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**GOVERNMENT OF INDIA**  
**MINISTRY OF FINANCE**  
**DEPARTMENT OF REVENUE**

**Office of the Principal Commissioner RA and  
Ex-Officio Additional Secretary to the Government of India**  
8<sup>th</sup> Floor, World Trade Centre, Cuffe Parade,  
Mumbai- 400 005

F. NO. 195/168/17-RA-CX  
F. NO. 195/39-40/WZ/18-RA-CX

Date of Issue: 25.11.2021

527-529  
ORDER NO. /2021-CX (WZ) /ASRA/Mumbai DATED 22.11.2021 OF  
THE GOVERNMENT OF INDIA PASSED BY SHRI SHRAWAN KUMAR,  
PRINCIPAL COMMISSIONER & EX-OFFICIO ADDITIONAL SECRETARY TO  
THE GOVERNMENT OF INDIA, UNDER SECTION 35EE OF THE CENTRAL  
EXCISE ACT, 1944.

Applicant : M/s Huntsman International (India) P. Limited  
Respondent : Commissioner of Central Excise & GST, Vadodara – I  
Commissionerate.  
Subject : Three Revision Applications filed under Section 35EE of  
the Central Excise Act, 1944 against the following Orders-  
in-Appeal:-

1.	VAD-EXCUS-001-APP-486/2016-17 dt. 27.12.2016	Passed by Comm.(Appeal-I) Central Excise, Customs and Service Tax, Vadodara
2.	VAD-EXCUS-002-APP-585-2017-18 dated 06.11.2017	Passed by Comm. (Appeals) GST & Central Excise, Vadodara
3.	VAD-EXCUS-001-APP-604-2017-18 dated 20.11.2017	Passed by Comm. (Appeals) GST & Central Excise, Vadodara

## **ORDER**

The subject three Revision Applications have been filed by M/s Huntsman International (India) P. Limited (here-in-after referred to as 'the applicant') against the subject Orders-in-Appeal dated 27.12.2016, 06.11.2017 and 20.11.2017 passed by the Commissioner of GST & Central Excise (Appeals), Vadodara. The issue involved in all the three cases being common, the subject Revision Applications are being taken up for decision together.

2. Brief facts of the case are that the applicant filed rebate claims in respect of goods exported by them. The Department observed that the overseas buyer was the applicant's 'Holding Company' and the exported goods were 'Stock Transferred' to the said related firm situated abroad. The original rebate sanctioning authority held that the value of the products declared by the applicant was incorrect inasmuch as the goods were sold/transferred to a related entity and hence they should have resorted to valuation as per Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000, which provided that the same should be on the basis of cost of production plus 10% profit margin. The rebate claims filed by the applicant were decided by three Orders-in-Original dated 23.09.2016, 01.08.2017 and 08.09.2017.

3. As regards the claims for rebate covered by the Order-in-Original dated 23.09.2016, the applicant submitted CAS - 4 certificates with respect to goods covered by a few claims. In respect of these claims the original Adjudicating Authority sanctioned rebate to the extent of the CAS-4 values, and allowed the applicant to take re-credit of the duty paid on the value which was in excess to the CAS-4 values, in their CENVAT credit account. The original Adjudicating Authority rejected the rest of the rebate claims as the applicant did not submit CAS-4 certificates in respect of the goods

covered by them. The Orders-in-Original dated 01.08.2017 and 08.09.2017 rejected all the rebate claims covered by them for non-submission of information, i.e. CAS-4 values in terms of Section 4(1)(b) of the Central Excise Act, 1944 and Rules 9, 8, & 11 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.

4. The applicant preferred appeals against the above Orders-in-Original dated 23.09.2016, 01.08.2017 and 08.09.2017 which were decided by Orders-in-Appeal dated 27.12.2016, 06.11.2017 and 20.11.2017, respectively. The Commissioner (Appeals), upheld the Orders-in-Original in all the three cases and held that the valuation of the goods exported should have been done as per Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000 and rejected the appeals filed.

5. Aggrieved, the applicant has filed the subject three Revision Applications against the said three Orders-in-Appeal on the following grounds:-

- (a) That the goods exported by them have not been consumed by the 'Foreigner,' to whom it was exported, for production of other goods but had been sold by them to other independent buyers;
- (b) That in such case CAS-4 certificate would not be required for each consignment as the goods had not been consumed by the related person situated abroad;
- (c) That the original Adjudicating Authority had not established that the buyer abroad was related to them;

In light of the above, the applicant submitted that the impugned Orders-in-Appeal deserve to be set aside and sought for directions to be issued to the original Adjudicating Authority to sanction the rebate claims with interest.

6. Personal hearing in the matter was granted to the applicant on 16.07.2021. Shri Jaydeep Patel, Advocate, Shri Sunil Kukreja & Shri Ashish Soni – both representatives of the applicant firm, appeared online for

the same. They submitted that their claim was rejected on the ground that duty was should have been paid under Rule 8 of the Central Excise Rules, 2002 at 110% of the cost of production. They submitted that since subsequent sale is involved, therefore their selling price was the correct value for duty payment. They also submitted that Commissioner (Appeals) had subsequently allowed their claim. They requested to allow the claims.

7. Government has carefully gone through the relevant case records available in case files, the written submissions and also perused the impugned Orders-in-Original and the Orders-in-Appeal.

8. Government notes that in the present case, the rebate claims filed by the applicant were rejected by the original rebate sanctioning authority on the grounds that the valuation of the goods exported was not proper. The Government notes that there is neither any dispute with regard to the actual export of the goods nor is there any allegation that provisions of Rule 18 of the Central Excise Rules, 2002, which provides for rebate of goods, have been violated or not complied with. The rebate sanctioning authority has contended that the goods having been exported to a related person, its valuation should have been done under Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.

