal by submitting the online challan GAR-7 already filled in at the NSDL website. All e-Payments relating to Central Excise and Service Tax received by the bank till the cut-off time (8 P.M. I.S.T) shall be scrolled by the next working day by the designated e-FPB at Chennai and Mumbai respectively and sent to the respective e-Pay and Accounts Offices. e-Payments received after this time limit and on holidays shall be scrolled together with e-Payment receipts of the next working day. The transaction details shall also be reported to RBI, as per RBI's reporting requirements.

6.22.3 The e-FPB will take the following actions on a daily basis:

- (i) The e-FPB at Chennai and Mumbai will collate the challan data (in Form RT-51) in respect of all e-payments relating to Central Excise (Major Head 0038) and Service Tax (Major Head 0044) respectively for the day.
- (ii) Sr. No. 37 of RT-51 format provides for a system generation of the Focal Point Branch Scroll No. unique for each scroll date. A separate running Scroll Serial No. extending through a financial year (1st April to 31st March) will be given to records relating to each of the Major Heads (0038-Central Excise and 0044 - Service Tax) by the respective e-FPBs which are transmitted on each day to the Link Cell of the bank and to the respective e-PAO.
- (iii) The e-FPB shall generate a Daily Main Receipt Scroll based on challan details collated at its end contained in Record Type RT-51 and Record type RT-91.
- (iv) The details of challans of Central Excise and Service Tax internet payments with the system generated naming convention as detailed in the EASeR Accounting Procedure, shall be digitally signed by the authorized signatory of the e-FPB, and forwarded on a daily basis to the respective e-PAO.
- (v) The revenue accounting software in the e-PAO would reconcile Challan details contained in the RT-51 file with the scroll information contained in Record Type RT-91.

In case of non-reconciliation, the file would be rejected for rectification and re-submission by e-FPB to e-PAO.

- (vi) As a transitional arrangement, the e-FPB will also send a physical copy of the Daily Main Scroll, duly authenticated by the bank and the underlying challans to the concerned e-PAO.
- (vii) In the case of e-Payments of Central Excise and Service Tax, the e-FPB shall be the Receiving Branch as well as the Focal Point Branch.
- (viii) The e-FPB shall simultaneously forward the details of e-Challans with all relevant information, on RT-51 file format to its Link Cell at Nagpur, for further consolidation and fund settlement with CAS, RBI Nagpur. While forwarding the data to the Link Cell, e-FPB shall carry out within the prescribed time limit, the required validation checks (using the File Validation Utility provided by NSDL), to improve the accuracy of data and avoid file rejections by Link Cell/NSDL as per procedures laid down in EASIEST.
- (ix) The e-FPB shall be responsible for providing the digitally signed electronic Date-wise Monthly Statement (e-DMS) to the e-PAOs for all e-receipts scrolled at its end by the 4th of the following month, in file format Record Type RT-92.
- (x) As a transitional arrangement, the e-FPB will also send a physical copy of the DMS duly authenticated by the bank to the concerned e-PAO. This requirement will be renewed in consultation with the O/o CGA and O/o C & AG.

6.23 Functions of Link Cell

6.23.1 The Link Cell acts as a pooling centre of all receipts (including e-Receipts) sent to it from e-FPB/other FPBs. It is also responsible for transmitting the related challan data to NSDL (as prescribed under EASIEST) as well as for crediting the amount collected to Government account at Reserve Bank of India, CAS (Central Accounts Section) Nagpur.

6.23.2 The Link Cell will effect daily fund settlement with RBI, CAS, Nagpur distinctively in an identifiable format for physical collections and e-collections. Under the existing system, FPBs report to the Link Cell figures PAO wise and Major-Head wise. In the case of e-FPBs, the reporting will only be e-PAO wise and Major-head wise. (As there are separate e-PAOs for Central Excise & Service Tax, the reporting in respect of each e-PAO will be only in respect of one Major Head). No separate Commissionerate wise figures would be reported to RBI, CAS, Nagpur. The related Challan data will be concurrently uploaded to NSDL as per EASIEST requirement. The Main Scroll wise e-Payment data transmitted to the e-PAO by the e-FPB should tally with the amount of fund settled with RBI, CAS, Nagpur against the particular

Main Scroll. The fund settlement with RBI, CAS, Nagpur should invariably be based on the Main Scrolls. Scroll Numbers and Dates are mandatory in the fund reporting formats of RBI, CAS, Nagpur.

- 6.23.3** The Link Cell of the bank shall prepare a "Put-through Statement" (in quadruplicate) by the 15th of the following month of receipts separately in respect of amounts put through to the CAS, RBI during the previous month in respect of each e-PAO. No separate Commissionerate wise statement would be required.

6.24. Central Accounts Section (CAS) RBI, Nagpur

- 6.24.1** For the purpose of final reconciliation, the Link Cell will also prepare put through statement (in quadruplicate) a monthly summary of the aggregate put through amount in respect of all PAOs (Major head wise and PAO wise) as prescribed by CGA/RBI (as in Civil Accounts Manual) and as amended from time to time, for receipts separately for submission to O/o Pr. CCA, CBEC. This would also include the figures of the e-PAOs.
- 6.24.2** The Monthly Put Through Statements containing transaction details such as Scroll Number, Scroll Date etc. will get verified by the RBI, CAS, Nagpur. One copy of the Statement is sent by the Link Cell to the e-Focal Point branch, and another copy is sent to e-PAO directly for verification and settlement of discrepancies.
- 6.24.3** One copy of the monthly statement of the Link Cell and summary (where applicable) duly verified by the RBI, CAS, Nagpur is sent to the O/o Pr. CCA, CBEC who clears the Head 'PSB suspense-Bank-X' by transfer to the Head "8675-Deposits with RBI".

6.25 Accounting of "March" Transactions

- 6.25.1** Any Central Excise and Service Tax e-Payments tendered on 31st March, even beyond the End of Day cut-off time of 8.00 p.m. till midnight (12.00 a.m. IST), if any, shall be treated as transactions pertaining to 31st March and shall be scrolled for the day itself and will not be scrolled as part of the next day's transactions. This will ensure that the Central Excise and Service Tax revenue realized during the financial year is remitted to the Government and Accounted for in the same financial year.

- **The levy of Service Tax was first brought into effect in Chapter V of the Finance Act, 1994 vide Notification No. 1/94 ST dated June 20, 1994 with effect from 1 July, 1994. The levy of Service Tax extends to the whole of India, except the State of Jammu & Kashmir.**
- **Govt. of India, Min. of Finance (Department of Revenue), vide notification No. 25/2012-Service Tax dated 20/06/2012 has notified the exemption of certain taxable services from the whole of the Service Tax leviable thereon under section 66 B of Service Tax Act as negative list. As per the notification, 39 services are exempted from the list of taxable services.**
- **From 1st April, 2012 the rate of Service Tax levied are basic tax at 12%, Education Cess at 2% and Secondary & Higher Education Cess at 1%.**
- **Under Rule 7 of the Service Tax Rules, 1994, every assessee is required to submit a half-yearly return in the prescribed form along with the Challan Identification Number (CIN) for the months covered in the half yearly return, by 25th of the following month.**

7.1 Introduction:

- 7.1.1** "Services" constitute a very broad spectrum of economic activities of a country. In India the contribution of this sector to Gross Domestic Product (GDP) is in excess of 50%. However, the taxation of services has been relatively of recent origin.
- 7.1.2** In the past, indirect taxes in India were imposed on transactions relating to goods - whether manufactured or imported goods. Hence, in India, the imports of goods attract Customs Duty, manufacture of goods attracts Excise Duty and sale of goods attracts Value Added Tax (VAT)/Sales Tax.

- 7.1.3** Since 1990 the import duties on imported goods have been reduced in order to comply with the requirements of WTO. This reduction in Customs Duty compelled the Government to reduce the Excise Duty on domestic goods in order to avoid any disparity in prices of imported goods as compared to goods manufactured in India. This led to reduction of revenues from these duties. The Government was forced to look to alternative sources of revenue earnings. The rapid growth of the service sector which was hitherto an untapped area with considerable scope for future growth was identified, and Service Tax was imposed for the first time in 1994.

7.2 Service Tax Legislation

- 7.2.1** The levy of Service Tax was first brought into effect by Chapter V of the Finance Act, 1994 vide Notification No. 1/94 S T dated June 20, 1994 with effect from 1st July, 1994.
- 7.2.2** The levy of Service Tax extends to the whole of India except the State of Jammu & Kashmir.

7.3 Levy of Service Tax

- 7.3.1** Initially three services were covered by the Act w.e.f. 1-7-1994 which has been extended to more services from time to time. In addition to introduction of more services in the Service Tax net, the scope of some of the existing services has also been extended over the years. The services covered by the Act and their accounting codes is at Annexe 7.1.
- 7.3.2** Govt. of India, Min. of Finance (Department of Revenue), vide notification No. 25/2012-Service Tax dated 20/06/2012 has notified the exemption of certain taxable services from the whole of the service tax leviable thereon under section 66 B of Service Tax Act as negative list. The list is at Annexe 7.2.

7.4 Rate of Service Tax

- 7.4.1** Service Tax is levied at the rate prescribed in the Act on the gross amount charged by the service provider in respect of the services provided or to be provided by him. In effect, the service tax is levied even on advance receipts by the service provider prior to rendition of the services. Point of Taxation Rules, 2011 has provided the point in time when a service shall be deemed to have been provided.
- 7.4.2** The rate of the service tax prescribed, from time to time, under Section 66 of the Act is as under:

Effective date	Basic Rate	Education Cess	Secondary & Higher Education Cess
1-July-1994	5%	--	--
14-May-2003	8%	--	--
10-September-2004	10%	2%	--
18-April-2006	12%	2%	--
11-May-2007	12%	2%	1%
24-February-2009	10%	2%	1%
1-April-2012	12%	2%	1%

7.5 Payment of Service Tax by Assesseees

7.5.1 Service Tax is levied on specified services and the responsibility of payment of the tax is generally cast on the service provider with few exceptions. The System of self-assessment of service tax was introduced w.e.f 1-4-2001.

7.5.2 The service tax should be paid by the assessee to the credit of the Central Government:

- (a) by the 6th of the month, if the duty is deposited electronically through internet banking; and
- (b) by the 5th of the month, in any other case (except for March)immediately following the calendar month in which the payments are received, towards the value of taxable services.
- (c) For the month of March - to be paid by 31st March.

7.5.3 The procedure of payment of Excise Duty in banks through the conventional method or by e-payment applies to the payment of Service Tax as well. The procedure has been detailed in Chapter-5.

7.6 Interest on delayed payment of Service Tax

7.6.1 Any assessee liable to pay Service Tax under the provisions of the Act or rules made thereunder who fails to pay the tax or part thereof within the period prescribed, is liable to pay interest on delayed payment. The rates of interest payable have been notified by the Central Government from time to time, as under:

Rate of interest	Effective Date
1 ½% per month or part thereof	1- July-1994
24% per annum	16-July-2001
15% per annum	16-August-2002
13% per annum	10-September-2004

7.7 Threshold limit for Service tax payment

7.7.1 The threshold limit notified by the Central Government from time to time for payment of Service Tax by an assessee is as below:

Threshold Limit	Notification No. & Date	Effective Date
Rs. 4 lakhs	6/2005- S.T dated 1-3-2005	1-April-2005
Rs. 8 lakhs	4/2007- S.T dated 1-3-2007	1-April-2007
Rs 10 lakhs	8/2008- S.T dated 1-3-2008	1-April-2008

7.7.2 The valuation of taxable services for charging service tax has been laid down in the Service Tax (Determination of Value) Rules, 2006.

7.8 Filing of Return

7.8.1 Under Rule 7 of the Service Tax Rules, 1994, every assessee is required to submit a half-yearly return in the prescribed form alongwith the Challan Identification Number (CIN) for the months covered in the half yearly return. The half yearly return is required to be submitted by the 25th of the month following the particular half year i.e. 31st March and 30th September.

7.8.2 Under Rule 7B, an assessee can submit a revised return to correct a mistake or omission within 90 days from the date of submission of original return. Penal provisions exist for failure to file the returns in time.

7.9 CENVAT Credit

The CENVAT Scheme was designed to avoid cascading effect of taxes by granting credit of duty paid on inputs and capital goods for being used against output tax liability thus ensuring that only value addition is charged to duty. The credit of taxes and duties paid on input service or inputs/capital goods is available only to a service provider who provides the taxable service (output service) under Cenvat Credit Rules, 2004.

MISCELLANEOUS RECEIPTS AND WELFARE FUNDS

- Apart from indirect taxes, CBEC also collects minor amounts of revenue through fees on revision of application, light-house dues, license fees, customs dues on foreign post parcels and consumer welfare fund.
- Custom Duty on Foreign Post Parcel and mails is collected by the Postal Department, after its assessment by customs officers, through post offices who deliver the foreign post parcel to the consignee.

8.1 Fees on the Revision Application to Central Government

8.1.1 Every Revision Application to the Central Government filled by any person under section 129 DD of the Customs Act 1962 and under section 35 EE of Central Excise Act, 1944 shall be accompanied by a fee of:

- (i) Rupees Two hundred, where the amount of duty and interest demanded, fine or penalty levied is up to Rupees one lakh.
- (ii) Rupees One thousand, where the amount of duty and interest demanded, fine or penalty levied is more than Rupees One lakh.

8.1.2 The amount of fee will be deposited by the applicant through the internet "e-Payment" System or physically in the prescribed challan form GAR7 at any branch of the State Bank of India or of a nominated Public Sector Bank located at any centre within the commissionerate under whose jurisdiction applicant falls.

8.1.3 In respect of a Revision Application under section 129 DD of Custom Act 1962, and under section 35 EE of Central Excise Act, 1944 the classification "0037-Customs-800-Other receipts" and "0038-Union Excise Duties-800-Other Receipts" respectively will be recorded on the challan.

8.1.4 The Bank on presentation of the challan shall generate a computerized challan receipt in the prescribed format and hand over to the applicant duly stamped.

- 8.1.5** The Applicant shall attach the Tax Payers copy of the challan duly receipted as received from the Bank, with the Revision Application form and mention the fact of its attachment in the Revision application itself.
- 8.1.6** The computer generated copy of the challan on receipt by the nominated Range Officer/Division from the Focal Point Branch will be forwarded by him to the Ministry of Finance (Department of Revenue) Revision Application unit 14 Hudco Vishala Building, B wing 6th floor, Bhikaji Cama Palace, R.K. Puram, New Delhi.
- 8.1.7** In the case of Custom House Treasuries at Major Sea Ports, the Applicant will deposit the fee in the Departmental Treasury, instead of the State Bank of India or the nominated Public Sector Bank, through challan. The Treasury will return copy of the challan to the applicant and send copy to the Ministry of Finance (Department of Revenue) Revision Applicant Unit, 14 Hudco Vishala Building, B wing 6th floor, Bhikaji Cama Palace, R.K. Puram, New Delhi. The Revenue Application Unit will render the compiled account of such receipts to the Pay and Accounts Officer of the Customs House along with the account of other receipts etc.
- 8.1.8** The Revision Application Unit in the Ministry of Finance (Department of Revenue) will link the computer generated copy received from the nominated Range Officer/Division with the Tax Payer's copy sent by the Applicant along with the Revision Application.
- 8.1.9** A Monthly statement showing the amount of fees deposited by the Applicants will be prepared by the Revision Application Unit in the Ministry of Finance (Department of Revenue) separately for each Pay and Accounts Officer in the prescribed form (**Annexe 8.1**) and sent to the Chief Accounts Officer of the Central Excise Commissionerate or Custom House concerned along with the computer generated copies of the challans with a certificate "Compared with the Tax Payer Counterfoil copies of the challans and found in order". The ChiefAccounts Officer will then, reconcile the figures with those accounted for by the Pay and Accounts Officer in his books.

8.2 Indian Light House Dues

- 8.2.1** The Indian Light House dues payable by the Owner/Master of a ship on arrival at and departure from any port of India are collected at Major/Minor ports by the Custom Houses on behalf of the Department of Light Houses and Light Ships. Refunds of such dues are also authorised to be paid by the Custom Houses.
- 8.2.2** An account of all moneys collected on account of Indian Light House dues is prepared at the end of each month by the superintendents incharge of Minor ports under the Commissionerates of Customs and by the Custom House Treasury in the case of Major Custom Houses having treasury and forward to the officer concerned of the Department of Light Houses and Light Ships with the counterfoil of the receipts issued and duplicate refund vouchers with original receipts.

8.2.3 In order to remit the collection of Light House dues (Receipts less Refunds) to the Department of Light Houses and Light Ships, Superintendents in charge of Minor Customs ports and Custom House Treasury in the case of Major Custom House will send one copy of the statement of account to the Pay and Accounts Officer concerned of Custom House.

8.2.4 On receipt of Monthly Statement of accounts by the PAO from the superintendents in charge of Customs/Custom House Treasury, as the case may be, on account of collection of Indian Light House dues, the Pay and Accounts Office (Customs) will book the net amount (receipts less refunds) under the Head "8658-Suspense Account, Pay and Accounts Office Suspense-Transactions adjustable by the Department of Light Houses and Light Ships" and enter it in the outward claim register and the net amount will be remitted to the Zonal Director/Director General, Department of Light Houses and Light Ships, as the case may be, by means of a cheque and the above suspense Head cleared.

8.3 Licence Fees

8.3.1 The system of payment of licence fee for fresh and old licences has been abolished in the Finance Act, 1992. This has been replaced by a system of Registration wherein all assesses are required to get themselves registered with the department.

8.4 Custom Duty on Foreign Post Parcel

8.4.1 Custom Duty on Foreign Post Parcel and mails is collected by the postal Department, after its assessment by customs officers, through post offices who deliver the foreign post parcel to the consignee in the manner indicated below:

- i** Foreign Post Office prepares the attending sheet/assessment memo in duplicate of all the parcels and sends to the custom officers along with the parcels for assessment of custom duties.
- ii** On receipt of parcels the custom officers will note the rate and amount of custom duties against each item. He will likewise fill in these details on the assessment memos forwarded along with each packet.
- iii** The custom officers will return one copy of attending sheet/assessment memos with custom duty duly mentioned along with parcels to the foreign post office.
- iv** The foreign post office sends all the parcels to respective post office who will recover the custom duty from the addressees at the time of delivery to them.
- v** At the end of each month, post offices will prepare a monthly statement/account of total custom duty levied by custom officers and recovered and send it to the Head Post Offices.
- vi** On receipt of monthly account from the post offices, the Head Post Office will consolidate the figures and send to the G.M. (Finance)/Director of Accounts (Postal) who will consolidate the

monthly statement/account received from all the head post offices and book the custom duty amount so recovered under the final head of account "0037-Customs".

8.5 Consumer Welfare Fund

8.5.1 Constitution of Consumer Welfare Fund

While processing refund claims, if it is found that refund claims of Customs or Central Excise are otherwise refundable to the assessee but their incidence has been passed on by the assessee to the buyer or the other person, the refunds will be sanctioned for credit to the Consumer Welfare Fund in accordance with the provisions of Central Excise and Customs Law (Amendment) Act, 1991. The Fund will be utilised by the Central Govt. for the welfare of the consumers.

8.6 Refund from the Consumer Welfare Fund

8.6.1 The payments towards the refund claims filed by the assessee are required to be made after the orders are passed by the Appellate authority. The payment in such cases is required to be made to the claimant within a period of three months from the date of filing of refund claim. Any delay in payment of refund claims is liable to cause payment of interest to the claimant under section 11BB of the Central Excise Act, 1944.

8.6.2 The request from Commissionerate for withdrawal of amount from CWF, to make payment of refund claim, should be attended to immediately. If the funds are available with the PAO for transfer to CWF at the time of receipt of request from Commissionerate for payment of refund claim, necessary action may be taken to make payment of the refund claim. Then only the net amount (i.e. after retaining the amount required to meet the refund claim) will be remitted to PAO (HQrs) CBEC as per the procedure laid down in Para 8.7 below.

8.6.3 In case the refunds are not available with the respective PAO, then he may make request demi-officially to PAO, Ministry of Consumer Affairs and Public Distribution for withdrawal of amount from CWF, within 5 days of the receipt of request for refund claim from the Commissionerate forwarding therewith copies of (a) letter received from Commissionerates, Central Excise and Customs regarding refund of amount and (b) orders passed by the Appellate Authority. It should be ensured that the cheque for payment of refund claim must reach to respective PAO within 15 days of receipt of request in this regard.

8.7 Accounting and budgetary arrangement of Consumer Welfare Fund

8.7.1 The procedures of accounting and budgetary arrangement of Consumer Welfare Fund issued by Ministry of Finance Department of Economic Affairs vide F No. 1(43)-B (AC)/91 dated 10.01.92 will be as under:

- (i) In the Public Account of India, the Consumer Welfare Fund (CWF) may be opened as a distinct minor head below Major Head "8229- Development and Welfare Fund".
- (ii) The amounts to be transferred to the CWF, as provided under the Act, do not constitute expenditure but are in the nature of refund of revenue. These are to be taken out of (Tax) revenue where these amounts stand credited by debit to sub head "Deduct Refunds"- Amount transferred to Consumer Welfare Fund, below the relevant Minor head under the Major Heads "0037-Customs or 0038-Union Excise Duties" as the case may be.
- (iii) The expenditure to be met out of the CWF will be, as per normal practice, treated initially as expenditure from the Consolidated Fund of India to be accounted for under a distinct minor head 'Consumer Welfare Fund', under major head "3456-Civil Supplies". This head will accommodate the direct expenditure of the Government, including expenditure of union territories without legislature and grants-in-aid to autonomous bodies and institutions. Grant assistance to be provided to States and Union Territory Governments, out of the CWF, may be classified under relevant sub-major and minor heads below major heads '3601-Grants-in-aid to State Governments' and '3602- Grants-in-aid to Union Territory Governments', as the case may be.
- (iv) The expenditure debited to the heads 3456, 3601 and 3602 will be simultaneously recovered from the CWF. The debits to CWF (under Major Head 8229), on this account, may be adjusted by per-contra credit to subhead 'Deduct-Amount met from Consumer Welfare Fund' to be opened under minor head 'Transfer from reserve funds' below major heads namely, 3456, 3601, and 3602, as the case may be where under the expenditure has been debited earlier. In the Demands for Grants the provision will be made on a gross basis, the recoveries being shown "below the Line".
- (v) The Consumer Welfare Fund will be maintained in the books of the Ministry of Consumer Affairs by the Chief Controller of Accounts of that Ministry. The transfers to the Fund, in the Public Account of India, will be effected by the Chief Controller of Accounts, Consumer Affairs.
- (vi) The PAO attached to each Central Excise and Customs Commissionerate will be designated to handle the transactions relating to refunds on the "Department of Revenue" side.
- (vii) The authorities concerned under the Central Excise and the Customs Act, who are authorised to make refund of duties, will not draw cheque/demand draft for the purpose but will issue a sanction in respect of the amounts falling due for refunds to the Pay & Accounts Officer of the Commissionerate, designated for the purpose. The PAO will collect the sanctions received by him in a month and draw a consolidated cheque/draft in favour of PAO office of the Pr.CCA CBEC, New Delhi and debit the payment to the subhead 'Deduct Refunds-Amount transferred to Consumer Welfare Fund' under the

relevant receipt major and minor heads of account. The PAO office of the Pr. CCA CBEC, New Delhi deposits the cheques received from the field PAOs of CBEC in the bank and issues a consolidated cheque in favour of PAO, Ministry of Consumer Affairs and Public Distribution at the end of every quarter. This could also take care of refunds, if any, ordered to be paid by the appellate authority which can be adjusted against the amount with the Head Quarters and only a net amount cheque issued to the PAO Ministry of Consumer Affairs and Public Distribution, New Delhi.

- (viii) On receipt of the cheques/drafts from the Pr. CCA CBEC, the Chief Controller of Accounts Ministry of Consumer Affairs will put through necessary adjustments crediting the amounts to the CWF under Major Head '8229-Development and Welfare Funds'. The Chief Controller of Accounts Consumer Affairs reports monthly for monitoring purposes, to the Department of Revenue, the actual expenditure incurred on the intended purposes by the Ministry.
- (ix) The expenditure to be met out of the Fund, as finally approved for inclusion in the Budget, will be provided under the relevant functional Major Head, in the Demands for Grants of the Ministry of Consumers Affairs & P.D. The Statement of Budget Estimates in respect of these items of expenditure with recoveries from the CWF will be furnished to Budget Division by the Ministry of Consumer Affairs & P.D. in a consolidated form, as required, along with other expenditure estimates of the Ministry. Before authorizing the expenditure against the Budget provision made, the Ministry of Consumer Affairs & P.D. will invariably ensure that there is adequate credit balance in the CWF for covering the expenditure.
- (x) While furnishing to Budget Division the detailed estimates of tax revenue coming under Major heads '0037' and '0038', CBEC will also indicate the amount that is included in the sub-heads "Deduct Refunds" which is not likely to be paid to the tax payers but which will be credited to CWF. A copy of this estimate of likely credit to CWF will also be sent to the Controller of Accounts, Ministry of Consumer Affairs & P.D.
- (xi) The CCA (Consumer Affairs) will include the receipts and outgoings in respect of the CWF in the consolidated estimates of Public Accounts transactions of the Ministry of Consumer Affairs & P.D., which are to be furnished to Budget Division for inclusion in the Budget. The outgoings will be equal to the provisions made for specified purposes in the Expenditure Budget (Demand for Grants).

8.8 Customs and Central Excise Welfare Fund and Customs Special Equipment Fund for Acquisition of Anti-Smuggling equipment

- 8.8.1** Government of India Ministry of Finance, Department of Revenue vide No. F No.13011/3/85-Ad.V dated 30.03.1985 gave their approval to the setting up of the following two funds in the

Public Account of India as part of liberalization of the policies and procedures relating to grant of rewards to the government servant. The funds are kept in the Personal Deposit account to be operated by the officers so authorized.

- (i) Customs and Central Excise Welfare Fund.
- (iii) Customs Special Equipment Fund.

8.9 Purpose of Creation of Funds

(a) Customs and Central Excise Welfare Fund

The purpose for creating this fund is to promote welfare of Staff and Officers. It is used for setting up of recreation clubs, libraries, scholarships for the children of employees, opening of crèches, providing vocational training to wives of employee, arrangements for subsidized transport facility for the staff, providing more amenities in the departmental canteens, giving death relief, medical assistance for emergency and construction of holiday homes etc.

(b) Customs Special Equipment Fund for Acquisition of Anti-Smuggling equipments

The purpose of creating this fund is for the procurement of anti-smuggling equipment of a specialized nature

8.10 Source and Accounting Procedure of Customs and Central Excise Welfare Fund, and Customs Special Equipment Fund

8.10.1 These funds shall be funded by transfer of 10% of the sale proceeds of confiscated goods credited to the government and customs/central excise duties, fines, penalties in offence cases realized and sustained in appeal/revision etc. In respect of Gold and Silver deposited in the Mint, the value adopted by the Department of Economic Affairs for internal transactions shall be reckoned, 10% of which shall be credited to the funds. Pr. CCA of CBEC and Financial Advisor to Ministry of Finance shall verify and confirm the yearly figures. On this basis budget provision shall be made in the Grant of the Ministry and sanction issued by Ministry of Finance based on the budget provisions. The distribution of credit among two funds shall be in the ratio of 1:1 to the customs and central excise welfare fund and the customs special equipment fund (for acquisition of anti-smuggling equipments).

8.10.2 Accounting procedure and system of transfer of shares in the fund

The two Funds viz. Customs and Central Excise Welfare Fund and Customs Special Fund for acquisition of anti-smuggling equipments shall form part of "Public Account of India". PAO (HQ) in office of Pr. CCA, CBEC, New Delhi shall carry out a transfer entry each financial year by debiting the Major Head "2037- Customs-00102-Preventive & other Functions-00797-Transfer to Reserve Funds & Deposit Accounts" during the year and crediting the

Major head "8229-development and Welfare Funds-120 Customs and Central Excise Welfare Fund, and 122-Customs and Central Excise Special Fund for acquisition of anti-Smuggling equipments" respectively. Thereafter, PAO (HQ), Pr. CCA (CBEC) shall transfer the amounts allotted to the two funds into separate Personal Deposit Account opened with the State Bank of India, New Delhi. Similarly, Personal Deposit Account shall be opened in favour of Commissionerate/Director or any other officer in the field in whose favour funds have been placed by the Governing Body for meeting expenses in connection with various purposes assigned. Payment to out station Commissionerates/Directorates etc. would be sanctioned/authorized by the Governing Body from the above personal Deposit Account by way of issue of cheque/demand draft.

8.10.3 Sanction of Grant/Subsidies/Amounts under Different Schemes

The approval/financial sanction, scheme wise and formation wise of the Governing Body shall be conveyed to the Commissionerates/ Directors, on the basis of approval/financial sanction of the Governing Body, the Head of the Department is competent to sanction/disburse the amounts in individual cases. However, the amounts sanctioned shall be within the over all limit of funds each year for the particular formation.

8.10.4 Responsibility for Maintenance of Accounts

The account of the funds will be maintained by a special Unit created for the purpose in each Commissionerate from within its existing staff strength. This Unit shall be manned by necessary Secretarial Staff under the supervision of the Chief Accounts Officer.

8.10.5 Documents

The following records shall be maintained to keep a proper account of the funds.

- (a) Separate general files for each fund in which all sanctions and vouchers will be kept.
- (b) Separate stock registers /disbursement registers for the three funds keeping record of articles purchased etc.
- (c) Miscellaneous correspondence file.

8.10.6. Audit of Funds

The documents relating to Personal Deposit Account maintained by the Personal Deposit Account holder shall be subject to the Internal Audit of the Pr.Chief Controller of Accounts, C.B.E.C at the Headquarters level, and by the Pay and Accounts Officers of the respective Commissionerate/Directorate level.

The Accounts will also be subject to statutory audit once in year by the Comptroller and Auditor General of India.

8.11 Personal Deposit Account

- 8.11.1** Personal Deposit Account is a device intended to facilitate the Administrator of the PD Account to credit the receipts and effect withdrawals directly from the account. This is subject to overall checks exercised by the bank in which the account is authorized to be opened, to ensure that no withdrawal will result in a minus balance therein. It is done with the help of Personal Ledger Account maintained by the bank for the purpose. The administrators of the Personal Deposit Account shall be only Government Officers acting in their capacity or any other capacity.
- 8.11.2** Personal Deposit Account may be authorized to be opened only with the special permission of the Ministry/department. The Ministry/department concerned is required to satisfy themselves on the need for opening such an account, the arrangements made for the proper maintenance of the initial accounts of the money that is to be kept in the Personal deposit Account, and their audit. The Principal CCA shall also be consulted for the purpose, and the proposal shall be forwarded to Controller general of accounts for their views, as well for opening the necessary head of account and finalization of the accounting procedure.
- 8.11.3** Personal Deposit Account may be required to creat by a law or a rule having the force of law, or where certain liabilities devolve on the Government out of the special enactments by way of bridging any deficit or shortfall in the account which are discharged by transferring funds to it from the Consolidated Fund of India. In such cases, the credit balance in the Personal deposit Accounts at the end of each financial year would lapse to Government, and for this purpose the account may be closed by affording minus debit to that extent to the relevant service head(s) in the Consolidated Fund. The Personal deposit Account may be revived in the subsequent year again, if necessary, in the usual manner.
- 8.11.4** Where work relating to payment etc. of a P D Account is entrusted to an Administrator or the Personal Deposit Account holder, the Chief Accounting Authority of the CBEC may determine whether or not the initial accounts, vouchers etc. shall be subject to post check by the concerned Pay and Accounts Office. The decision shall be taken with reference to the status, expertise etc. of the organization functioning under him. Where post check is required to be exercised by the PAO the Deposit account holder shall furnish the detailed monthly account alongwith the vouchers in support of the lump withdrawals/deposits made during each month, to the concerned Pay and Accounts officer. It will be done in the same manner as required by a cheque drawing DDO under the provisions contained in Chapter 3 of the Civil Accounts Manual. Where post check is not required to be exercised the Pay and Account Office will confine its check to the transactions of withdrawals from the account to see that they do not exceed the balance at the credit of the account. He will also ensure that proper paid cheques are received along with bank scrolls. The vouchers in such cases will remain in the custody of the P D Account holder, who shall be responsible for the regularity of all the payments out of the P D Account in all respects, and especially with reference to the relevant rules relating to the creation and operation of the Personal Deposit Account.

- 8.11.5** For every Personal Deposit Account, the Pay and Accounts Office shall invariably conduct a monthly reconciliation of the receipts and payments out of the P D Account against the reported figures in the bank scrolls and the monthly statement of receipts and expenditure submitted by the P D Account holder. The P D Account holder shall indicate the details of cheques issued by him but not encashed till the end of the month. For this purpose, an abstract "Abstract of the Register of Receipts and Payments" pertaining to the Personal Deposit Account (Annexe 8.2) shall be submitted by the P D Account holder to the concerned Pay and Accounts Office.
- 8.11.6** In some cases work of payment etc. relating to the PD Account may be entrusted to the Pay and Accounts office himself on behalf of the officer appointed to administer the account. In such cases, it shall be the responsibility of the PD Account administrator to examine the correctness of the receipts credited into the PD Account and to ensure the remittance of funds creditable to it by the concerned parties, either to the Pay and Accounts Office or directly in to the bank account for final accounting in the P D Account. Similarly, all claims out of the P D Account shall, if necessary, after scrutiny by the officer appointed to administer it shall be sent to the Pay and Accounts Officer, for effecting payments. In such cases the Pay and Accounts Officer shall maintain a register known as P D Account Register, as described below.
- 8.11.7** All receipts accruing to the PD Account shall be recorded on the receipt side briefly indicating the nature, date of the bank scrolls and amount credited into Deposit Account. On the payment side (right hand side) all payments out of the fund with necessary details shall be recorded. Progressive total of receipts and expenditure shall be recorded wherever an entry is made on the receipt or expenditure side, so as to ensure that a payment does not lead to minus balance in the account of any point of time. The Pay and Accounts Office shall discharge all its general functions prescribed in the Civil Accounts Manual in such cases. In the first week of every month, he shall furnish to the officer administering the account, a monthly account showing the opening balance, receipts, payments and closing balance of the transactions at the end of the previous month. At the close of each financial year, the closing balance in the P D Account shall be reconciled with that appearing in the figures under the relevant head in the March (Supplementary) accounts of the Pay and Accounts Office and a certificate to this effect shall be recorded in the PD Account Register. The PAO will also be responsible for the preparation of budget estimates and revised estimates in regard to the receipts and payments under the P D Account. It shall be done in consultation with the Officer appointed to administer the account, to be furnished to the Budget Division of the Ministry of Finance (DEA), in November each year.
- 8.11.8** Every PD Account shall be subjected to scrutiny by the Internal Audit Wing functioning under Pr CCA, CBEC.

PAYMENT OF REFUNDS AND REBATE OF CENTRAL EXCISE

- **Refund of Excise Duty includes rebate of duty paid on goods exported out of India, or on materials used in the manufacture of goods exported out of India.**
- **For the purpose of issue of refund cheques, cheque books are provided by the Pay and Accounts Officers (PAOs) to the concerned Divisional Officer/ Chief Accounts Officer of the Commissionerate, on requisition.**
- **After the Competent Authority issues claims for payment of Refunds/Export Drawbacks in accordance with the prescribed departmental procedure, the Deputy/Assistant Commissioner of Central Excise should ensure that payment is made to the party within 3 days of the order passed after due audit, if any.**
- **All Refund /Rebate claims involving an amount of Rs.5 lakhs or above should be subjected to pre-audit at the level of jurisdictional Commissioner.**
- **The Divisional Officer shall prepare a List of Payments on weekly basis i.e. on 7th, 14th, 21st & 30th of every month and send it to the P.A.O. along with paid refund vouchers directly.**

9.1 Introduction

9.1.1 Refund of Excise Duty is governed by Section 11-B of the Central Excise Act, 1944. Refunds, includes rebate of duty paid on goods exported out of India, or on materials used in the manufacture of goods exported out of India. Refund claim can be filed within one year from the relevant date in the specified form by an assessee or even a person who has borne the duty incidence, to the Deputy/Assistant Commissioner of Central Excise having jurisdiction over the factory of manufacture with a copy to the Range Officer.

9.2 Presentation of Refund Claim

9.2.1 Any person, who deems himself entitled to a refund of any duties of Central Excise or other dues, or has been informed by the department that a refund is due to him shall present a claim

in proper form, along with all the relevant documents supporting his claim and also the copies of documents/records supporting his declaration that he has not passed on the duty incidence.

9.3 Scrutiny of Refund Claim and Sanction

- 9.3.1** The Divisional Office will scrutinize the claim, in consultation with Range, wherever necessary, and check that the refund application is complete and requisite documents are enclosed. This should be done at the time of receipt of refund claim. In case of any deficiency, the same should be pointed out to the applicant, with a copy to the Range Officer, within 15 days of receipt.
- 9.3.2** Claims for refund of less than Rs. 100 shall not be entertained and for rebate, the minimum amount should be Rs. 500/- per claim as specified in the Notification No. 40/2001 CE (NT) dated 26.6.2001.
- 9.3.3** All claims for refunds including those arising as a consequence of appellate/revisionary orders, and /or as a consequence of orders made by High Court/Supreme Court (except where the provision under which the duty levied is declared as unconstitutional) have necessarily to be filed under Section 11-B, and considered and disposed of only in accordance with the relevant provisions relating to refunds as existing from time to time. No order of refund is to be made unless the claimant establishes that he has not passed on the burden of duty to others.

9.4 Payment of Refund

- 9.4.1** The Competent Authority as per prescribed departmental procedure, sanctions claims for Refunds/Export Drawbacks. The Divisional Officer for drawbacks issues a cheque payable at the nominated bank authorized for payments of Drawbacks. Where the claim has been admitted, whether in part or in full, and the claimant is eligible for a refund, the Deputy/Assistant Commissioner of Central Excise should ensure that payment is made to the party within 3 days of the order passed after due audit, if any.
- 9.4.2** Cheque-books are provided to the Pay and Accounts Officers (PAOs) concerned and thereafter issued to the Divisional Officer/ Chief Accounts Officer of the Commissionerates on requisition. On receipt of cheque books the following instructions contained in Central Government Accounts (Receipts and Payments) Rules, 1983 and reproduced as para 3.5.1 of Civil Accounts Manual should be carefully observed by the departmental authorised officer in relation to issue of cheque:-
- (i) Cheque books shall on receipt, be carefully examined by the authorized Departmental Officer, who should count the number of forms contained in each cheque book, and record a certificate of count on the fly-leaf. [Rule 40 of Central Government Account (Receipts and Payments) Rules, 1983].

- (ii) An account of cheque books and of cheque forms used daily will be maintained by the authorised Departmental Officer.
- (iii) Cheque books must be kept under lock and key in the personal custody of the drawing officer who, when relieved shall take receipt for the exact number of cheques made over to the relieving officer. [Rule 40(2) of Central Government Account (Receipts and Payments) Rules, 1983].
- (iv) The authorised Departmental Officer will notify the dealing bank on which he draws cheques, as well as the Pay and Accounts Officer, the number of each cheque book which from time to time he brings into use and the serial numbers of cheque leaves it contains. The bank will keep a record of the particulars for verifying the genuineness of the cheques presented for encashment [Rule 39 of Central Government Account (Receipts and Payments) Rules, 1983].
- (v) The loss of cheque books or blank cheque form shall be notified promptly to the branch of the bank with which the authorised Departmental Officer concerned is maintaining an account. [Rule 41 of Central Government Account (Receipts and Payments) Rules, 1983].
- (vi) In the absence of a specified request to the contrary from the payee, cheques drawn in favor of corporate bodies, firms or private persons shall be crossed. Subject to any instructions received from the payee a cheque shall be crossed "----- & Co." with the addition of the words "Not negotiable:" between the crossing. Where the payee is believed to have a banking account, further precaution shall be adopted where possible by crossing "-----& Co." and by quoting the name of the bank through which the payee will receive payment and by adding the words "A/c payee only-not negotiable". This rule shall apply to all cases where the use of crossed cheques is prescribed under Central Government Accounts (Receipts and Payments) Rules, 1983.
- (vii) All cheques should be written and signed in indelible ink only [Note 4 below Rule 42 of Central Government Account (Receipts and Payments) Rules, 1983].
- (viii) Cheques shall be payable at any time within three months after the month of issue. If the currency of a cheque should expire, it may be received back by the authorised Divisional Officer. Revalidation of a time barred cheques is not permissible. Fresh cheque will be issued in all such cases irrespective of the date of its drawal. For the procedure of cancellation of the time barred cheques and issue of fresh cheque in lieu thereof the following instructions should be followed:-
 - (a) The time barred cheque received back by the PAO/Departmental Officer should not be destroyed but it should be cancelled under his signature. The cancelled cheque should be treated as a voucher/sub-voucher for issuing fresh cheque in lieu thereof and entries regarding cancellation of the old cheque/issue of fresh

cheque with voucher number of the fresh cheque etc. should be made on the counterfoil of old cheque and in the relevant documents, viz. register of cheques issued, list of payments, office copy of the bill (Vr.), list of outstanding cheques etc. The amount of the time barred cheque should be classified as (-) credit below the head "8670-Cheques & Bills-Departmental Cheques" in terms of para 5.1.1 of Civil Accounts Manual. Entries regarding cancellation of old cheque with voucher number of the fresh cheque, etc. should be noted on the counterfoil/record slip of the old cheque book.

- (b) In the event of non-return of the time-barred cheque to the drawer, the drawer should on the expiry of the prescribed period of three months after the month of issue of the cheque require the payee either to return the cheque for cancellation/issue of fresh cheque in lieu thereof. The time barred cheques in their case also should not be destroyed but cancelled under the signature of the drawer.

[Rule 45 & G.I.M.F. OM No. 1(2)/92/TA/267 dated the 29th June, 1995 incorporated as G.O. below rule 46 of Central Government Account (Receipt & Payment) Rules, 1983].

- (ix) When it is necessary to cancel a cheque before its issue, its cancellation must be recorded with dated signature on the counterfoil of non-MICR cheque/loose leaf in case of MICR cheque, as the case may be, and the cheque must be destroyed. In case where it is issued and withdrawn, i.e., a fresh cheque is not required to be issued, the cheque should be defaced as above and forwarded to the P.A.O. simultaneously, the entries in the accounts should be suitably reversed [Rule 47 of Central Government Account (Receipts and Payments) Rules, 1983].
- (x) If a request is received by the authorised Departmental Officer for issue of a fresh cheque in lieu of a cheque which is alleged to have been lost, within a period of one year from the date of issue of original cheque, he should send an intimation by registered post to the bank drawn upon regarding the alleged loss of the cheque and advise it to stop payment if the cheque is presented for payment thereafter. If the currency of the cheque has not expired at the time of sending such intimation, the bank shall acknowledge the stop payment advice in writing. In case, however, the currency of the cheque, alleged to have been lost, has expired when the intimation regarding the loss of the cheque is sent to the bank, no acknowledgement of the 'stop payment order' may be insisted upon from the bank. The postal acknowledgement may be treated as sufficient for the record of the authorised Departmental Officer. On receipt of acknowledgement from the bank the authorised Departmental Officer will send a copy thereof to the Pay and Account Office for issue of a non-payment certificate.
- (xi) When cheque drawing Departmental Officer reports to the paying branch of the bank about a cheque issued by him having been lost, the bank shall record a "Stop" against

the cheque and issue an acknowledgement in the following form:

"We acknowledge receipt of your letter No. _____ dated _____ and advice having noted to stop payment of cheque No. _____ dated _____ for Rs _____ (Rupees _____) favouring _____.

In this connection it is certified that cheque No. _____ dated _____ for Rs. _____ reported by the Departmental Officer to have been drawn by him on this bank in favour of _____ will not be paid if presented thereafter."

- (xii) On receiving a copy of this acknowledgement from the said officer, the PAO concerned will, after verification of his relevant records i.e. "Register of Cheques Delivered" etc. and after keeping a suitable note against the relevant entry in that register, issue a non-payment certificate to the officer in the following form:-

"Certified that cheque No.dated.for Rs.reported by (the Departmental Officer) to have been drawn by him on.branch of.bank in favour of.has not been paid".

- (xiii) The officer will note particulars of the non-payment certificate received by him against the relevant entry in the office copy of the list of payments, to indicate that the original cheque has not been paid and it has been 'stopped' from payment. A similar note will also be made by him on the counterfoil of that cheque and office copy of the relevant paid voucher before issuing a fresh cheque in lieu thereof. While the paying banks need not thus issue 'non-payment certificate' there will be no change in their responsibilities in regard to lost cheques. All usual precautions will continue to be exercised by them with a view to ensuring that a cheque in respect of which advice has been received is not subsequently paid. If the original cheque is found to have been paid afterwards, the Departmental Officer will report the matter immediately to the paying branch under telegraphic intimation to the P.A.O. [Rule 48 of Central Government Account (Receipt and Payment) Rules, 1983].

9.4.3 Commissioner of jurisdictional Commissionerate will send the particulars of the officer authorized to sanction the refund/drawback claims and the PAO of the Commissionerates submits the specimen signatures of the designated Drawing Officer of the Commissionerates to the selected branch of the nominated bank authorized to make drawback payments. Cheque-books and leaves used for this purpose are marked by the Drawing Officer "Revenue Refunds and Rebates" with a rubber stamp. The Cheque issued is crossed and marked as "Account Payee". The concerned selected branch will maintain an account of each authorized officer for whom the branch will be acting as banker, separately for payment of refunds and will maintain appropriate record for such authorization and cheque books etc.

9.4.4 These cheque books will be allocated and accounted for separately from those used for disbursement of salaries etc. in the case of Cheque Drawing DDOs.

9.4.5 At one time, only one cheque book shall be used for refunds.

9.4.6 Payments of Refunds/Drawbacks are proposed to be brought under the electronic system in the near future, thereby dispensing with the existing manual procedure of cheque payments. O/o the Pr. CCA, CBEC and O/o DG (Systems), CBEC are presently working towards introducing an electronic refund/drawback payments through RTGS/NEFT.

9.5 Preparation of Scrolls

9.5.1 The cheques are honoured by the concerned bank branches (if in order) who will thereafter prepare separate payment scrolls (specifically marked Refunds, rebates and drawbacks) in the prescribed format (**Annexe 9.1.**) Major Head-wise in respect of cheques issued for payment of refunds.

9.5.2 The serial number of each entry in the scroll will be recorded by the nominated branch on the corresponding cheque for the purpose of identification.

9.5.3 Separate serial numbers, Major Head-wise, for each financial year will be given to the scrolls to facilitate detection of any omission in submitting the daily scrolls.

9.5.4 The scrolls will be totaled after the close of business every day by the paying branch and the books of the branch will be balanced for the day with reference to the totals of the day's scrolls.

9.5.5 Two copies of the daily scrolls along with paid cheques will be sent by the paying branch to the Focal Point Branch at the headquarters of the Commissionerate daily.

9.5.6 The triplicate copy of each scroll will be sent by the paying branch to the Divisional Officer and the quadruplicate copy will be kept for the record of the branch.

9.5.7 On receipt of the triplicate copy of the scroll, the Drawing Officer will check each payment recorded therein with the cash book maintained by him, (in which all cheques issued are recorded) and reconcile discrepancies with the paying branch under advice to the PAO.

9.5.8 On receipt of the payment scrolls from the branches, the Focal Point Branch will scrutinize the scrolls to ensure that they are complete and accompanied by all the paid cheques in respect of the refunds. The amounts entered in the scrolls will be tallied with the amounts of the cheques to ensure that the documents sent by the paying branches are correct and complete. The total of the day's scrolls will also be tallied with the amount transferred through inter-branch account.

9.5.9 A separate main payment scroll in the prescribed form (**Annexe 9.2**) will thereafter be prepared by the Focal Point Branch in triplicate Major Head-wise and two copies thereof (original accompanied by the copies of the branch scrolls with paid cheques) will be sent to the PAO every day. The PAO will return to the Focal Point Branch the duplicate copy of each scroll after verification. The mistakes pointed out by the PAO will be rectified by the Focal Point Branch through error scrolls.

9.5.10 The Focal Point Branch renders to PAO by 4th of the following month monthly statements in triplicate commonly known as DMS-showing date-wise payments in the prescribed Form **(Annexe 9.3)** on account of refunds reported to PAO (as per daily Main Scrolls) and settled with RBI, CAS, Nagpur. The original copy is sent to Link Cell. The mistakes/discrepancies pointed out by the PAO are rectified by the Focal Point Branch through the monthly statement (DMS) of the subsequent month and implications, if any, are reported to Link Cell for settlement with RBI, CAS, Nagpur.

9.6 Checking of Payment Scrolls and Supporting Paid Vouchers by P.A.O.

9.6.1 The Branch Scrolls together with paid cheques received from the Focal Point Branch will be checked by PAO as per the checks prescribed in Para 7.4 of Chapter-7 of this Manual.

9.7 Procedure for Refund of Duties, Fines and Penalties due to Adjudication Order etc.

9.7.1 Refund may arise out of:-

- (a) Adjudication order passed by the:-
 - (i) Commissioner, or
 - (ii) Deputy Commissioner, or
 - (iii) Assistant Commissioner, or
 - (iv) Superintendent of Central Excise.
- (b) Order in appeal passed by:-
 - (i) Commissioner of Central Excise,
 - (ii) Central Board of Excise and Customs
- (c) Order-in-Revision Petition passed by the Government of India.

9.7.2 In case of refunds of duties, fines and penalties as a result of adjudication order or order-in-appeal /Revision Petition, a fresh sanction for payment of refund is not called for.

9.7.3 The Assistant Commissioner (Tech) in the headquarters' office or, if there is no Assistant Commissioner (Tech), Assistant Commissioners should sanction the refund arising out of the following type of cases:-

- (a) Adjudication orders passed by the Commissioner or the Deputy Commissioner posted in the Commissionerate.
- (b) Appellate orders passed by the Central Board of Excise & Customs or the Appellate Commissioner against the orders in original passed by the Commissioner or Deputy Commissioner posted in the headquarters of the Commissioner.

- (c) Orders in revision passed by the Government of India were the original order was passed by the Commissioner or Deputy Commissioner posted in the headquarters of Commissionerate.

As soon as an order in original is passed by the Commissioner or Deputy Commissioner or as soon as orders or revision along with the case records are received in the Commissionerate headquarters, and where any refund has fallen due, the Assistant Commissioner (Tech) or Assistant Commissioner (HQ) will prepare the payment order in the prescribed form and will send it to the Chief Accounts Officer. On receipt of payment order, the Chief Accounts Officer or the officer authorised to issue cheques should issue a crossed Account Payee Cheque.

9.8 Adjustment in Account and Reconciliation

- 9.8.1** In terms of the procedure for reporting and accounting of transactions, the dealing branch of the bank will send a copy of the daily scroll to the Divisional Officer. The scrolls received from the bank should be checked with reference to the 'Register of Cheques Issued' as to the number and the amount of cheques paid. Date of encashment should be noted in the relevant column of the register of cheques issued. A Bank Reconciliation Statement (Form -CAM 20 as **Annexe 9.4**) should be drawn up every month explaining the difference between total payments made as per the bank scroll and the total payments during the month as per the register of cheques issued, indicating the details of the cheques issued during the month but not encashed, and cheques issued in earlier weeks cashed during the month. Discrepancies, if any noticed in the scrolls should be taken up with the bank immediately. The bank reconciliation statement will also be sent to the Pay and Accounts Officer.
- 9.8.2** The Divisional Officer shall prepare a List of Payments (LOPs) on weekly basis (**Annexe 9.5**) i.e. 7th, 14th, 21st & 30th of every month under revenue account in the form given at Annexure and send it to the P.A.O. along with Paid Refund Vouchers directly. The accounting adjustment is made on the basis of the LOPs received from the department and the paid cheques will be received from nominated bank branch on account of making refunds and will be accounted for by the, PAO and should under the concerned revenue head as deduct refunds/drawbacks in the monthly accounts and these figures are communicated to the Commissionerates along with revenue figures. The PAO should conduct reconciliation; it may be ensured that the LOPs are received in time in PAO's office failing which the refunds are not accounted for in the same month in which they have been paid. These may lead to adverse balances under Major Head "8670-Departmental Cheques".
- 9.8.3** The Departmental Officer is responsible to reconcile the refunds/drawback payments with the figures booked by the PAO after the closure of each monthly account by 15th of the following month. The Departmental Officer is also responsible to reconcile any discrepancy, with the paying branch.

9.8.4 In the case of refunds of revenue there is no budgetary allocation and the total monthly payments as account of refunds are booked in the accounts as "Deduct Refunds", "Deduct Drawbacks" below the relevant revenue receipt major head of Account. There is no specific allocation or sanctioned grant upto which the sanctioning authority can admit the refund claims and issue cheques.

9.8.5 This account will be maintained separately from the one for which letter of credit/ assignment are issued for arranging payments on account of salaries, contingent etc. in the case of CDDOs.

9.9 Checking of List of Payments and Vouchers received from the Departmental Officer by PAO.

9.9.1 The lists of Payments alongwith the vouchers of refunds received from the officers authorised to issue cheques will be checked in the Pay and Accounts Office whether due procedure was followed or not.

9.10 Pre Audit/Post Audit

9.10.1 All refund /rebate claims involving an amount of Rs. 5 lakhs or above should be subjected to pre-audit at the level of jurisdictional Commissioner and a suitable Order-in-Original shall be passed by Deputy/Assistant Commissioner of Central Excise.

9.10.2 For the refund/rebate claims involving an amount above Rs. 50,000/- but below Rs. 5 lakhs, Orders-in-Original should be issued by Deputy/Assistant Commissioner. These Orders-in-Original should be subjected to compulsory post-audit at the level of Additional /Joint Commissioner (Audit).

9.10.3 In cases of refund /rebate claims involving an amount upto Rs. 50,000/- no Order-in-Original need be passed if the claim is sanctioned in full. However, in case the sanctioned amount is less than the claimed amount Order-in-Original should invariably be issued. These sanction orders may be post-audited on the basis of the random selection by Deputy/Assistant Commissioner (Audit) in such a way that at least 25 percent of the claims are post-audited. As Orders-in-Originals are not being passed in such smaller cases (except when not sanctioned in full), it may not be necessary to subject these sanction orders to review under Section 35-E of CEA.

Note-1 The claims of refunds, drawbacks and rebates are being audited by the Internal Audit Deptt. of the Commissionerate and the audit is also carried out by CERA/FERA units of the C&AG. But the refund claims are not subjected to Audit by Pr. CCA, CBEC.

- **Constitution of India (Entry No.83 of List 1 to Schedule VII) empowers the Union Government to collect Custom Duties on imports and exports in accordance with Customs Act, 1962 and Customs Tariff Act, 1975.**
- **Customs Duty is collected through physical mode at non-EDI locations, physical mode at EDI locations, electronic mode and Departmental Treasuries.**
- **17 Banks are presently authorized for collection of Customs Duties through e-mode.**
- **e-PAO, Customs has started functioning from 16.01.2012 located at New Delhi.**

10.1 Introduction

- 10.1.1** The Customs Act was formulated in 1962 to prevent illegal imports and exports of goods. Besides, all imports are sought to be, subject to a duty, with a view to affording protection to indigenous industries as well as to keep the imports to the minimum in the interests of securing the exchange rate of Indian currency.
- 10.1.2** Customs Duty cover substantial areas of activities involving international passengers, general public, importers, exporters, traders, manufacturers, carriers, port and airport authorities, postal authorities and various other Government/Semi-Government agencies, Banks etc. Constitution of India (Entry No. 83 of List 1 to Schedule VII) empowers the Union Government to collect Customs Duties on imports and exports in accordance with Customs Act, 1962 and Customs Tariff Act, 1975, amended from time to time.

10.2 System of collection

- 10.2.1** At present Custom Duties are collected by various Commissionerates. The Custom Houses located at the major ports of Mumbai, Kolkata, Chennai, Cochin, Vishakhapatnam, Kandla, Nhava Sheva and Goa have Departmental Treasuries. The functions of collection of customs duties and remittance of net collections into the Focal Point Bank are discharged by these Treasuries. Since 1997-98, in addition to the Departmental Treasuries, the Electronic Data Interchange System (EDI) has been introduced at selected major Custom Houses (where Departmental Treasuries were earlier functioning) and other Custom Commissionerates to collect Custom Duty and to pay duty drawback through electronic mode.
- 10.2.2** In respect of Minor Ports where there is no Departmental Treasury, Customs Duty is paid through challans at any authorized branch of nominated bank, as in the case of Central Excise Receipts.
- 10.2.3** At present, there are four systems followed for collection of Custom Revenue:
- (i) Traditional Manual/Physical System;
 - (ii) Indian Customs EDI (Electronic Data Interchange) System (ICES);
 - (iii) e-Payments;
 - (iv) Collection of Revenue by Departmental Treasuries at Major Custom Houses.

10.3 Manual system

- 10.3.1** In the manual system, the Importer/Exporter is required to fill in the Bill of Entry (BE)/Shipping Bills (SB) as prescribed by the department for import or export of goods. On the basis of details provided in the BE/SB the designated officer does the appraisal/item-wise calculation of various duties and prepares four copies of challan for tendering duty payment at the counter of the authorized banks. One copy of the challan is sent to the Pay and Accounts Officer along with the receipt scrolls for detailed accounting and reconciliation. Two copies of the challans will be handed over to the Importer/Exporter for release of goods and his record. The fourth copy of the challan will be sent to the designated custom officer for reconciliation with release of goods.
- 10.3.2** The Pay and Accounts Offices (PAOs) compile the revenue accounts from the physical challans received from banks. PAOs prepare reports of reconciliation to ensure that duties collected by the banks are properly accounted for and remitted to Government Account within the prescribed time. The revenue account compiled by the Pay and Accounts Offices

is also reconciled with the challan information collected by the departmental officer viz. Chief Accounts Officer.

10.4 Manual collection of revenue under ICES System at EDI locations

10.4.1 Under the new system with the advent of ICES, though the process of payment of duties remains the same, the BE/SB are entered in the system (EDI) of the department through a service centre at every EDI location. The Customs Duty payments are made through the challan generated by the department from ICEGATE after commodity/item wise appraisal of each BE/SB. Four copies of the challans are generated (TR-6/GAR-7) and provided to the Importer/Exporter by the service centre for tendering duty payment at the counter of the authorized bank.

10.5 Electronic Accounting System for e-Receipts in Customs (EASeR-C) EDI locations

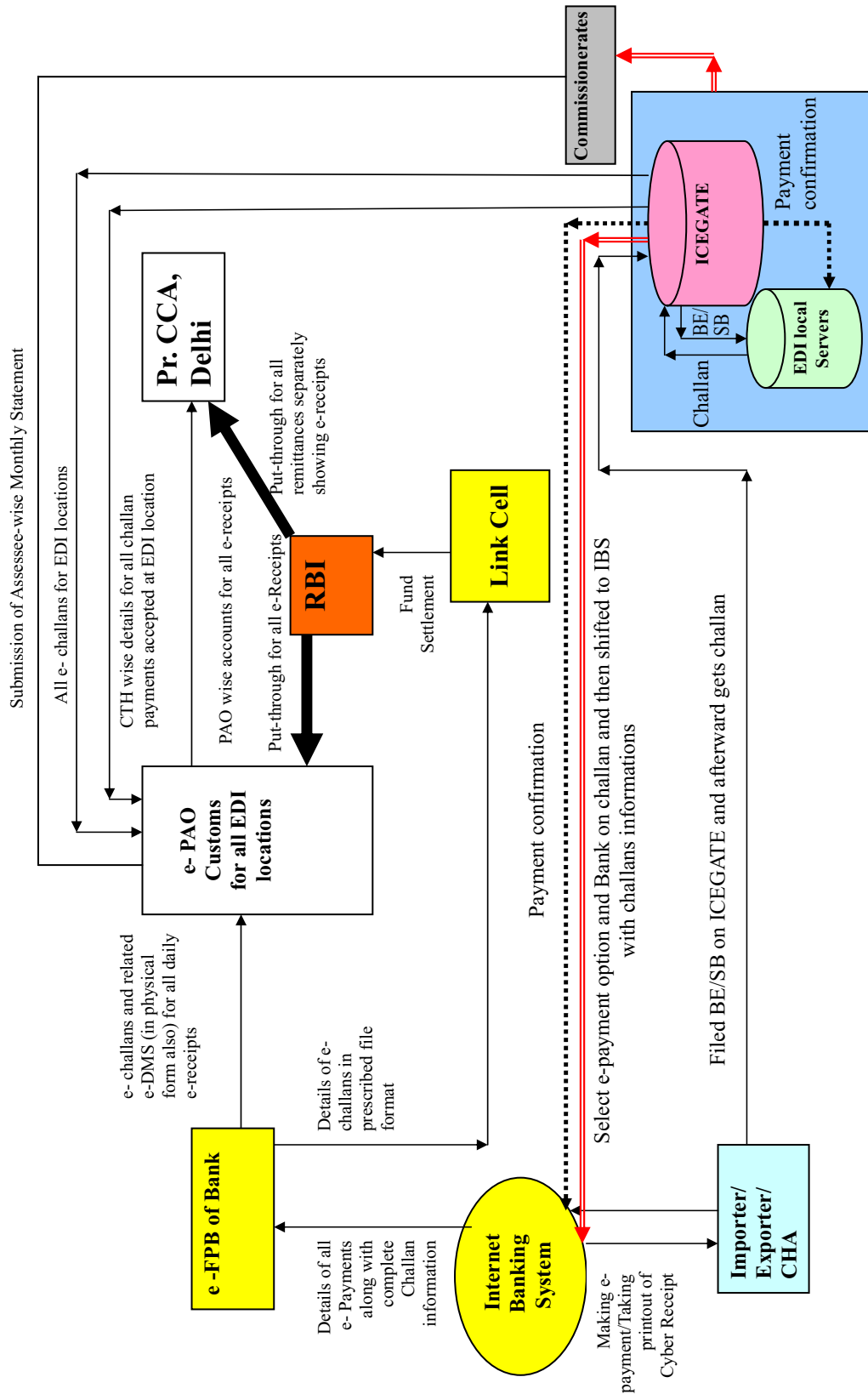
10.5.1 The Central Board of Excise and Customs (CBEC) has provided e-Payment of customs duty facility to the Importer/Exporter in addition to the existing physical method of paying taxes at the counter of the authorized banks. EASeR-C enunciates the accounting procedure for e-payments of Customs duties.

10.5.2 Business Process under EASeR-C for Customs EDI locations:-

- (i) Authorization and de-authorization of banks for collection of Customs duties is done from time to time by the Controller General of Accounts in consultation with Reserve Banks of India. Seventeen Public Sector Banks are currently authorized to collect Customs Duties through e-payment mode. (Annexure 10.1)
- (ii) For smooth implementation of EASeR-C, a separate e-PAO for Customs, has started functioning from 16th January, 2012 at New Delhi.
- (iii) In the electronic mode of payment there is no direct customer interaction at the bank counter and hence no paper challan from the Importer/Exporter is required. The Internet Banking System and e-PAO will receive the challan details for e-receipts in the prescribed file format through ICEGATE portal of the department on a daily basis. Since the Challan details are electronically available, the details of all successful e-payment would be provided by the e-FPBs of the banks in a secured manner to the e-PAO (Customs) on daily basis.

10.5.3 Data Flow Under EASeR-C is on next page.

Data Flow in EASeR-C



10.5.4 Data specifications

- (i) The entire e-Payment data reported by the e-FPB to the e-PAO/Link Cell shall conform to data specifications prescribed under file formats for EASeR-C.
- (ii) The file format for Record Type CR-11 prescribed under EASeR-C would form a part of the e-Payment information to be furnished to the e-PAO on a daily basis.

10.5.5 Banking arrangements for Customs under EASeR-C

- (i) All Banks offering e-Payment facility for Customs collections will collect duties for all Commissionerates under the EDI system.
- (ii) An e-FPB (Customs) designated by each bank has been authorized in addition to the existing FPB for physical collection to collate and scroll all Customs e-Payment receipts. Such branches will act as the receiving branch and Focal Point Branch, notwithstanding the fact that the Importer/Exporter may have debited his account in any of the bank's branches while making e-Payment. The e-FPBs (Customs) so authorized are located at New Delhi.
- (iii) The e-FPBs (Customs) will scroll e-receipts and send them to the e-PAO (Customs). No separate Commissionerate-wise scrolls will be generated by e-FPBs (Customs).

10.5.6 Procedure for acceptance of Customs duties through online payment system

- (i) An Importer/Exporter can make e-Payment of Customs duties at the Internet Portal of any of the authorized bank. The procedure of e-payment of Customs Duty is as under:
 - (a) Access the URL www.icegate.gov.in to log on to the Customs e-payment gateway;
 - (b) Select e-payment under Services;
 - (c) Provide Import/Export Code or the login credentials given by ICEGATE;
 - (d) Select e-payment;
 - (e) All unpaid challans relating to the Importer/Exporter are displayed;
 - (f) Click against the challan to be paid;
 - (g) Select the Bank for payment;
 - (h) Importer/Exporter will be redirected to the Banks internet portal;
 - (i) Enter Internet Banking user ID and Password;
 - (j) Select the account from which the payment is to be made;

- (k) On successful transaction, the e-receipt can be printed/saved;
- (l) Importer/Exporter will be redirected to ICEGATE to complete the transaction.
- (ii) In e-Payment, the date of tender and date of realization will be the same date since the payment is directly debited to the Importer/Exporter's account and credited to the bank's account instantaneously.
- (iii) On successful completion of the transaction an instant Cyber Receipt (downloadable/printable) shall be provided to the Importer/Exporter as acknowledgement of successful payment. The cyber receipt provided to the assessee shall contain the following details.
 - (a) ICES_login Id, the Customs House Code/EDI Code as received from ICEGATE.
 - (b) The Challan Number assigned to the document (BE/SB/UAB) as received from ICEGATE.
 - (c) BE/SB Number assigned by the EDI as received from ICEGATE.
 - (d) BE/SB Date as provided by the EDI as received from EDI/ICEGATE.
 - (e) Document Type (BE/SB/UAB) as received from EDI/ICEGATE.
 - (f) The Challan amount (Amount of duty paid). The payment can only be effected for the specific amount as indicated in the challan.
 - (g) Importer/Exporter Code as received from EDI/ICEGATE.
 - (h) Importer/Exporter Name as received from EDI/ICEGATE.
 - (i) BSR Code of the Bank branch (7 digits).
 - (j) Transaction number (generated by Internet Banking System which is internal to each bank as per their requirement.
 - (k) Date and Time of Transaction.
- (iv) The Collecting Bank will not issue a receipt in any other form for e-receipts for Customs.

10.6 Functions of e-FPB and preparation of receipt scrolls

10.6.1 e-Payments are made at authorized bank's internet portal on the basis of the challan generated by the ICES/EDI and brought by the Importer/Exporter from ICEGATE. After completion of the end of the day process and reconciliation between ICEGATE and e-FPB in all working days (holidays as per RBI calendar), the Internet Banking System should identify all e-Payments effected for the day. On a day-to-day basis, after carrying out

prescribed checks and validations, the Internet Banking System will pool all e-Receipts at the designated e-FPB for preparation of the Main Scrolls.

10.6.2 The e-FPB will be responsible for the prompt and accurate accounting of the collections reported to it daily by the Internet Banking System. The e-FPB will take the following actions on daily basis.

- (i) The e-FPB (Customs) will collate the challan data in respect of all Customs internet payments for the day.
- (ii) A separate running Scroll Serial No. extending through a financial year (1st April to 31st March) will be given to records relating to the Major Head (0037-Customs) which are transmitted to the e-PAO (Customs) on each day.
- (iii) The e-FPB shall generate a Daily Main Receipt scroll in Record Type CR-12 for the Customs e-Payments receipts based on the challan.
- (iv) The details of the challans in respect of the Internet payments with the naming convention of the Daily challan details file shall be digitally signed by the authorized signatory of the e-FPB and forwarded on a daily basis to the e-PAO (Customs).
- (v) The Revenue Accounting System in the e-PAO would reconcile the challan details contained in the CR 11 file with the summary information contained in Record Type CR-12 of the same Daily challan details file. In case of non-reconciliation, the file would be rejected and the bank will have to resubmit the same after necessary correction.
- (vi) As a transitional arrangement, the e-FPB will also send a physical copy of the Daily Main Scroll and Datewise Monthly Statement (DMS) duly authenticated by the bank to the e-PAO (Customs).
- (vii) In the case of e-Payments, the e-FPB shall be the Receiving Branch as well as the Focal Point Branch. Accordingly, the BSR code of the Receiving Branch and BSR code of the Focal Point Branch shall contain similar values in CR-11 & CR-12.
- (viii) The e-FPB shall simultaneously forward the details of the e-Challans to its Link Cell at Nagpur clearly indicating that the collection relates to Customs e-Payment for further consolidation and fund settlement with CAS, RBI Nagpur. While forwarding the data to the Link Cell, the e-FPB shall carry out within the prescribed time limit the required validation checks, to ensure the accuracy of data.
- (ix) The e-FPB shall also be responsible for providing the digitally signed electronic Date wise Monthly Statement (e-DMS) for the month to the e-PAO by the 4th of the following month in file format Record Type CR-13.

10.7 Functions of Link Cell

- 10.7.1** The Link Cell acts as a pooling centre for all receipts (including e-Receipts) coming to it from e-FPB/other FPBs. It is responsible for settling the funds as per the prescribed procedure to Government account at Reserve Bank of India, CAS (Central Accounts Section) Nagpur on a day to day basis.
- 10.7.2** The Link Cell will make daily fund settlement with RBI, CAS, Nagpur distinctively in identifiable format for physical collections and e-collections. In the existing system FPBs through its Link Cell report daily Commissionerates wise Customs collection figures to RBI. In the case of e-FPB (Customs) the reporting will be only for the e-PAO (Customs). No separate Commissionerates wise reporting would be required. The e-Payment data transmitted to the e-PAO (Customs) by the e-FPB (Customs) should tally with the amount of fund settled with RBI against Customs e-collection on a day to day basis.
- 10.7.3** The Link Cell of the bank shall prepare a "Put-through statement" (in quadruplicate) by the 15th of the following month separately in respect of Customs e-Payment receipts reported to RBI, CAS, Nagpur during the previous month in respect of e-PAO(Customs).
- 10.7.4** For the purpose of final reconciliation the Link Cell will prepare (in quadruplicate) a monthly summary of the aggregate amount of put through in respect of all PAOs (Commissionerates) as prescribed by CGA/RBI from time to time separately for submission to Pr. CCA, CBEC. This would also include the figures put-through against e-PAO (Customs) in a distinctively identifiable manner.

10.8 Central Accounts Section (CAS), RBI, Nagpur

- 10.8.1** The Monthly put through statements will be verified by RBI, CAS, Nagpur. One copy of the statement is sent by the Link Cell to the e-Focal Point Branch and another copy to e-PAO, Customs directly for verification and settlement of discrepancies.
- 10.8.2** One copy of the monthly statement of the Link Cell and summary (where applicable) as verified by RBI, CAS, Nagpur is sent by RBI to the O/o Pr. CCA, CBEC who clears the Head "PSB suspense-Bank -X" by transfer to the head "8675-Deposits with RBI".

10.9 e-Pay and Accounts Office (Customs)

- 10.9.1** The e-PAO (Customs) will obtain Customs e-Payment details in electronic format (Record Type CR-11 and CR-12) on a day to day basis from e-FPB (Customs) of all the authorized banks.
- 10.9.2** The e-PAO (Customs) will incorporate the electronic file (CR-11 and CR-12) so received from e-FPB (Customs) into his revenue accounting software to tally the challan details (CR-11) and daily scroll details (CR-12). In case of difference or the file being corrupted,

the same will be returned to the concerned e-FPB for rectification and re-submission. e-PAO (Customs) will keep a record of such returned files to ensure receipt of the rectified file.

10.9.3 As the information received from e-FPB (Customs) in CR-11 and CR-12 do not contain the duty bifurcation or related account heads, e-PAO (Customs) will get the item/commodity wise duty assessment details relating to each BE/SB and related challans for which the payment were made through e-Payment mode from all the ICES/EDI sites through ICEGATE portal of the Department. The assessment details (Customs Tariff wise) will be available electronically to e-PAO (Customs) on a day to day basis in file format CR 15.

10.9.4 The e-PAO (Customs) will incorporate the assessment details so received from ICES/EDI sites through ICEGATE (CR-15) into the revenue accounting software for matching the total e-Payment receipts ICES/EDI wise, BE/SB wise, Scroll wise and Challan wise and compile the detailed monthly account. The revenue accounting software of e-PAO (Customs) will map the Customs Tariff sections available in CR-15 to the corresponding detailed accounting heads and will construct daily and monthly accounts for e-PAO (Customs).

10.9.5 The e-PAO (Customs) through trial consolidation in the revenue accounting software would tally the daily scrolls with the DMS rendered by each e-FPB (Customs). The total of the month's bank wise e-receipts would be verified against the DMS and the DMS would be verified against the RBI verified Put-through statement received from the Link Cell of the banks.

10.9.6 One copy each of the physical e-DMS (received from the e-FPB) after recording verification thereon would be sent by the e-PAO to the e-FPB and the O/o Pr. CCA, CBEC by the 10th of the following month.

10.9.7 ICES/EDI wise, BE/SB wise and Challan wise Customs e-Payment details can be generated for any given period through the revenue accounting software of e-PAO (Customs). However, since these details are available with each ICES/EDI location, e-PAO (Customs) would generate a monthly e-Payment collection report ICES/EDI wise and would provide it to the concerned ICES/EDI electronically for departmental reconciliation with a view to seeing that:

- (i) the Challans have been properly classified in the Monthly Collection report of the Pay and Accounts Officer,
- (ii) the amount of the Challans agree with those appearing in the Monthly Collection report, and
- (iii) in case any amount is found misclassified in the Monthly Collection report, the same should be pointed out to the PAO and got rectified through appropriate entries.

10.10 Redressal of public grievances

10.10.1 Each authorized Bank should have an effective procedure for dealing with Public complaints for e-Payment related matters centrally and at the branches rendering service to Government Departments or members of the public, as prescribed from time to time. In case the bank detects a mistake in reporting of a tax payment or the Major-Head of tax payment, either suo moto or on being brought to its notice by the tax payer, the bank will promptly take steps for rectification in the manner prescribed by the Office of Pr. CCA, CBEC from time to time.

10.11 Collection of Customs Duty by Departmental Treasuries at Major Customs Houses.

10.11.1 In Custom Houses at Major (Sea) Ports namely, Mumbai, Chennai, Kolkata, Cochin, Kandla, Vishakapatnam and Goa, the Customs dues, payment of refund and drawback claims and remittance of net collections into the Focal Point Bank are performed by the Custom House Treasury (technically termed as Departmental Treasury). The Treasury has two wings-Cash Deptt. and Accounts Deptt. The customs revenue are collected through Bills of Entry, Shipping Bills and miscellaneous Bills and payments of refunds and drawback claims are arranged by cash/cheques. The detailed procedure in this regard is given in the "Central Manual of Cash and Accounts Deptt. in the Custom Houses". Some salient features of the procedure are given in the succeeding paragraphs.

10.12 Payment of Import Duty on Bills of Entry

10.12.1 After they have been checked and noted in the Appraising Department, License Section etc. the Bills of Entry in quadruplicate are received in the treasury where the following checks are exercised:-

- (a) That the figures in duplicate and triplicate copies of the bills of entry agree with the original Bills of Entry.
- (b) That the amount of duty has been duly calculated in the respective units and the amount is typed in figures and words with pin point type writer on the original and duplicate copies of the Bills of Entry.
- (c) That the duty figures have been certified by the duty collector on the original bills of Entry.

10.12.2 The import duty on such Bills of Entry can be paid by the importer in one of the following modes :

- (a) In cash

- (b) By Cheques/Demand Drafts/Pay Orders
- (c) By adjustment in Personal Deposit Account.

10.12.3 Where payment is made in cash the amount of duty is collected by the Cashier, the Bills of Entry are stamped and the amount of duty is entered in words in the space provided in the stamp. If the payment is made by cheque/demand draft etc, the Cashier sees that it is drawn in favour of the Collector of Customs by scheduled banks (which are member or sub-member of the bankers clearing house of the state concerned) on their accounts with the Reserve Bank of India. Such cheques should also clearly show the name of the individual or firm to whose account they are to be debited. The treasury can also accept pay orders of the State Bank of India in lieu of cash for payment of customs duties. Drafts drawn by a branch of State Bank of India on the local branch are also accepted. Such cheques/drafts are sent to the Bank for collection on the same day or the day following with challan.

10.12.4 After payment of duty, the Bills of Entry are entered in the relevant registers in the cash branch. Thereafter, these are sent to the Accounts Department for accounting and entering them in the Register of General Receipts.

10.12.5 The original copy of the receipted Bills of Entry is retained by the Custom House treasury and the remaining copies are handed over to the importers for presenting them to take delivery of goods.

10.13 Payment of Export Duty and Cesses on Shipping Bills

10.13.1 After they have been approved by the Export Appraiser and the amount of duty payable has been calculated on adjusting the drawback, if any, and typed thereon, the shipping bills in triplicate are handed over to the exporter for payment of duty in the treasury.

10.13.2 On presentation of the shipping bills at the Treasury for payment of duty, broadly the same checks as prescribed for Bills of Entry are exercised. After the duty is collected by the Cashier, shipping bills are embossed with stamp and the amount of duty is entered in words in the space provided in the stamp. Necessary entries are made in the relevant registers in the Cash Branch/Accounts Branch. Thereafter original copy of the shipping bill is detached and duplicate & triplicate copies are handed over to the exporter.

10.14 Collection of Other Receipts

10.14.1 In addition to the Import/Export duties, the Custom Houses deal with a number of other receipts which fall broadly under the following categories:-

- (a) Fees for various purposes e.g. for issue of transshipment permits, for admitting amendments to documents like manifest, shipping bill etc., fees for issue of duplicate copies of documents, bottling fees, testing fees, inspection fees.
- (b) Recoveries like fines, penalties, warehouse rents, overtime receipts.
- (c) Other miscellaneous receipts for example, sale proceeds of confiscated goods.

10.14.2 The above receipts are mostly paid in the treasury in cash. The Cashier, before receiving the amount ensures that the amount due are certified as correct by the different departments concerned in the Custom House. He affixes the cash stamp of receipt on the document itself which is then passed on to the cash sheet Units. In these units all such documents are numbered and then entered in the "Register of Miscellaneous Receipts". The documents are thereafter sent to the Accounts Department where these are checked and then posted in the Register of General Receipts.

10.14.3 The facility of payment of Customs revenue pertaining to the major Custom Houses at these Ports in the Public Sector Banks will not be available to importer/exporter since it will be more convenient for them to pay their dues in the departmental treasuries. These departmental treasuries shall continue to collect Customs revenue and the PSBs at these Centres will not be permitted to receive Customs Duty revenue relating to these Custom Houses.

10.15 Remittances of daily collections into Focal Point Branch.

10.15.1 Remittances of amounts received by the cashier during the day either in cash, by cheque are sent to the Focal Point Bank at regular/specific intervals after 10.30 A.M. but before 2.15 P.M. on full working days and upto 12.45 P.M. on Saturdays. The amount on the day of remittance includes cash and cheques received after 1.45 P.M. upto the closing hour on the previous day and that received between 10.30 A.M. to 1.45 P.M. on full working day and upto 12 noon on Saturday.

10.15.2 The Reserve bank of India at Mumbai, Kolkata and Chennai will function as Focal Point Branches for the Custom Houses located there whereas, the nominated branches of the State Bank of India will function as Focal Point Branches for the Custom Treasuries at Cochin, Kandla, Visakhapatnam and Goa.

10.16 Treasurer's Balance Report and Closing for the day.

10.16.1 At the close of each day, the closing of the previous day is brought forwarded as opening balance of the day and the collections received through the various registers are entered as receipts in the Treasurer's Cash Balance Report. The amount paid by cheques is entered on the receipt side. Similarly, the total of all payments as shown in the Register of Payments by cheques are shown as payments. By deducting the total payments from the sum total of the opening balance, gross receipts and Customs Cheques, the actual closing balance intended to be kept in the Strong Room is worked out and this agrees with the total of the balance memorandum giving details of all cheques, notes and coins. The balance thus shown in the Treasurer's Cash Balance Report should agree with the closing balance shown in the Daily Cash Balance Report prepared by the Accounts Branch separately.

10.16.2 After the balance in the hands of the Treasurer is verified and found to be correct, the C.A. O/A.C.A.O signs the Treasurer's Cash Balance Report. The balance is then kept in the Strong Room under double lock.

10.16.3 The closing balance in the Treasury on the last working day of the month is verified by the C.A.O/A.C.A.O on the morning of the first working day of the next month. As required under Rule 4(3) of Treasury Rules, the verification of the treasury balance must be performed by the Commissionerate in person at least once in every period of six months.

10.16.4 The monthly Cash Balance Report is signed by the C.A.O/A.C.A.O and is sent to the Pay and Accounts Officer of the Custom House.

10.17 List of Outstanding Cheques of Refunds/Drawbacks

10.17.1 At the end of each month, the cheque writer prepares a list of outstanding cheques from the cheque payment register. A daily statement of cheques encashed is received from the Bank and the details are posted against the relevant column of the cheque payment register. Items against which no entries have been made become outstanding and such items are picked up and brought together in the form of a statement and a total is struck, which is verified with the figures already worked out separately in the cheque payment register itself. After agreement the list is put up to C.A.O./A.C.A.O for signature and after its approval, it is attached with the monthly Cash Accounts to be sent to the Pay and Accounts Officer.

10.18 Compilation and rendition of Monthly Account

10.18.1 The Custom House Treasury shall prepare a consolidated monthly account of all revenue receipts and refund and drawback payments in the prescribed form and submit it to the Pay and Accounts Officer by 3rd of the following month, duly supported by the following documents.

- (a) Schedule showing the Remittances during the month into Reserve Bank of India.
- (b) List of Refunds/Drawback payments
- (c) Schedule of outstanding cheques.
- (d) Schedule showing details of Customs revenue under different heads.
- (e) Cash Balance Report.
- (f) Schedule showing the payment of refunds and drawbacks during the month.
- (g) Schedule of Re-payment of lapsed Deposits.
- (h) Plus and Minus Memo of
 - (i) Customs Revenue Stamps
 - (ii) Deposit Accounts
- (i) Monthly Statement of Drawback payments debitable to '0038-Union Excise Duties, but initially booked under '0037 Customs (see para 12.4.4 of Chapter 12).
- (j) Indian Light House collection
- (k) Sales Tax collection.

PAYMENT OF REFUNDS AND DRAWBACKS OF CUSTOMS DUTY

- **Section 27 of the Customs Act, 1962 deals with the refund of duty and interest. An application for refund is required to be filed within 6 months from the date of payment of duty and interest.**
- **The Duty Drawback seeks to rebate duty or tax chargeable on any imported/excisable materials and input services used in the manufacture of export goods. Application for Duty Drawback is required to submit within 3 months from the date of export of goods.**

11.1 Customs Refunds

- 11.1.1** On import or export of goods, at times duty may be paid in excess of what was actually leviable. Such excess payment may be due to lack of information on the part of importer/exporter or non-submission of documents required for claim of lower value or rate of duty. Section 27 of the Customs Act, 1962 deals with the refund of duty and interest. As provided therein, refund of duty and interest can be claimed either by a person who has paid the duty in pursuance to an order of assessment or a person who has borne the duty.
- 11.1.2** An application for refund is required to be filed within six months from the date of payment of duty and interest and in case of any import made by an individual for his personal use or by Government or by an educational, research or charitable institution or hospital, application for refund is to be filed within one year from the date of payment of duty and interest.
- 11.1.3** On scrutiny, the application of refund found to be complete in all respects by Customs, is processed to see if the whole or any part of the duty and interest paid by the applicant is refundable. In case, the whole or any part of the duty and interest is found to be refundable, an order for refund is passed. However, in view of the provisions of unjust enrichment enshrined in the Customs Act, the amount found refundable has to be transferred to the Consumer Welfare Fund except in the following situations when it is to be paid to the applicant:
- (a) If the importer has not passed on the incidence of such duty and interest to any other person.
 - (b) If such duty and interest was paid in respect of imports made by an individual for his personal use.

- (c) If the buyer who has borne the duty and interest, has not passed on the incidence of such duty and interest to any other person.
- (d) If the amount found refundable relates to Export Duty paid on goods which were returned to exporter as specified in Section 26 of the Customs Act, 1962.
- (e) If the amount relates to drawback of duty payable under Sections 74 and 75 of the Customs Act, 1962.
- (f) If the duty or interest was borne by a class of applicants which has been notified for such purpose in the Official Gazette by the Central Government.

11.2 Duty Drawback Scheme

11.2.1 The Duty Drawback seeks to rebate duty or tax chargeable on any imported/excisable materials and input services used in the manufacture of export goods. The duties and tax neutralized under the scheme are (i) Customs and Union Excise Duties in respect of inputs and (ii) Service Tax in respect of input services. The Duty Drawback is of two types: (i) All Industry Rate (AIR) and (ii) Brand Rate. The All Industry Rates are notified by the Government in the form of a Drawback Schedule every year and the present Schedule covers 2837 entries. The Brand Rate of Duty Drawback is allowed in cases where the export product does not have any AIR of Duty Drawback.

11.2.2 The Duty Drawback facility on export goods is enumerated in Section 74 of the Customs Act, 1962. Under this scheme, goods which were earlier imported on payment of duty and are later sought to be exported within a specified period, Customs Duty paid at the time of import of the goods, with certain cuts, can be claimed as Duty Drawback at the time of export of such goods. Such Duty Drawback is granted in terms of Section 74 of the Customs Act, 1962 read with Re-export of Imported Goods (Drawback of Customs Duty) Rules, 1995. Application for Duty Drawback is required to be made within 3 months from the date of export of goods, which can be extended upto 12 months subject to the conditions and payment of requisite fee as provided in the Drawback Rules, 1995.

11.2.3 The Duty Drawback on export goods (whether AIR or Brand Rate) is to be claimed at the time of export and requisite particulars filled in the prescribed format of Shipping Bill/Bill of Export under Drawback. In case of exports under electronic Shipping Bill, the Shipping Bill itself is treated as the claim for Drawback. In case of manual export, triplicate copy of the Shipping Bill is treated as claim for Drawback.

11.3 System of Payments of Refunds and Drawbacks at Custom House Treasuries

11.3.1 Customs Duties are collected by various Commissionerates. The Customs Houses at the Major Ports at Mumbai, Kolkata, Chennai, Cochin, Vishakhapatnam, Kandla, Nhava Sheva and Goa have departmental treasuries. Since 1997-98, in addition to the departmental treasuries, the Electronic Data Interchange system (EDI) was introduced at select Major Customs Houses, where departmental treasuries were functioning earlier.

11.3.2 At Customs locations wherever the EDI system has been introduced, the whole process of filing Bill of Entry/Shipping Bill, duties assessment, challan generation, duty payment, processing of drawback claims etc. are done through the ICES/ICEGATE system. At non-EDI Customs locations, the existing manual processing will continue, until such time that these locations migrate to the EDI system. The unit of Custom Accounting (other than customs revenue and other dues at the Major Custom Houses) is the Commissionerates and bank branches located in the jurisdiction of the Commissionerates collect the revenue relating to those Commissionerates and make payment of refunds etc. At major Customs Houses, payments of refund and drawback claims will be made by the departmental treasuries by cheque. The general procedure for drawal of cheques, preparation of bank scrolls and their transmission to PAO etc. as prescribed in respect of Central Excise Commissionerates (Chapter-9) will be applicable.

11.4 Checks to be adopted for Payment of Refunds and Drawbacks by the Departmental Treasury

11.4.1 After receiving claims for refund/drawback of import duty, export duty and miscellaneous receipts, it is dealt with by the concerned departments, payment orders for refund and drawback are issued. The payee presents these orders duly receipted to the Treasury for receiving payments.

11.4.2 The Refund Clerk of the Accounts Department scrutinizes these orders with due regard to the following points:-

- (i) That the amount as shown in the copy of the payment order presented by the party agrees with that shown in the original copy of the order received separately from the concerned department.
- (ii) That the payment order is passed by the concerned officer of the Department.
- (iii) That the payment order is presented within the prescribed period from the date of its issue or that a written explanation is furnished by the payee, when its presentation is delayed beyond the prescribed period. All such explanations shall be submitted to the Chief Accounts Officer/Assistant Chief Accounts Officer for orders.
- (iv) If the payee himself does not sign the receipt, the signatory is duly authorised to sign for the payee by power of attorney.
- (v) That it bears a receipt stamp if the amount payable exceeds Rs. 5000/-.
- (vi) That it has been duly pre-audited.
- (vii) That particulars of the original credit are indicated. If the refund is against more than one credit, the refund granted against each credit is shown separately.
- (viii) That it has not been endorsed for payment to another party.
- (ix) That the payee has signed it in token of receipt for the amount payable.

(x) That if the payee has not presented it in person, he has recorded one of the three following endorsements on it.

(a) Pay to bearer,

(b) Transfer to credit of personal Deposit A/c.

(c) Payment to.....Bank.

11.4.3 The Refund and Drawback clerk, after noting in red ink the amount of refund in figures and words after the word 'Pay' passes the Refund Order on to the Dy. Office Superintendent (Accounts) for being passed and submitted to the Chief Accounts Officer/Assistant Chief Accounts Officer for signature. Thereafter, the Refund Order is sent to the Cashier for making payment. After payment, the refund orders (Vouchers) are passed on to the Accounts Department for incorporation in the day's account.

11.4.4 In the case of duty drawback on goods exported, the entire debit on account of drawback on "Customs Duty" and "Central Excise Duty" will be initially debited by the Custom House Treasury to the Head of Account "0037-Customs" in the Monthly Account sent to the Pay and Accounts Officer. Simultaneously, a Monthly Statement of Central Excise Duty paid as "Drawback" will be prepared and sent to the Pay and Accounts Officer concerned for effecting the re-adjustment by minus debit to the Head "0037-Customs", Exports-Deduct Drawbacks" and debit to the head "Deduct Refunds and Drawback" under the appropriate Minor Head below the Major Head "0038-Union Excise Duties". For this purpose the Pay and Accounts Officer of the Custom Houses are authorized to operate on the relevant Heads under "0038-Union Excise Duties".

11.4.5 The above procedure also applies to Drawbacks allowed on goods exported by post.

11.4.6 Payments of Refunds/Drawbacks are proposed to be brought under the electronic system in the near future, thereby dispensing with the existing manual procedure of cheque payments. O/o the Pr. CCA, CBEC and O/o DG(Systems), CBEC are presently working towards introducing an Electronic Refund/Drawback payments through RTGS/NEFT.

11.5 Accounting adjustments & Reconciliation at Pay and Accounts Office

11.5.1 (i) The PAO on receipt of abstract of drawback/refund payments from concerned Customs Officer (Drawback) will make the following accounting entry :

(-) Cr 0037 Customs

Cr 8670 Cheques and Bills-110-Electronic Advices (with supporting cheques).

(ii) (a) On receipt of Daily Payment Scroll from FPB, the PAO will make the following accounting entry for the amounts shown in the paid scrolls :

(-) Cr. 8670 Cheques & Bills-110-Electronic Advices (with supporting cheques)

Cr. 8658 Public Sector Bank Suspense

(b) To the extent of the amounts shown in the statement of undisbursed amount received with the payment scroll, the original entry made in (i) above will be reversed by the PAO.

(iii) On receipt of Put Through Statement of RBI, Pr. AO will make following entries.

(-) Cr. 8658-Public Sector Bank Suspense.

Cr. 8675-Deposits with Reserve Bank of India

11.5.2 On receipt of “Monthly Reconciliation Statement of Drawback Disbursement” from the Customs Department (Drawback/Refund), the PAO will reconcile the figures of drawback/refund payments authorized during the month and payments made by the bank shown in the reconciliation statement, with figures as per his accounts and any discrepancy between the figures as per the customs department (Drawback) statement and Monthly Accounts, shall be pointed out by PAO to the Customs Department (Drawback) for rectification.

The PAO shall also carry out adjustment in his accounts for transferring the amount of drawback payment from “Customs” to “Union Excise Duty”. (Referred at para 12.7.3)

11.6 List Of Payments (LOP)

11.6.1 The List Of Payments alongwith the vouchers of drawbacks received on weekly basis i.e. on 7th, 14th, 21st and 30th of every month from the officers authorized to issue cheques/ electronic advice will be checked to see that:

- (i) Amount of the cheques/electronic advice as shown in the lists of payments agree with the Payment Scrolls.
- (ii) The drawbacks were sanctioned by the competent authority.
- (iii) The drawback vouchers are in proper form and are receipted.
- (iv) An indication of having kept a note of drawback in duty paying documents has been given on the vouchers.
- (v) The amounts of drawback/refund etc. shown in the list of payments/vouchers tally with the paid cheques/entries in the scrolls received from the Focal Point Branch.
- (vi) A Report for reconciliation by the Drawback/Refund Disbursing Authority along with List Of Payments is attached.

11.7 List of Outstanding Cheques

11.7.1 At the end of each month, the cheque writer prepares a list of outstanding cheques from the cheque payment register. A daily statement of cheques encashed is received from the bank and the details are posted against the relevant column of the cheque payment register. Items against which no entries have been made become outstanding and such items are picked up and brought together in the form of a statement and a total is struck, which is verified with the figures already worked out separately in the cheque payment register itself. After agreement the list is put up to C.A.O/A.C.A.O for signature and after his/her approval, it is attached with the Monthly Cash Accounts to be sent to the Pay and Accounts Officer.

ROLE OF PAY & ACCOUNTS OFFICE AND PRINCIPAL ACCOUNTS OFFICE

- Pay and Accounts Offices are the field units through which Pr CCA, CBEC discharges the functions of Payment, Accounting, and Reconciliation.
- On the basis of challans /scrolls received by PAO from FPBs/eFPBs, the Head wise "Tax Collection Report of Revenue Receipts" is prepared by the Pay and Accounts Office showing monthly and progressive figures in respect of receipts of revenue, refunds, rebates and drawbacks. Monthly accounts are submitted through "e-lekha" portal to the Principal Accounts Office.
- Penal interest of Rs. 500/- or below is ignored and excluded from the purview of penal interest leviable for delay in remittance w.e.f. 1-1-2008.

12.1 Functions of Pay and Accounts Office

Each Pay and Accounts Office is responsible for the accounting of revenue receipts and payments on account of refunds, rebates and drawbacks for Commissionerates under its accounting jurisdiction using the software package COMPACT (REVACT) (in addition to other duties of the Pay and Accounts Offices for making establishment payments such as salary bills, TA/ LTC claim, Medical claim, Maintenance of G.P.F., Payment of pensionary benefits etc. and preparation of Expenditure Account through COMPACT). Duties and Functions of Pay and Accounts Office in regard to the compilation and preparation of revenue accounts are indicated below:

12.2 Checking of Main Scroll, Branch Scrolls and underlying Challans.

12.2.1 On receipt of the main scroll and underlying branch Scrolls and receipted challans, the Pay and Accounts Office shall ensure that:

- (a) The total number of branch scrolls and underlying challans tallies with the entries in the main scroll and that no challan is missing. In case of any challan found missing or lost, the certificate in lieu of lost or misplaced challan containing all details, including accounts classification, which is available electronically with the bank, is received along with the scrolls. If the requisite certificate is not received, the receipt of such certificate shall be watched through a register in the form prescribed in **Annexe 12.1**. The register should be closed on the 10th of the following month to

which the account relates over the signature of the Pay and Accounts Officer. The PAO will ensure that the certificates are furnished by the bank without undue delay and that the outstanding amounts are cleared expeditiously.

- (b) The amounts entered in the scroll against each challan tallies with the amount shown in the receipted challan.
- (c) Scrolls are prepared date-wise and Major Head-Wise and the correct Major Head and Minor heads of account are written on the challans and the amounts creditable to each minor head are shown therein correctly with full revenue particulars and that the total of the amount is written both in figures and words.
- (d) The Serial Number of the Main Scroll is in continuation of the previous serial number, and that it is in running order for a financial year.
- (e) Each challan bears the dated stamp of the Focal Point Branch as proof of its credit to the account of the Central Board of Excise and Customs.
- (f) After checking the scrolls in the manner indicated above, the Pay and Accounts Office shall certify the correctness in the copies of scrolls and return one copy of the certified main scroll to the Focal Point Branches within 2-3 days of their receipt in the office.
- (g) In order to watch timely receipt and disposal of Bank Scrolls a Register of Bank Scrolls shall be maintained by PAO. This Register should be closed Monthly and a report indicating
 - (i) the dates for which daily scrolls have not been received from the Bank/returned to the Bank and
 - (ii) the action taken in each case, shall be put up to the Pay and Accounts Officer.

12.3 e-Pay and Accounts Office (e-PAO).

- 12.3.1** The designated e-PAOs for Central Excise and Service Tax will be provided with digitally signed e-Scrolls and e-Challans of the concerned indirect tax on a day to day basis from all e-FPBs of the authorized banks. Detailed revenue accounting is done based on the information available in the file formats RT-51 and RT-91.
- 12.3.2** The e-PAOs tall the gross monthly e-Receipts with the gross amount shown in the DMS of e-Receipts sent by the e-FPBs. The total of the month's e-Receipt (bank wise for the concerned Major-head) would be verified against the DMS and the DMS would be verified against the RBI verified Put-through statement received from the Link Cell.
- 12.3.3** One copy each of the physical e-DMS (received from the e-FPB) after recording verification thereon would be sent by the e-PAO to the e-FPB and to the Pr. CCA, CBEC by the 10th of the following month.
- 12.3.4** Assessee wise payment /challan details would be provided by the relevant e-PAOs to the

concerned Commissionerates every month physically and electronically for departmental reconciliation as per existing laid down procedures.

12.4 Checking of List of Payments and Vouchers (Revenue Refunds) received from Cheque drawing officers:-

12.4.1 The Lists of Payments alongwith the Paid Vouchers of "Revenue Refunds, Rebates and Drawbacks" received from the departmental officers authorized to issue Cheques/Electronic advice will be checked to see that:

- (i) The "Revenue Refunds" were sanctioned by the competent authority.
- (ii) The refund vouchers /claim are in proper form and are receipted.
- (iii) An indication of having kept a note of refunds in duty paying documents has been given on the vouchers.
- (iv) The amount of refunds etc. shown in the list of Payments/Vouchers tally with the paid cheques/entries in the scrolls received from the Focal Point Branch.

12.5 Checking of Payment Scrolls and Supporting Paid Cheques in respect of Refunds, Rebates and Drawbacks

12.5.1 The Branch Scrolls Major Head-wise together with Paid Cheques received from the Focal Point Branch will be checked to ensure that:

- (a) the cheques were issued out of the Cheque Books meant for Revenue Refunds and Marked Revenue Refunds and crossed/Account Payee only and that they bear the code No. allotted to each unit.
- (b) the total number of cheques tallies with the entries in the scrolls.
- (c) the amount entered in the scroll against each Cheque tallies with the amount of the Cheque.
- (d) arithmetical total of the scrolls are correct.
- (e) scrolls are prepared date wise and Major Head wise and are in serial order, and that the correct Major Heads of accounts are recorded on the reverse of the cheques.

12.5.2 After all the checks are completed, the Pay and Accounts Officer will certify the accuracy of the copies of the scrolls and return the certified duplicate copy thereof to the Focal Point Branch within 2-3 days of their receipt in his office. If the Focal Point Branch is not at the headquarter of the Pay and Accounts Officer, the certified duplicate copy of the scroll will be sent by Registered Post.

12.6 Checking of Date wise Monthly Statements of Receipt and Payments received from Focal Point Branch.

12.6.1 Three copies of the Date wise Monthly Statement (DMS) in the prescribed form received

from the Focal Point Branch showing details of transaction of Receipts and Payments date wise and Major Head Wise will be checked by the Pay and Accounts Office to ensure that:-

- (a) Date wise and Major Head wise receipts tally with the total figures shown in the respective main scroll. In case an item not pertaining to the PAO is included in the Monthly Statement, the same is deleted from the Monthly Statement by Personal Contact with the Focal Point Branch. In case an amount appearing in D.M.S. was not included in the Main Scroll, the Focal Point Branch should be contacted to provide the scroll with supporting documents for that transaction, otherwise the item may be deleted.
- (b) Date wise and Major Head wise payments of refunds etc. tally with the daily payment scrolls received from the Focal Point Branch.
- (c) Thereafter the PAO will certify the correctness on the copies of the statement and return one certified copy to the Focal Point Branch concerned, and forward another certified copy to the O/o Pr. Chief Controller of Accounts, CBEC New Delhi and retain third copy for his record.

12.7 Compilation of Revenue Receipts and Refund Payments

- 12.7.1** The Branch Scrolls received along with the challans will be compiled by the PAO in his computer system using revenue accounting software "Compact (Revact)".
- 12.7.2** The Main Scroll (FPB), branch scroll and underlying challans are entered into "Compact (Revact)" software by two separate Data Entry Operators (DEOs) as Set I and Set II, to ensure correct capture of challan data. Unless these three sets of documents are tallied, the system does not allow the DEOs to consolidate the main scroll and forward it to the Set II DEO. Further, if there is a difference between data entered by Set I and set II, the system sends it to the AAO/PAO for physical verification of documents. After identifying the error, the data is again sent back to the DEO for making necessary changes before it is accepted by the AAO/PAO for final compilation.
- 12.7.3** Refund scrolls and underlying paid cheques are entered into "Compact (Revact)" software. Till two sets of documents (Refund scrolls and paid cheques) are tallied, the system does not allow the consolidation of scrolls and cheques.
- 12.7.4** List of payments/paid vouchers received from Divisional offices/Cheque Drawing Officer authorized to issue refund payments are also entered into the system.
- 12.7.5** On a day to day basis, at the end of each working day, the PAO generates a daily abstract from the "Compact (Revact)" and uploads it to the e-lekha portal of Controller General of Accounts (CGA), and synchronizes the data with the Central Server (P-CBEC) of Pr. CCA.
- 12.7.6** On completion of data entry for a particular month, the system provides for a trial consolidation to ensure that the account is tallied and is correct before the final consolidation and preparation of monthly account.

12.7.7 In the case of missing/lost challan, the certificate in lieu of lost or misplaced challan containing all details including account classification available electronically with the bank is to be obtained from the bank by the PAO. Till the certificate is obtained, the total amount of the missing challan is booked under relevant head of account namely, 0044/0038 or 0037-RAT (Receipt Awaiting Transfer). On receipt of certificate in lieu of lost/misplaced challans on a subsequent day, the booking under 0044/0038 or 0037-RAT is reversed by booking the amount under the appropriate head of accounts as provided in the certificate in lieu of the missing challan.

12.8 Checking of Compilation Sheet

12.8.1 The compilation sheets of Revenue receipts and refunds shall be Test checked at the time of acceptance of data entered by the Data Entry Operators (DEOs) through Compact (Revact) by the Assistant Accounts Officer/Pay &Accounts Officer as per with the procedure laid down in para 5.4.6 of Civil Accounts Manual and Pr. CCA CBEC letter no. coord/1(5)/Gen.Policy/93/532 dated 3.9.2002 to the extent indicated below.

Asstt. A.O. : All challans amounting to Rs. 25000/- and above.

Sr. A.O. /A.O : All challans amounting to Rs. 1 lac and above.

12.9 Monthly Account

12.9.1 On the basis of challans /scrolls received by PAO from FPBs/e-FPBs, the Head wise "Tax Collection Report of Revenue Receipts" is prepared by the Pay and Accounts Officer showing monthly and progressive figures in respect of receipts of revenue, refunds, rebates and drawbacks and render it through "e-lekha" to the Principal Accounts Officer i.e. O/o Pr. Chief Controller of Accounts, Central Board of Excise and Customs, New Delhi in the prescribed form so as to reach his office by the 7th of the following month. The following statements/documents shall also be sent separately by post to the Pr. A.O. CBEC.

12.9.2 A certified copy of the date-wise monthly Bank statement along with a Bank Reconciliation statement Focal Point Bank-wise, showing the differences, if any, between the account figures and the bank figures and action taken to reconcile them.

12.10 Reconciliation of Revenue Receipts by Chief Accounts Officer(CAO) of CBEC with Pay and Accounts Office

12.10.1 As per the existing procedure, the PAOs will provide an assessee-wise collection report to the Chief Accounts Officer (CAO) of the concerned Commissionerate. The CAO will distribute the same to the concerned Division/Range officers. The Range Officers in turn compares it with the returns submitted to him by the Assessee, and prepares a monthly statement for submission to the Chief Accounts Officer. The PAO after receiving the original copy of the challans alongwith the bank scrolls from the focal point bank verifies and compiles the Revenue account.

- 12.10.2** After compilation of Monthly Revenue Receipts by the PAO, he will send a copy of Monthly Compilation Sheet head-wise to the Chief Accounts Officer indicating the details of GAR-7 challans, amount deposited Range wise/Division wise. In respect of Major Head "0038-Union Excise Duties" a computer Generated Assessee wise Monthly Revenue Collection report is made available by the PAO to the CAO. The CAO compares the statement received from PAO with that of the Range Officers Monthly Revenue Statement, and notes down the discrepancies such "Less Credit" and "More Credits" in the check register maintained for the purpose and forwards a copy to the PAO.
- 12.10.3** For the "less credits" i.e. amount appearing in the Range Officers Monthly Statement but not appearing in the Compilation Sheet of PAO, the PAO interacts with the Focal Point Branch. The CAO undertakes the correspondence with the Range Officers concerned for items under "More Credits" i.e. amounts appearing in compilation sheet of PAO but not appearing in the Range Officers Monthly Statement. This issue should be settled with the Chief Commissioners/ Commissioners of Central Excise/Service Tax.

12.11 Role of Principal Accounts Office

- 12.11.1** On Receipt of Monthly Account (Revenue) through "e-lekha", and the copies of certified Bank's statements and Bank Reconciliation Statements from each Pay and Accounts Officer, the following action will be taken and Monthly Accounts will be compiled through "e-lekha".
- 12.11.2** Monthly Account will be generally reviewed to see that:-
- (a) No unauthorized head of account is opened, and no amount is shown under any such head of account.
 - (b) Verify the arithmetical accuracy of the postings in the Monthly Account and point out discrepancies, if any, noticed to the Pay and Accounts Officer concerned for rectification.
 - (c) In the case of Bookings under "8658-Suspense Account-Public Sector Bank Suspense" and "8675-Deposits with Reserve Bank" debit and credit figures separately are shown. The latter head appears in the account of those Pay and Accounts Officers who have an account with the Reserve Bank of India acting as Focal Point Branch.
 - (d) After the accounts are so checked, a report of Major Head/Minor Head/Detailed Head-wise a consolidated /Classified Abstract will be generated in computer "e-lekha".

12.11.3 Bank Reconciliation Statement

In regard to the Bank Statements (DMS) and Bank Reconciliation Statements received from the Pay and Accounts Officer every Month along with the Monthly Account, the Bank Reconciliation Section will:

- (a) Verify the arithmetical accuracy of the totals of all the receipts and payments (i.e. refunds etc.) in the Bank Statements and point out discrepancies, if any, to the Pay and Accounts Officer concerned.
- (b) Tally the debit and credit totals of all receipts and payments (i.e. refunds etc.) as per Bank statements with the debit and credit figures shown in respect of each Pay and Accounts Officer, in the monthly Account under the heads "8658 Suspense Accounts-Public Sector Bank Suspense".
- (c) Trace and tally the differences, where the figures of bank statements do not tally with the monthly account figures, with the details of differences in the supporting Bank Reconciliation statements.
- (d) Obtain from the Pay and Accounts Officer required statements and bank reconciliation statements and keep a close watch on their receipt.

12.11.4 Receipt of Put Through Statement from RBI CAS, NAGPUR

On receipt of Put Through Statement (the consolidated monthly statements in the prescribed forms from the Reserve Bank of India, Central Accounts Section, Nagpur) Reconciliation Section will prepare a Transfer Entry to transfer the total amount debited/credited by the Reserve Bank of India to the account of the Central Board of Excise & Customs, from the head "8658-Suspense Account-Public Sector Bank Suspense" by minus debit or minus credit as the case may be to the head "8675-Deposits with Reserve Bank"(The transfer entry will be incorporated in the account of the month in hand).

12.11.5 Submission of Monthly Account to CGA

After exercising all checks the Pr.A.O. sends through "e-lekha" the consolidated monthly account of CBEC to C.G.A. Ministry of Finance, Deptt. of Expenditure for inclusion in the Govt. of India's account, by 10th of the following month.

12.11.6 Submission of Annual Accounts to CGA

The Union Government Finance Accounts and Appropriation Accounts (Civil) are to be finalized and submitted to C&AG by the O/o CGA for their presentation to Parliament. Accordingly, every year, specific time schedule for closing/finalization/submission of the following accounts by the Pr. Accounts Offices are issued by the O/o CGA:-

- (i) Finance Account
- (ii) March Preliminary Account
- (iii) March Supplementary Account
- (iv) Figures relating to Interest Receipts
- (v) Annual Progress report of balances adopted on proforma basis
- (vi) Statement of Central Transactions (SCT)
- (vii) Journal Entries
- (viii) Appropriation Account:
- (ix) Grant Statement

- (x) Head-wise Appropriation Accounts
 - (xi) Audited Head-wise Appropriation Accounts
- 12.11.7** Monitoring of Delayed remittance : Delay in remittance of Revenue Receipts to Government Accounts by authorized Banks and recovery of interests on such delayed remittances by Pr.AO.
- 12.11.8** As per guidelines issued by the RBI, collecting bank branches are required to remit CBEC collections alongwith supporting scrolls / challans to the Focal Point Branch at the beginning of the next working days. The Focal Point Branches consolidates the funds so received from its branches including its own receipts for settlement of fund with RBI, CAS Nagpur. FPBs settle the funds with RBI on day to day basis through their linkcells at Nagpur/SBI, GAD, Mumbai in the case of SBI for credit to the Government Accounts.
- 12.11.9** The norms for permissible period of settlement of transactions of revenue remittance and of levy of interest on delayed remittance (i.e. delayed period interest) have been revised by the CGA, in consultation with RBI, as under:
- (a) The settlement of transactions with CAS, RBI, Nagpur is requires to be completed within T+3 working days (where T is the day when money is available to the branch) in the case of local transactions (where the collecting branch and the Focal Point Branch are in the same city/agglomeration) and within T+5 working days in the case of outstation transactions. For calculating the working days, the RBI calendar will be followed.
 - (b) In case of outstation transactions, the put through date i.e. the date of settlement with CAS, RBI, shall be kept outside this existing time limit of T+3 and T+5 working days respectively.
 - (c) A period of T+12 working days (excluding put through date & where T is the day when the money is available to the branch), is allowed w.e.f. 01-01-2010 to Public sector banks for manual remittance of Government receipts to CAS, RBI, Nagpur in respect of branches located at Jammu & Kashmir, Leh, Utrakhand, Himachal Pradesh, Sikkim, North Eastern region (Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura), Jharkhand and Chattisgarh.
- 12.11.10** Levy of petty amount of penal interest on delayed remittance of Government receipts: Penal interest of Rs 500/- or below is ignored and excluded from the purview of penal interest w.e.f. 1-1-2008.
- 12.11.11** Time allowed in respect of authorized private banks for remittance of revenue into Government account: The existing prescribed time limit for remittance of revenue to RBI, CAS, Nagpur in respect of private authorized banks has not been changed. These banks are required to remit revenue collected to RBI, CAS, Nagpur within three days (including holidays) of realization of cheques etc. by the receiving branch.

12.11.12 Receipts through "E-Payments" : From 01.01.2008 revised banking arrangements were notified for collections of Central Excise Duty and Service Tax through e-payment. Two e-PAOs were opened at Chennai for Central Excise, and Mumbai for Service Tax. The permissible period for remittance of e-payment of government transactions by Public Sector Banks is T+2 working days (excluding put through date) w.e.f. 01.08.2008 and T+1 day (excluding put through date) w.e.f. 01.01.2009 for all e-payments (payment made through internet) of government transactions. As regards remittances by private banks, the permissible time is T+1 including put through date for transactions from 1-8-2008. The permissible period for remittance of e-payment of Government transactions by Public Sector Banks is T+1 working days (including put through date) w.e.f. 1.11.2010 as per CGA's OM No. S-11012/3/P.Intt(RP)/CGA/RBD/1350 dated 5.10.2010.

12.11.13 Interest Rates prior to 01.01.2007

- (a) The rate of interest 10% (8%+2%) w.e.f. 01.01.2000 to 31.10.2001.
- (b) The rate of interest 8.5% w.e.f. 1.11.2001 to 31.10.2002.
- (c) The rate of interest 8.25% w.e.f. 01.11.2002 to 30.04.2003.
- (d) The rate of interest 8% w.e.f. 1.05.2003 to 31.03.2007.

12.11.14 Interest rates w.e.f. 01.01.2007

- (a) The rate of interest 8% for transactions of Rs. 1 lakh and above.
- (b) The rate of interest 6% for transactions below Rs. 1 lakh and delays upto 5 calendar days.
- (c) The rate of interest 8% for transactions below Rs. 1 lakh and delay above 5 calendar days for the full period of delay.

12.11.15 System of calculation of interest on delayed remittance: The Delay Monitoring Module of P-CBEC software calculates automatically the delay in remitting revenue receipts by collecting banks to RBI, and penal interest to be levied thereon. From this system, bank-wise and branch-wise reports can be generated relating to delay in remittance of revenue receipts.

12.12 Distribution of Revenue to State Governments

After the close of the Annual Accounts every year, the figures appearing in the Accounts, PAO-wise (i.e. Basic Excise Duty, Additional Excise Duty, Cost of collection etc.) relating to the net proceeds of Union Excise Duties are forwarded to the Director General of Audit, Central Revenue, New Delhi who in turn communicates it to the respective State Accountants General in whose jurisdiction a particular Commissionerate is situated. After the verification of these figures by the Accountants General, the matter is referred to the Comptroller and Auditor General of India (C&AG). The C&AG on the basis of this Verification, certifies the correctness of these figures. After the issue of this certificate, the share of each State is worked out by the Budget Division (Ministry of Finance) as per the formula prescribed by the Finance Commission and released to them.

Annexure 5.1
(Refer para 5.4.3)

FORM G.A.R.-7 (Rule 26 Receipt and Payments Rule)

For Payment from April 2007 onwards – Please see reverse for instructions for filling up of the form

[illegible]

Accounting Code of Duty / Cess	Amount tendered in Rupees	
<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	RECEIVING BANK BRANCH STAMP
<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	
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<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	<div style="border: 1px solid black; width: 20px; height: 20px; display: inline-block;"></div>	
Total		

(In words) Rupees		Only tendered by
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Cash/Cheque/Draft/Pay Order No.

Dated

Drawn on

Signature of the Tenderer with date

Accounting Code of Duty / Cess	Amount tendered in Rupees	TAX PAYER'S COUNTERFOIL
		RECEIVING BANK BRANCH STAMP
Total		

Received from Assessee Code No.

(In words) Rupees..... Only tendered by

Cash/Cheque/Draft/Pay Order No.....Dated..... Drawn on.....

On account of Union Central Excise Duties as detailed in this taxpayer's counterfoil and on stamp affixed and signed therein

Instructions for filling up G.A.R-7 Challan Form

1. Name, Address, 15 digit Assessee Code, Commissionerate Name and 8 digit Accounting code is mandatory.
2. The Assessee Code, Commissionerate Code, Division Code and Range Code can be verified from the website <http://exciseandservicetax.nic.in>
3. The Accounting codes for Tax and Interest /Penalty for each Services is to be correctly mentioned. The total amount tendered should tally with the sum total of amounts for each accounting code.
4. The total amount tendered should be written both in words and figures.
5. The details filled in the challan and 'Taxpayer's Counterfoil' should be identical.
6. The Receiving Bank Branch Stamp should contain the following:
 - (i) BSR code of the receiving Bank Branch (7 digits)
 - (ii) Date of Deposit of Challan (DD/MM/YYYY) (8 digits)
 - (iii) Challan Serial Number (5 digits)

The above information is collectively called the Challan Identification Number (20 digit CIN), which will have to be quoted in the return.

Instructions for Receiving Branches

Receiving Branch should ensure the following:

- (i) The seal of the receiving branch should contain the CIN information and along with name of the bank branch, date of realization, amount received in Rs. and signature of the authorised signatory. The seal should be affixed in the space provided on the challan and the Taxpayer's Counterfoil.
- (ii) Challans should be arranged according to the serial number of the entry of the item in the scroll under each scroll. Each day's scrolls should be given a running serial number separately for each Major Head, prefixed by the numeral denoting the Major Head of Account namely, 0044 for the financial year from 1st April to 31st March to facilitate detection of any omission in submitting the daily scrolls. (Refer RBI's Revised Memorandum of Instruction for Receiving Banks).

Instructions for Focal Point Branch

Focal Point Branch (FPB) should ensure the following:

- (i) Amount of remittance received by it through the inter-branch account tallies with the challans and the scrolls.
- (ii) All challans have been attached with the scroll and amounts in the scrolls tally with the physical challan and electronic data.

Frequently Asked Questions Taxpayers under EASIEST

- Which challans are to be used for payment of Excise and Service Tax?
- Where can one obtain these Challans?
- Can I pay tax using the old challan?
- What is Challan Identification Number (CIN) and what is its relevance?
- How will the acknowledgement stamp bearing the CIN look like?
- What should I do if I have misplaced my acknowledgement counterfoil?
- What would happen if I loose the paper token issued by the bank?
- What should I do if I deposit tax under wrong accounting heads?
- What should I do if I deposit tax for a different unit (wrong Assessee code)?
- What should I do if I deposit tax in excess of the requirement?

1. Which challans are to be used for payment of Excise and Service Tax?

Ans. Two new challan forms GAR-7 have been introduced by Pr. CCA's office. From April 7, 2007, GAR-7 - Pro-forma for Central Excise Tax Payments is to be used for payment of Excise and GAR-7 - Pro-forma for Service Tax Payments is to be used for payment of Service Tax. These are single copy challans.

2. Where can one obtain these Challans?

Ans. Soft copies of these challans are available at NSDL (www.nsdl.co.in) and Central Board of Excise and Customs website (www.cbec.gov.in). Challans are also available with private vendors.

3. Can I pay tax using the old Challan?

Ans. From 1st April, 2007 it is mandatory to use Challan No. GAR-7 for payment of Excise and Service Tax.

4. What is Challan Identification Number (CIN) and what is its relevance?

Ans. Challan Identification Number (CIN) has three parts

- (1) Seven digit BSR code of the bank branch where tax is deposited
- (2) Date of Deposit (DD/MM/YY) of tax
- (3) Serial Number of Challan

CIN is stamped on the acknowledgement receipt to uniquely identify the tax payment. CIN has to be quoted as a proof of payment. CIN is also to be quoted in any further enquiry. Therefore, you must ensure that CIN (comprising the above three parts) is stamped on the Challan by the bank. If not, immediately contact the bank manager and insist on CIN.

The Reserve Bank of India has already passed an order dated April 1, 2004 making it compulsory for all tax collecting branches of banks to use a rubber stamp acknowledgement that carries CIN. A separate CIN is given for each challan deposited. If the Bank Manager is unable to resolve the issue, you should address your grievance to the Bank's Regional Manager and the Regional Office of Reserve Bank of India for redressal.

5. How will the acknowledgement stamp bearing the CIN look like?

Ans. The Acknowledgement stamp of the bank will contain the following information:

- (a) Bank Branch Name
- (b) BSR (7 digit)
- (c) Deposit Date (DD/MM/YYYY)
- (d) Serial No.

6. What should I do if I have misplaced my acknowledgement counterfoil?

Ans. Kindly approach the bank where you have deposited the tax and request them to issue you a certificate which contains your payment particulars including CIN.

7. What would happen if I loose the paper token issued by the bank?

Ans. Each bank follows its own procedure so you may contact the branch manager of the bank.

8. What should I do if I deposit tax under wrong accounting heads?

Ans. Kindly approach the respective commissionerate and get a letter issued from the commissionerate to respective Pay and Accounts Office mentioning the incorrect Accounting Head as well as correct Accounting Head including the details of the particular challan.

9. What should I do if I deposit tax for a wrong Assessee code ?

Ans. Kindly approach the respective commissionerate and get a letter issued from the commissionerate to respective Pay & Accounts Office mentioning the incorrect Assessee Code as well as correct Assessee Code including the details of the particular challan. If the Assessee code is a valid one and validated in the system, it cannot be changed.

10. What should I do if I deposit tax in excess of the requirement?

Ans. Kindly approach the respective Commissionerate with the details of challans through which excess payments have been made for get a refund from the Department.

Frequently Asked Questions (FAQs) for e-Payment of Central Excise and Service Tax

1. What is e-payment of taxes?

Ans. This is a facility provided to the Assessee to make Excise or Service Tax payments through internet, using net-banking facility.

2. How can I use this facility to pay Excise or Service Tax?

Ans. You can use the facility if:

- (a) You have a bank account with net-banking facility, and
- (b) Your bank is amongst the banks that provide the e- payment facility.

3. Whether it is mandatory to pay tax online?

Ans. All corporates who are liable to pay Excise Duty and Service Tax of Rs. 10 lakh or more in a year are required to pay tax online.

4. How do I know whether my bank provides this facility?

Ans. The list of banks providing this facility is available on the NSDL-CBEC website. Alternatively you may get the information from your bank.

5. What is the procedure for entering the required data on the screen for paying tax online?

Ans. Follow the steps as under to pay tax online:-

Step 1

- (a) Log on to NSDL-CBEC site website (www.cbec.nsdl.com).
- (b) Click on the icon e-payment.
- (c) Click on Please Click Here to proceed.
- (d) Enter 15-digit valid Assessee Code
- (e) Select the respective type of duty / tax (accounting code)
- (f) Select the Bank name from the drop down provided
- (g) After entering all the above details, click on PROCEED button.

Step 2

- (a) You can now verify the details entered by you. Click on EDIT in case of rectification.

- (b) Click on SUBMIT to the Bank button. You will be directed to the net-banking site provided by your bank.

6. What is the procedure after being directed to the net banking site of the bank?

Ans. The system will direct you to net-banking facility of your bank. You will have to log on to the net banking site of your bank using your login ID and password/PIN provided by the bank. The particulars entered by you at NSDL-CBEC website will be displayed again.

You will now be required to enter the amount of tax you intend to pay for each accounting code selected and also select your bank account number from where you intend to pay the tax. After verifying the correctness, you can proceed with confirming the payment.

7. What will happen after I confirm the payment of tax at my bank's site?

Ans. Your bank will process the transaction online by debiting the bank account indicated by you and generate a printable acknowledgment indicating the Challan Identification Number (CIN). You can verify the status of the challan in the Challan Status Inquiry at NSDL-CBEC website using CIN after a week of making payment.

8. How can I know that I have completed tax payment using this facility?

Ans. Apart from CIN given to you, you can check your online bank statement to verify the tax payment.

9. What is the timing for making payment online?

Ans. You will have to check the net-banking webpage of your banks website for this information.

10. If I encounter any problem while making payment through internet whom should I contact?

Ans. If any problem encountered at the NSDL-CBEC website while entering non-financial data then contact the TIN Call Center at 022-24994650 or write to us at e-tax@nsdl.co.in. The subject should indicate Online Payment of Indirect Tax.

If any problem encountered while entering the financial details at the net-banking webpage of your bank, then you should contact your bank for assistance.

11. Where should I make enquiries about my tax payments made online?

Ans. You should contact your bank for queries about your payment transactions made through Internet.

12. Whom should I contact if the counterfoil containing the CIN is not displayed on completion of the transaction and if I want duplicate counterfoil?

Ans. Your Bank provides facility for re-generation of electronic challan counterfoil. Kindly check the Bank website, if not then you should contact your bank, request them for duplicate challan counterfoil.

13. If I have misplaced my counterfoil whom do I contact?

Ans. Your Bank provides facility for re-generation of electronic challan counterfoil. Kindly check the Bank website; if not then you should contact your bank and request them for duplicate challan counterfoil.

14. After making e-payment of Excise or Service Tax if status of challan is not available under Challan Status Enquiry on NSDL-CBEC site, what should I do?

Ans. You can verify the status of the challan in the Challan Status Inquiry at NSDL-CBEC website after 5 to 7 days of making e-payment. In case of non availability of the challan status, kindly contact your bank.

15. If I encountered any error on CBEC site while making e-payment what should I do?

Ans. If encountered any error on e-tax website kindly contact TIN call centre at 022-24994650 or write to us at e-tax@nsdl.co.in

16. Account get debited more than once for the same e-tax transaction what should I do?

Ans. If during the transaction or after completing the transaction, bank site encountered any error or get disconnected before generating Taxpayer counterfoil then instead of doing the same transaction again kindly check your Account, if account is being debited then contact your bank for re-generation of taxpayer counterfoil. Please note in the above case do not make the same transaction again which will result in account being debited more than once for same e-tax transaction.

17. How secure is the transmission of data to the website for e- payment?

Ans. All transmission through NSDL-CBEC website is encrypted and is with Secure Socket Layer (SSL) authentication. With respect to the banks, it depends on the security measures provided by the bank for net-banking.

18. How does this system of payment of taxes through internet benefit me as a taxpayer?

Ans. This system is beneficial to you as you are not required to personally visit the bank to make the payments. Payment can be made electronically at your convenience from any place where an internet facility is available e.g. your office, residence, etc. Further, you get the Challan Identification Number (CIN) online, which is required by you when you file your return.

19. Are there any charges for availing e-Payment facility?

Ans. No, there are no charges for these services by any bank.

20. Up to what time in a day the e-Payments can be made?

Ans. e-Payment can be made 24 hours a day using Internet banking services of a bank. However, payments made up to 8 pm will be scrolled and accounted on the same day. Payments effected after 8 pm will only be included in next working day's scroll by the Focal Point Branch.

21. Does the internet banking service give any receipt/confirmation for the e-Payment?

Ans. Yes, on successful payment the internet banking user gets a Cyber Receipt for the Tax payment, which he/she can save or print for record purpose.

22. Whether assessee will get extended hour for tax payment on year end days?

Ans. Yes, on year end days the cut off time of 8 pm can be extended further for the benefit of tax payers based on CBEC's instructions.

23. Will all the banks follow uniform procedure for e-payment of taxes?

Ans. Yes, all banks follow the same procedure with uniformity.

Components of 15 digits PAN based Registration Number

- (a) The PAN based Registration Number is alphanumeric. The first part would be the 10 character (alphanumeric) Permanent Account Number (PAN) issued by Income Tax authorities.
- (b) The second part would comprise of a fixed 2-Character alpha-code indicating the category of the Registrant which will be as follows:-
 - a. Central Excise Assessee:
 - i. XM/XD/CE/ED/EU or EM
 - b. Service Taxes :
 - i. ST/SE or SD
- (c) The third part is a 3 character numeric code - 001, 002, 003 etc. In case a manufacturer registered with the Central Excise Department has only one factory/dealer's premise/warehouse, the last 3 characters will be '001'.
- (d) Examples:-
 - a. Where the registrant is a Service Tax Assessee and has only one premise having a PAN 'ABCDE1234H', his 15 digit Registration Number would be : "ABCDE1234HST001"
 - b. Where the registrant is a Manufacturer and has only one premise having a PAN 'ABCDE1234H', his 15 digit Registration Number would be : "ABCDE1234HXM001"
 - c. Where the registrant is a registered dealer and has only one premise having a PAN 'ABCDE1234H', his 15 digit Registration Number would be : "ABCDE1234HXD001"
 - d. Where the registrant is a manufacturer and has say 3 factories having a PAN 'ABCDE1234H', his 15 digit Registration Number will be:
 - i. ABCDE1234HXM001
 - ii. ABCDE1234HXM002
 - iii. ABCDE1234HXM003

Annexure 6.1
(Refer para 6.3.1)

PROFORMA

**INFORMATION TO BE FURNISHED FOR AUTHORISATION OF ADDITIONAL
BRANCH OF NOMINATED BANK FOR PHYSICAL COLLECTION OF CENTRAL
EXCISE DUTIES AND SERVICE TAX**

Sl.No.	Particular	Information to be furnished by the Bank
1.	Name and postal address of proposed branch	
2.	BSR Code No.(Part-I)	
3.	Telephone No./Fax No. with STD Code	
4.	Computerization Status (CBS enabled or not)	
5.	Name of Focal Point Branch alongwith BSR Code No.	
6.	Status of the Branch in respect of FPB (Local/Outstation)	
7.	Commissionerate/Division Range of Central Excise under which the Branch falls alongwith Commissionerate Code (Issued by DG System)	
8.	i. Whether proposed branch is maintaining currency chest? ii. Whether Clearing House facility available in the area?	
9.	How branch will remit the funds to Focal Point/Nodal branch? Is the courier facility available?	
10.	Particulars of branches of the nominated bank (authorized to collect Central Excise Duty and Service Tax revenue) already existing in the area	
11.	Distance of the nearest authorized branch of the nominated Bank from the Industrial Area.	
12.	Distance of the proposed branch from the Industrial Area.	
13.	Approx. No. of Assessee's maintaining account with the proposed bank branch.	
14.	Total revenue likely to be collected by the proposed branch.	
15.	Justification for authorisation of the branch	
16.	Recommendation of the branch	

Note : - It is advisable to send the proposal alongwith the comments of the Commissioner of the
Concerned Commissionerate in view of assessee convenience.
- Separate proforma may be used for separate commissionerates.

Signature of the Competent Authority

PROFORMA

Annexure 6.2
(Refer para 6.3.1)

**INFORMATION TO BE FURNISHED FOR AUTHORISATION OF BANK
BRANCH FOR CUSTOMS DUTY COLLECTION**

Sl.No.	Particular	Information to be furnished by the Bank
1.	Name of the Branch alongwith with BSR Code	
2.	Full Address of the Branch	
3.	Telephone No. with STD Code	
4.	Fax No.	
5.	e-mail address	
6.	Computerisation Status (CBS enabled or not)	
7.	Name of the Focal Point Branch (FPB) alongwith BSR Code (FPB should be nearest to concerned PAO)	
8.	Full Address of the Focal Point Branch	
9.	Telephone No. with STD Code	
10.	Fax No.	
11.	e-mail address	
12.	Status of the Branch in respect of FPB (Local/ Outstation)	
13.	Name of the Jurisdictional Commissionerate	
14.	Commissionerate Code (issued by DG System)	
15.	Whether the bank is already nominated for customs collection under the jurisdictional commissionerate? (if yes, the FPB should not be different from the existing one)	
16.	Name of the Location/Station where the branch is proposed to authorize for customs duty collection (SEZ/ICD/LCS/ACC/Port etc).	
17.	Whether the Location/Station is under EDI systems?	
18.	Mode of Receipts of Customs Duty under the proposed arrangement (Physical/EDI/e-Payment)	
19.	If the mode of Receipts is 'EDI' or 'e-Payment', whether necessary software has been developed and tested?	
20.	Distance of the proposed branch from the Location/Station (SEZ/ICD/LCS/ACC/Port etc).	
21.	Name and distance of the nearest bank(s) branch already authorized for customs collection at the station (SEZ/ICD/LCS/ACC/ Port etc).	
22.	Justification for Authorisation of the Branch	

Note: It is advisable to send the proposal alongwith the comments of the Commissioner of the concerned Commissionerate.

****** Separate proforma may be used for separate Commissionerates.

Signature of the Competent Authority

Frequently Asked Questions About EASIEST

- **What is EASIEST?**
- **What is the mandatory information required from the assessee while making the payment?**
- **How would the information flow in EASIEST?**
- **Can any bank branch upload data in EASIEST?**
- **How would a bank access EASIEST?**
- **How would a bank upload the challan data to EASIEST?**
- **How to check the status of uploaded file ?**
- **What is File Naming Convention?**
- **What is File Validation Utility ?**
- **In which format the file are to be prepared?**
- **What to do when an Assessee Code is not validated?**
- **What to do when an Accounting Code is not validated?**
- **What to do when a Central Excise Assessee tender a challan with payment for Service Tax and vice-versa?**
- **What to do when challan total do not tally with the amount of the instrument tendered?**

What is EASIEST?

Central Board of Excise and Customs (CBEC) initiative of electronic accounting system of taxes collected through banks is called as EASIEST (Electronic Accounting System in Excise and Service Tax). The system enables banks authorised to collect taxes to submit challan data to a central system.

What is the mandatory information required from the assessee while making the payment?

- Name & Full Address of the Tax Payer and PIN Code.
- 15 digit PAN based Assessee Code allotted by the department should be mentioned in the boxes provided for it.

- Name of the Commissionerate under which the Tax Payer falls should invariably be mentioned.
- Accounting code of duty (i.e. Basic Excise Duty, Additional Excise Duty in lieu of Sale Tax, Auxiliary Duty etc).

How would the information flow in EASIEST?

Banks will upload challan data of taxes collected on EASIEST system using either dial up or leased line connection on daily basis. The challan data has to be submitted in a predetermined format. The central system at NSDL will check the file structure (including uniqueness of challan) of data files uploaded by bank and if found correct send consolidated data to CBEC daily on the next day.

Can any bank branch upload data in EASIEST?

Bank branches authorised to collect tax payments are not expected to upload tax collection information directly. They are required to send the information to their Link Cell through Focal Point Branches. Link Cell will consolidate such data received from various Focal Point Branches and upload consolidated information to EASIEST.

How would a bank access EASIEST?

Banks would connect to EASIEST using either a dial-up line or a leased line. The Link Cell of the collecting bank will have to get connected to the NSDL site through dial-up or lease line. Once the bank is connected, the browser needs to be opened and get linked to the URL "<https://cbec.nsdl.com>". The login screen will then be displayed. The user will have to enter user-IDs and using digital signature certificate upload files.

How would a bank upload the challan data to EASIEST?

After login to EASIEST, the user would see icons for different functionalities (viz; "**Upload File Easiest**", "**File status by date**", "**File status by reference number**", "**Change password**" and "**log off**"). The user will have to click the icon "upload file Easiest", the next screen would prompt the user to indicated the file (s) to be uploaded. A facility to browse and select the file is also provided. After selecting the specified file, user will click on the upload button. Upon successful upload to EASIEST, the system would generate and display a reference number for the file uploaded. User will have to note down this number for future inquiries.

How to check the status of uploaded file ?

The user can check the status of the files uploaded based on the date of upload or the reference number. Users can click on the icons "File status by date" or "File status by reference number". The user will be displayed the following:

In case the files are accepted :-

File Ref. No.	File Received Date	File Name	File Status	Error Reason	Error File
2347	08-01-2005	C31a04G0.000	Accepted	-	-

In case the files are rejected:-

File Ref. No.	File Received Date	File Name	File Status	Error Reason	Error File
2345	08-01-2005	C31a04F0.000	Rejected	Line No :1 Duplicate challan record	-

What is File Naming Convention (Case sensitive)?

The files to be uploaded to the EASIEST system should be named as :

"Cddmyyfv.bnk"

Where C stands for CBEC

ddmyy - Date of file creation

dd - Day

m - Month (values 1 to 9 and a to c)

yy - Year

f - File Number (0-9, A-Z, a-z)

v - Version Number (Value should be '0')

bnk - Bank Code of Link Cell

What is File Validation Utility ?

Both Collecting branch and Link cell has to validate the file before transmitting the file using File Validation Utility provided by NSDL. If they get error(s) after validating the file then they need to be rectified. Then once again validate the file using File Validation Utility till "No Error" message is received.

In which format the file are to be prepared?

ASCII Text format with ^ as delimiter.

What to do when an Assessee Code is not validated?

If an Assessee Code not found in the Assessee master of the bank, then bank should update their Assessee master by taking the data from NSDL.

What to do when an Accounting Code is not validated?

If the Accounting Code do not match while accepting a challan, bank should ask Assessee to write the correct Accounting Code. These 8-digit Accounting Codes are present on the bank of the challan (GAR-7). Bank should also update their master directories by taking the data from NSDL.

What to do when a Central Excise Assessee tender a challan with payment for Service Tax and vice-versa?

The 11th and 12th digit of Assessee Code distinguish between the Excise and Service Tax Assessee. Before accepting the challan bank should validate these 2-digits against the Major Head. The 11th and 12th digits are as under:

Excise:

XD

XM

CE

ED

EM

Service Tax:

ST

SE

SD

What to do when challan total do not tally with the amount of the instrument tendered?

Bank should validate the total challan amount with the value of the instrument tendered and if not tallied, the challan and supporting instrument should be returned to the taxpayer for correction before accepting.

Annexure 7.1
(Refer para 7.3.1)

The table showing the category of Services which are taxable, with Accounting Codes.

Sr.	Name of Service	Accounting Code			
No.		Tax Collection	Other Receipts*	Deduct Refunds***	Penalties**
1.	Tax on Telephone Billing	00440003	00440119	00440122	00441296
2.	Tax on General Insurance Premia	00440005	00440006	00440120	00441297
3.	Tax on Stock Brokerage Commission	00440008	00440009	00440121	00441298
4.	Advertising Services	00440013	00440016	00440017	00441299
5.	Courier Services	00440014	00440018	00440019	00441300
6.	Radio Paging Services	00440015	00440020	00440021	00441301
7.	Custom House Agent Services	00440026	00440027	00440028	00441302
8.	Steamer Agent Services	00440029	00440030	00440031	00441303
9.	Air Travel Agent Services	00440032	00440033	00440034	00441304
10.	Mandap Keeper Services	00440035	00440036	00440037	00441305
11.	Clearing and Forwarding Agent Services	00440045	00440046	00440047	00441306
12.	Rent a Cab Scheme Operator Services	00440048	00440049	00440050	00441307
13.	Outdoor Caterers Services	00440051	00440052	00440053	00441308
14.	Pandal or Shamiana Contractors Services	00440054	00440055	00440056	00441309
15.	Consulting Engineer Services	00440057	00440058	00440059	00441310
16.	Man Power Recruitment Services	00440060	00440061	00440062	00441311
17.	Tour Operator Services	00440063	00440064	00440065	00441312
18.	Goods Transport Operator Services	00440067	00440068	00440069	00441313
19.	Architect Services	00440072	00440073	00440074	00441314
20.	Interior Decoration/Designers Services	00440076	00440077	00440078	00441315
21.	Mechanised Slaughter House Services	00440080	00440081	00440082	00441316
22.	Under Writer Services	00440084	00440085	00440086	00441317
23.	Credit Rating Agency Services	00440088	00440089	00440090	00441318
24.	Chartered Accountant Services	00440092	00440093	00440094	00441319
25.	Cost Accountant Services	00440096	00440097	00440098	00441320

26.	Company Secretary Services	00440100	00440101	00440102	00441321
27.	Real Estate Agent/Consultant Service	00440104	00440105	00440106	00441322
28.	Security/Detective Agency Services	00440108	00440109	00440110	00441323
29.	Market Research Agency Services	00440112	00440113	00440114	00441324
30.	Management Consultant Services	00440116	00440117	00440118	00441325
31.	Scientific and Technical Consultancy Service	00440125	00440126	00440127	00441326
32.	Photography service	00440129	00440130	00440131	00441327
33.	Convention service	00440133	00440134	00440135	00441328
34.	Leased circuits service	00440137	00440138	00440139	00441329
35.	Telegraph service	00440141	00440142	00440143	00441330
36.	Telex service	00440145	00440146	00440147	00441331
37.	Facsimile service	00440149	00440150	00440151	00441332
38.	On-line information and database access and/or retrieval service	00440153	00440154	00440155	00441333
39.	Video tape production service	00440157	00440158	00440159	00441334
40.	Sound recording service	00440161	00440162	00440163	00441335
41.	Broadcasting service	00440165	00440166	00440167	00441336
42.	Insurance auxiliary services	00440169	00440170	00440171	00441338
43.	Banking and other financial services	00440173	00440174	00440175	00441339
44.	Port services	00440177	00440178	00440179	00441341
45.	Service or repair provided by authorised service station for motorcar and two wheeled motor vehicle.	00440181	00440182	00440183	00441343
46.	Life Insurance Service including insurance auxiliary services relating to Life Insurance.	00440185	00440186	00440187	00441346
47.	Cargo Handling Services	00440189	00440190	00440191	00441348
48.	Storage and Warehouse Services	00440193	00440194	00440195	00441350
49.	Event Management Services	00440197	00440198	00440199	00441353
50.	Rail Travel Agent services	00440201	00440202	00440203	00441356
51.	Health Club and Fitness Centers Services	00440205	00440206	00440207	00441358
52.	Beauty Parlours Services	00440209	00440210	00440211	00441361
53.	Fashion Designing Services	00440213	00440214	00440215	00441363

54.	Cable Operators services	00440217	00440218	00440219	00441366
55.	Dry cleaning Services.	00440221	00440222	00440223	00441369
56.	Business auxiliary services	00440225	00440226	00440227	00441371
57.	Commercial training and coaching center	00440229	00440230	00440231	00441374
58.	Commissioning and installation Service	00440233	00440234	00440235	00441376
59.	Franchise service	00440237	00440238	00440239	00441384
60.	Internet cafe	00440241	00440242	00440243	00441386
61.	Maintenance and repair service	00440245	00440246	00440247	00441388
62.	Technical testing & analysis: technical inspection and certification Service	00440249	00440250	00440251	00441389
63.	Business Exhibition Services	00440254	00440255	00440256	00441390
64.	Airport Services	00440258	00440259	00440260	00441391
65.	Transport of goods by Road	00440262	00440263	00440264	00441392
66.	Transport of goods by air	00440266	00440267	00440268	00441393
67.	Survey and exploration of mineral	00440270	00440271	00440272	00441394
68.	Opinion poll services	00440274	00440275	00440276	00441395
69.	Intellectual property services other than copyright	00440278	00440279	00440280	00441396
70.	Forward contract services	00440282	00440283	00440284	00441397
71.	TV or Radio programme production	00440286	00440287	00440288	00441398
72.	Construction services in respect of commercial or industrial buildings and civil structures	00440290	00440291	00440292	00441399
73.	Travel agents (other than air/rail travel agents)	00440294	00440295	00440296	00441400
74.	Transport of goods through pipeline or other conduit	00440302	00440303	00440304	00441430
75.	Site formation and clearance, excavation and earth moving and demolition services, other than those provided to agriculture, irrigation and watershed development	00440306	00440307	00440308	00441431
76.	Dredging service of river, port, harbour, backwater or estuary	00440310	00440311	00440312	00441432
77.	Survey and map making other than those by Government departments	00440314	00440315	00440316	00441433

78.	Cleaning services other than in relation to agriculture, horticulture, animal husbandry or dairying	00440318	00440319	00440320	00441434
79.	Membership of club or association with specified exclusions	00440322	00440323	00440324	00441435
80.	Packaging services	00440326	00440327	00440328	00441436
81.	Mailing list compilation and mailing	00440330	00440331	00440332	00441437
82.	Construction of residential complexes having more than twelve residential houses or apartments together with common areas and other appurtenances	00440334	00440335	00440336	00441438
83.	Service provided by a Registrar to an issue	00440338	00440339	00440340	00441439
84.	Service provided by a Share Transfer Agent	00440342	00440343	00440344	00441440
85.	Automated Teller Machine operations, Maintenance or management	00440346	00440347	00440348	00441441
86.	Service provided by a recovery agent	00440350	00440351	00440352	00441442
87.	Sale of space or time for advertisement, other than in print media	00440354	00440355	00440356	00441443
88.	Sponsorship services provided to any body corporate or firm, other than sponsorship of sports events.	00440358	00440359	00440360	00441444
89.	Transport of passengers embarking on international journey by air, other than economy class passengers	00440362	00440363	00440364	00441445
90.	Transport of goods in containers by rail by any person, other than Government railway.	00440390	00440391	00440392	00441446
91.	Business support services	00440366	00440367	00440368	00441447
92.	Auctioneers service, other than auction of property under directions or orders of a court of law or auction by the Central Government.	00440370	00440371	00440372	00441448
93.	Public relations service	00440374	00440375	00440376	00441449
94.	Ship Management services	00440378	00440379	00440380	00441450
95.	Internet Telephony service	00440382	00440383	00440384	00441451
96.	Transport of persons by cruise ship	00440386	00440387	00440388	00441452

97.	Credit Card, debit card change card or other payment card related services	00440394	00440395	00440396	00441453
98.	Services provided by a telegraph authority in relation to telecommunication services.	00440398	00440399	00440400	00441454
99.	Services provided in relation to mining of mineral, oil or gas.	00440402	00440403	00440404	00441455
100.	Services provided in relation to renting of immovable property for use in course or furtherance of business or commerce.	00440406	00440407	00440408	00441456
101.	Services provided in relation to execution of a works contract.	00440410	00440411	00440412	00441457
102.	Services provided in relation to development and supply of content for use in telecom services, advertising agency services and on-line information and database assess or retrieval services.	00440414	00440415	00440416	00441458
103.	Services provided by any person, except a banking company or a financial institution including a non-banking financial company or any other body corporate or commercial concern, in relation to asset management including portfolio management and all forms of fund management.	00440418	00440419	00440420	00441459
104.	Service provided in relation to design services	00440422	00440423	00440424	00441460
105.	Services provided by any person in relation to information technology software for use in the course, or furtherance, of business or commerce.	00440452	00440450	00440451	00441461
106.	Services provided by an insurer on life insurance business, in relation to management of investment, under unit linked insurance business, commonly known as Unit Linked Insurance Plan (ULIP) scheme.	00440430	00440431	00440432	00441462
107.	Services provided by a recognized stock exchange in relation to assisting, regulating or controlling the business of buying, selling or dealing in securities and includes services provided in relation to trading, processing, clearing and settlement of transactions in securities.	00440434	00440435	00440436	00441463

108.	Services provided by a recognized/ registered association in relation to assisting, regulating or controlling the business of the sale or purchase of any goods or onward contracts and includes services provided in relation to trading, processing, clearing and settlement of transactions in goods or forward contracts	00440438	00440439	00440440	00441464
109.	Services provided by a processing and clearinghouse in relation to processing, clearing and settlement of transactions in securities, goods or forward contracts including any other matter incidental to, or connected with, such securities, goods and forward contracts.	00440442	00440443	00440446	00441465
110.	Services provided by any person in relation to supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances.	00440445	00440447	00440448	00441466
111.	Cosmetic Surgery or Plastic Surgery Service	00440460	00440463	00440466	00441467
112.	Transport of Coastal Goods, Goods through National Waterway or Goods through Inland Water	00440470	00440473	00440476	00441468
113.	Legal Consultancy Service	00440480	00440483	00440486	00441469
114.	Services of promoting, marketing or organizing of games of chance, including lottery, Bingo or Lotto	00440595	00440596	00440597	00441470
115.	Health services like (a) health check up undertaken by hospitals or medical establishments for employees of business entities and (b) health services provided under health insurance schemes offered by insurance companies	00440598	00440599	00440600	00441471
116.	Services provided maintenance of medical records of employees business entity	00440601	00440602	00440603	00441472
117.	Services of promoting a 'brand' of goods, services, events, business entity etc	00440604	00440605	00440606	00441473
118.	Services of permitting commercial use or exploitation of any event organized by a person or organization	00440607	00440608	00440609	00441474

119.	Services provided by Electricity Exchange	00440610	00440611	00440612	00441475
120.	Services related to (a) Transferring Temporarily, or (b) permitting the use or enjoyment of any copyright defined in the Copyright Act, 1957 and services related to two types of copyrights not covered under Intellectual Property Right (IPR), namely those on (a) cinematographic films and (b) sound recording	00440613	00440614	00440615	00441476
121.	Special services provided by a builder etc, to the prospective buyers such as providing preferential location or external or internal development of complexes on extra charges	00440616	00440617	00440618	00441477
122.	Services of Air-conditioned restaurants having license to serve alcoholic beverages in relation to service of food or beverages.	00441067	00441068	00441069	00441478
123.	Services of providing of accommodation in hotels/inns/cubs/ guest houses/campsite for a continuous period of less than three months.	00441070	00441071	00441072	00441479
124.	Primary Education Cess	00440298	00440299	00440300	00441486
125.	Secondary and Higher Education Cess	00440426	00440427	00440428	00441487
126.	Other Taxable Services	00441480	00441481	00441482	00441485

Notes :-

- (i) *The sub-head "Other Receipts" is meant for interest leviable on delayed payment of Service Tax.
- (ii) ** The sub-head "Penalties" is meant for penalties leviable on Service Tax.
- (iii) ***The sub-head "Deduct Refunds" is not to be used by The Assessess, it is meant for the Service Tax Deptt. while allowing refund of Tax.
- (iv) Service Tax in respect of services other than those mentioned at Sl.No.1 to 123 above will be booked under the new Accounting sub-head " Other Taxable Services"
- (v) Services mentioned at Sr. No. 1, 6, and 34 to 37 have been merged into a single service mentioned at Sr. No. 98. However, the same may be retained in the directory for future reference.
- (vi) "Goods Transport Operator Services" mentioned at Sr. No. 18 is no longer a taxable service. However, the same may be retained in the directory for future reference.
- (vii) "Mechanised Slaughter House" mentioned at Sr. No. 21 is no longer a taxable service. However, the same may be retained in the directory for future reference.

Annexure 7.2
(Refer para 7.3.2)

The following taxable services have been exempt from the whole of the Service Tax leviable thereon under section 66-B of the said Act vide mega exemption notification No. 25/2012 –ST dated 20/06/2012 namely:--

1. Services provided to the United Nations or a specified international organization;
2. Health care services by a clinical establishment, an authorised medical practitioner or para-medics;
3. Services by a veterinary clinic in relation to health care of animals or birds;
4. Services by an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) by way of charitable activities;
5. Services by a person by way of-
 - (a) renting of precincts of a religious place meant for general public; or
 - (b) conduct of any religious ceremony;
6. Services provided by-
 - (a) an arbitral tribunal to -
 - (i) any person other than a business entity; or
 - (ii) a business entity with a turnover up to rupees ten lakh in the preceding financial year;
 - (b) an individual as an advocate or a partnership firm of advocates by way of legal services to,-
 - (i) an advocate or partnership firm of advocates providing legal services ;
 - (ii) any person other than a business entity; or
 - (iii) a business entity with a turnover up to rupees ten lakh in the preceding financial year; or
 - (c) a person represented on an arbitral tribunal to an arbitral tribunal;
7. Services by way of technical testing or analysis of newly developed drugs, including vaccines and herbal remedies, on human participants by a clinical research organisation approved to conduct clinical trials by the Drug Controller General of India;
8. Services by way of training or coaching in recreational activities relating to arts, culture or sports;
9. Services provided to or by an educational institution in respect of education exempted from service tax, by way of,-
 - (a) auxiliary educational services; or
 - (b) renting of immovable property;
10. Services provided to a recognised sports body by-
 - (a) an individual as a player, referee, umpire, coach or team manager for participation in a

- sporting event organized by a recognized sports body;
- (b) another recognised sports body;
11. Services by way of sponsorship of sporting events organised -
- (a) by a national sports federation, or its affiliated federations, where the participating teams or individuals represent any district, state or zone;
- (b) by Association of Indian Universities, Inter-University Sports Board, School Games Federation of India, All India Sports Council for the Deaf, Paralympic Committee of India or Special Olympics Bharat;
- (c) by Central Civil Services Cultural and Sports Board;
- (d) as part of national games, by Indian Olympic Association; or
- (e) under Panchayat Yuva Kreedha Aur Khel Abhiyaan (PYKKA) Scheme;
12. Services provided to the Government, a local authority or a governmental authority by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of -
- (a) a civil structure or any other original works meant predominantly for use other than for commerce, industry, or any other business or profession;
- (b) a historical monument, archaeological site or remains of national importance, archaeological excavation, or antiquity specified under the Ancient Monument and Archaeological Sites and Remains Act, 1958 (24 of 1958);
- (c) a structure meant predominantly for use as (i) an educational, (ii) a clinical, or (iii) an art or cultural establishment;
- (d) canal, dam or other irrigation works;
- (e) pipeline, conduit or plant for (i) water supply (ii) water treatment, or (iii) sewerage treatment or disposal; or
- (f) a residential complex predominantly meant for self-use or the use of their employees or other persons specified in the Explanation 1 to clause 44 of section 65 B of the said Act;
13. Services provided by way of construction, erection, commissioning, installation, completion, fitting out, repair, maintenance, renovation, or alteration of,-
- (a) a road, bridge, tunnel, or terminal for road transportation for use by general public;
- (b) a civil structure or any other original works pertaining to a scheme under Jawaharlal Nehru National Urban Renewal Mission or Rajiv Awaas Yojana;
- (c) a building owned by an entity registered under section 12 AA of the Income tax Act, 1961 (43 of 1961) and meant predominantly for religious use by general public;
- (d) a pollution control or effluent treatment plant, except located as a part of a factory; or a structure meant for funeral, burial or cremation of deceased;
14. Services by way of construction, erection, commissioning, or installation of original works pertaining to,-
- (a) an airport, port or railways, including monorail or metro;
- (b) a single residential unit otherwise than as a part of a residential complex;

- (c) low- cost houses up to a carpet area of 60 square metres per house in a housing project approved by competent authority empowered under the 'Scheme of Affordable Housing in Partnership' framed by the Ministry of Housing and Urban Poverty Alleviation, Government of India;
 - (d) post- harvest storage infrastructure for agricultural produce including a cold storages for such purposes; or
 - (e) mechanised food grain handling system, machinery or equipment for units processing agricultural produce as food stuff excluding alcoholic beverages;
15. Temporary transfer or permitting the use or enjoyment of a copyright covered under clauses (a) or (b) of sub-section (1) of section 13 of the Indian Copyright Act, 1957 (14 of 1957), relating to original literary, dramatic, musical, artistic works or cinematograph films;
 16. Services by a performing artist in folk or classical art forms of (i) music, or (ii) dance, or (iii) theater, excluding services provided by such artist as a brand ambassador;
 17. Services by way of collecting or providing news by an independent journalist, Press Trust of India or United News of India;
 18. Services by way of renting of a hotel, inn, guest house, club, campsite or other commercial places meant for residential or lodging purposes, having declared tariff of a unit of accommodation below rupees one thousand per day or equivalent;
 19. Services provided in relation to serving of food or beverages by a restaurant, eating joint or a mess, other than those having (i) the facility of air-conditioning or central air-heating in any part of the establishment, at any time during the year, and (ii) a license to serve alcoholic beverages;
 20. Services by way of transportation by rail or a vessel from one place in India to another of the following goods -
 - (a) petroleum and petroleum products falling under Chapter heading 2710 and 2711 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986);
 - (b) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
 - (c) defence or military equipments;
 - (d) postal mail or mail bags;
 - (e) household effects;
 - (f) newspaper or magazines registered with the Registrar of Newspapers;
 - (g) railway equipments or materials;
 - (h) agricultural produce;
 - (i) foodstuff including flours, tea, coffee, jaggery, sugar, milk products, salt and edible oil, excluding alcoholic beverages; or
 - (j) chemical fertilizer and oil cakes;
 21. Services provided by a goods transport agency by way of transportation of -
 - (a) fruits, vegetables, eggs, milk, food grains or pulses in a goods carriage;

- (b) goods where gross amount charged for the transportation of goods on a consignment transported in a single goods carriage does not exceed one thousand five hundred rupees; or
 - (c) goods, where gross amount charged for transportation of all such goods for a single consignee in the goods carriage does not exceed rupees seven hundred fifty;
22. Services by way of giving on hire -
- (a) to a state transport undertaking, a motor vehicle meant to carry more than twelve passengers; or
 - (b) to a goods transport agency, a means of transportation of goods;
23. Transport of passengers, with or without accompanied belongings, by -
- (a) air, embarking from or terminating in an airport located in the state of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, or Tripura or at Bagdogra located in West Bengal;
 - (b) a contract carriage for the transportation of passengers, excluding tourism, conducted tour, charter or hire; or
 - (c) ropeway, cable car or aerial tramway;
24. Services by way of vehicle parking to general public excluding leasing of space to an entity for providing such parking facility;
25. Services provided to Government, a local authority or a governmental authority by way of-
- (a) carrying out any activity in relation to any function ordinarily entrusted to a municipality in relation to water supply, public health, sanitation conservancy, solid waste management or slum improvement and upgradation; or
 - (b) repair or maintenance of a vessel or an aircraft;
26. Services of general insurance business provided under following schemes -
- (a) Hut Insurance Scheme;
 - (b) Cattle Insurance under Swarnajaynti Gram Swarozgar Yojna (earlier known as Integrated Rural Development Programme);
 - (c) Scheme for Insurance of Tribals;
 - (d) Janata Personal Accident Policy and Gramin Accident Policy;
 - (e) Group Personal Accident Policy for Self-Employed Women;
 - (f) Agricultural Pump set and Failed Well Insurance;
 - (g) premia collected on export credit insurance;
 - (h) Weather Based Crop Insurance Scheme or the Modified National Agricultural Insurance Scheme, approved by the Government of India and implemented by the Ministry of Agriculture;
 - (i) Jan Arogya Bima Policy;
 - (j) National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana);
 - (k) Pilot Scheme on Seed Crop Insurance;

- (l) Central Sector Scheme on Cattle Insurance;
 - (m) Universal Health Insurance Scheme;
 - (n) Rashtriya Swasthya Bima Yojana; or
 - (o) Coconut Palm Insurance Scheme;
27. Services provided by an incubatee up to a total turnover of fifty lakh rupees in a financial year subject to the following conditions, namely:-
- (a) the total turnover had not exceeded fifty lakh rupees during the preceding financial year; and
 - (b) a period of three years has not been elapsed from the date of entering into an agreement as an incubatee;
28. Service by an unincorporated body or a non- profit entity registered under any law for the time being in force, to its own members by way of reimbursement of charges or share of contribution -
- (a) as a trade union;
 - (b) for the provision of carrying out any activity which is exempt from the levy of service tax; or
 - (c) up to an amount of five thousand rupees per month per member for sourcing of goods or services from a third person for the common use of its members in a housing society or a residential complex;
29. Services by the following persons in respective capacities -
- (a) sub-broker or an authorised person to a stock broker;
 - (b) authorised person to a member of a commodity exchange;
 - (c) mutual fund agent to a mutual fund or asset management company;
 - (d) distributor to a mutual fund or asset management company;
 - (e) selling or marketing agent of lottery tickets to a distributor or a selling agent;
 - (f) selling agent or a distributor of SIM cards or recharge coupon vouchers;
 - (g) business facilitator or a business correspondent to a banking company or an insurance company, in a rural area; or
 - (h) sub-contractor providing services by way of works contract to another contractor providing works contract services which are exempt;
30. Carrying out an intermediate production process as job work in relation to -
- (a) agriculture, printing or textile processing;
 - (b) cut and polished diamonds and gemstones; or plain and studded jewellery of gold and other precious metals, falling under Chapter 71 of the Central Excise Tariff Act, 1985 (5 of 1986);
 - (c) any goods on which appropriate duty is payable by the principal manufacturer; or
 - (d) processes of electroplating, zinc plating, anodizing, heat treatment, powder coating, painting including spray painting or auto black, during the course of manufacture of parts

of cycles or sewing machines upto an aggregate value of taxable service of the specified processes of one hundred and fifty lakh rupees in a financial year subject to the condition that such aggregate value had not exceeded one hundred and fifty lakh rupees during the preceding financial year;

31. Services by an organiser to any person in respect of a business exhibition held outside India;
32. Services by way of making telephone calls from -
 - (a) departmentally run public telephone;
 - (b) guaranteed public telephone operating only for local calls; or
 - (c) free telephone at airport and hospital where no bills are being issued;
33. Services by way of slaughtering of bovine animals;
34. Services received from a provider of service located in a non-taxable territory by -
 - (a) Government, a local authority, a governmental authority or an individual in relation to any purpose other than commerce, industry or any other business or profession;
 - (b) an entity registered under section 12AA of the Income tax Act, 1961 (43 of 1961) for the purposes of providing charitable activities; or
 - (c) a person located in a non-taxable territory;
35. Services of public libraries by way of lending of books, publications or any other knowledge-enhancing content or material;
36. Services by Employees' State Insurance Corporation to persons governed under the Employees' Insurance Act, 1948 (34 of 1948);
37. Services by way of transfer of a going concern, as a whole or an independent part thereof;
38. Services by way of public conveniences such as provision of facilities of bathroom, washrooms, lavatories, urinal or toilets;
39. Services by a governmental authority by way of any activity in relation to any function entrusted to a municipality under article 243 W of the Constitution.

Annexure 8.1
(Refer para 8.1.9)

**STATEMENT SHOWING DETAILS OF REVISION APPLICATION FEE
COLLECTIONS DURING THE MONTH OF _____**

Date of Payment	No. & date of Challan	Name of the Applicant	Amount Rs.	Head of Account	Name of Bank at Which Paid	Remarks, if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Annexure 8.2
(Refer para 8.11.5)

**Abstract of Register of Receipts and Payments Relating to Personal
Deposit Account for the month of**

Opening balance	Receipts for the month		Total	Payments for the month		Closing balance	Note: Details of cheques issued but not encashed as per bank scroll during the month are to be given in detail
	----- Date of bank Scroll	----- Amount		----- Cheque No. and date	----- Amount		

Annexure 9.1
(Refer para 9.5.1)

Receiving Branch Payment Scroll (For Receipt)

Paying Branch Name: BSR Code:

PAO Name: PAO /Code:

S.No.	Exporter name	Acc. No.	IFS Code	DBK Scroll No.	Date of Credit in Exporter's A/c	RTGS/NEFT No.	Remarks
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
Total							

It is certified that amount to the tune of Rs..... of Central Excise and Customs Refund/Drawback of the previous month is lying in arrears with the dealing branch reporting to this FPB or in the pipeline between FPB and the dealing branch.

Branch Manager

Annexure 9.2
(Refer para 9.5.9)

Focal Point Branch Scroll/Main Scroll

Focal Point Branch Name: BSR Code:

Major Head Account No: Date:

Name of Pay and Accounts Office..... PAO Code.....

S.No.	Name of the Paying Branch	BSR Code No.	Date of Receiving Branch Scroll	DBK Amount	No. of Claims/ transactions	Remarks
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total						

It is certified that amount to the tune of Rs..... of Central Excise and Customs Refund/Drawback of the previous month is lying in arears with the dealing branch reporting to this FPB or in the pipeline between FPB and the dealing branch.

Branch Manager

Annexure 9.3
(Refer para 9.5.10)

DATE WISE MONTHLY STATEMENT (DMS)
(Prepared by Focal Point Branch)

Month: _____

Focal Point Branch Name:BSR Code:

Name of Pay and Accounts Office PAO Code:

Date:

S.No.	FPB Scroll No	FPB Scroll Date	No. of Claims/transactions	FPB Scroll Amount	Remarks
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
Total					

It is certified that amount to the tune of Rs..... of Central Excise and Customs Refund/Drawback of the previous month is lying in arrears with the dealing branch reporting to this FPB or in the pipeline between FPB and the dealing branch.

Branch Manager

Annexure 9.4
(Refer para 9.8.1)

FORM CAM -20

BANK RECONCILIATION STATEMENT OF DISBURSEMENTS RELATING TO THE
MONTH OF.....20.....

Ministry/Department/Office of.....

Total payments as per bank scrolls	Total payments as per the Register of Cheques issued	Amount of Cheques issued in earlier month(s) but encashed during the month	Amount of Cheques issued during the month but not encashed.	Items in bank scrolls not related to DDO and other errors in scrolls	2+3 - 4+5 (should be equal to the figures under col.1)
1.	2.	3.	4.	5.	6.

Divisional Officer

Annexure 9.5
(Refer para 9.8.2)

List of Payment of Revenue Refunds & Drawbacks etc.

S No.	Name of the Party	Cheque No. & date	Amount	Commissionerate Code	Assesse Type CE/ST	Location Code	FPB Code	Refund Bank Code	Minor Head Code	Indicator (Refund/ Drawback)
1	2	3	4	5	6	7	8	9	10	11

Signature of Divisional Officer

Annexure 10.1
(Refer para 10.5.2(i))

List of Banks currently authorized to collect Customs Duty

S. No.	Name of the Bank
1	Bank of Baroda
2	Bank of India
3	Canara Bank
4	Central Bank of India
5	Corporation Bank
6	IDBI Bank
7	Indian Bank
8	Indian Overseas Bank
9	Punjab National Bank
10	State Bank of Bikaner and Jaipur
11	State Bank of Hyderabad
12	State Bank of India
13	State Bank of Travancore
14	UCO Bank
15	Union Bank of India
16	Bank of Maharashtra
17	United Bank of India

Annexure 12.1
(Refer para 12.2.1(a))

Register showing the challans lost/misplaced by the Banks and certificates in lieu of those challans furnished by them.

_____ Months of

Account _____

Name of the Revenue Co-lecting Bank which challans/ certificates received	No.and date of the challan lost/ misplaced adjusted	Amount of the challan lost/ misplaced	No. & date of the letter/ Scroll with	Month of account in which	Remarks
1	2	3	4	5	6

Abstracts (to be prepared at the end of each month)

A) Opening balance _____
 Amount of challans lost/misplaced during the month as per column (3) _____
 Total _____
 Less certificate from banks and adjusted in the account as per column (5) _____
 Net _____

Account(Civil)-ObjectionBookSuspence

(B) Monthwise break up of the challans for which certificates are awaited from the banks (The details under this should agree with the net amount worked out under (A)

Certified that net amount shown under (A) agrees with the amount outstanding in the accounts under 8658-Suspense Accounts-Suspense

Pay and Accounts Officer



सत्यमेव जयते

**Principal Chief Controller of Accounts
Central Board of Excise & Customs (CBEC)
Department of Revenue, Ministry of Finance
Government of India**
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