9. Government notes that the rebate claims in question have been filed under Rule 18 of the Central Excise Rules, 2002 read with notification no.19/2004-CE (NT), dated 06.09.2004. Rule 18 of the Central Excise Rules, 2002 lays down that where any goods are exported, the Central Government may, by notification, grant rebate of duty paid on such excisable goods, subject to such conditions or limitations, if any, as may be prescribed by the said notification. Notification no.19/2004-CE (NT), dated 06.09.2004, issued in exercise of the powers conferred under Rule 18 of the Central Excise Rules, 2002, specifies the conditions, limitations and procedures for claiming rebate of duty paid on the goods exported. Government has examined the said notification and finds that the only

condition pertaining to the value of the goods being exported is mentioned at para 2(e) of the notification, which states as follows:-

*“that the market price of the excisable goods at the time of exportation is not less than the amount of rebate of duty claimed;”*

Government finds that there is no allegation against the applicant that they have violated the above condition imposed by the notification. Government notes that there is no allegation that the provisions of either Rule 18 of Central Excise Rules, 2002 or notification no.19/2004-CE (NT), dated 06.09.2004, have been violated.

10. Government finds that the Department had neither challenged the valuation of the goods when they were cleared for export nor was any objection raised at the port of export. At no point during the course of the entire proceedings have the Orders-in-Original or the Orders-in-Appeal recorded that the Department had challenged the valuation of the goods being exported and that the applicant had been issued any Notice by the Department seeking to reject the values indicated by them. Government notes that the dispute of the valuation of goods arose after the applicant filed the claims for rebate. Government finds that Central Board of Excise & Customs had vide Circular no.510/06/2000-CX dated 03.02.2000 clarified the issue in question. Relevant portion of the same is reproduced below:-

*“ It is directed to say that doubts have arisen relating to the determination of the amount of rebate of excise duty in cases where prices of export-goods are doubted in foreign currency and advalero excise duty is paid after converting the value in equivalent Indian rupee. Another doubt is that once duty is paid, should rebate be reduced and if the rebate is reduced, can the manufacturer be allowed to take re-credit of the duties paid through debits in RG-23A Part-II or RG-23C Part-II on the relevant export goods? Yet another doubt is that in case any short payment is detected but the assessee pays the duty prior to sanction of rebate, whether the rebate amount should be reduced?*

*2. The Board has examined the matter. It is clarified that in aforementioned case, the duty on export goods should be paid by applying market rate as it prevails at the time the duty is paid on such goods. Once value (in accordance with section 4 of the Central Excise Act, 1944) is determined and duty is paid, rebate has to be*

*allowed equivalent to the duty paid. Board has already clarified in Circular No. 203/37/96-CX dated 26.4.96 that AR-4 value is to be determined under section 4 of the Central Excise Act, 1944 and this value is relevant for the purposes of rule 12 & rule 13. Thus, the duty element shown on AR-4 has to be rebated, if the jurisdictional Range officer certifies it to be correct. There is no question of re-quantifying the amount of rebate by the rebate sanctioning authority by applying some other rate of exchange prevalent subsequent to the date on which the duty was paid. **It is also clarified that the rebate sanctioning authority should not examine the correctness of assessment but should examine only the admissibility of rebate of the duty paid on the export goods covered by a claim.***

*3. If the rebate sanctioning authority has reasons to believe that duty has been paid in excess than what should have been paid, he shall inform, after granting the rebate, the jurisdictional Assistant/Deputy Commissioner. The latter shall scrutinize the correctness of assessment and take necessary action, wherever necessary. In fact, the triplicate copy of AR-4 is meant for this purpose, which are to be scrutinized by the Range officers and then sent to rebate sanctioning authority with suitable endorsement. Since there is no need for reducing rebate, the question of taking of recredit in RG-23A Part-II or RG-23C Part-II do not arise.*

**[emphasis supplied]**

A plain reading of the above Circular clearly indicates that :-

- the duty on export goods should be paid at the market rate as it prevails at the time the duty is paid on such goods, in accordance with Section 4 of the Central Excise Act, 1944 and rebate equivalent to the duty paid has to be allowed;
- the duty element shown on the AR-1 has to be rebated, if the jurisdictional Range officer certifies it to be correct;
- the rebate sanctioning authority should not examine the correctness of assessment but should examine only the admissibility of rebate of the duty paid on the export goods covered by a claim;
- If the rebate sanctioning authority has reasons to believe that duty has been paid in excess than what should have been paid, he shall inform, after granting the rebate, the jurisdictional Assistant/Deputy Commissioner. The latter shall scrutinize the correctness of assessment and take necessary action, wherever necessary;
- Since there is no need for reducing rebate, the question of allowing re-credit in RG-23A Part-II or RG-23C Part-II did not arise.

11. Government notes that in the present case, no objection was raised by the Department with respect to the value of the goods when the same were cleared for export. There is nothing on record to indicate that the Department had challenged the value of the goods exported, prior to the applicant claiming rebate of the duty paid on the same. In the present case, as clarified by the above circular, the role of the jurisdictional Range Superintendent was to certify the duty element paid on the export consignment. However, the Range Superintendent and the rebate sanctioning authority have sought to re-assess the value of the goods exported, an action which has been specifically prohibited at this stage by the above said Circular. The said Circular further clarifies that in the event it is felt that duty paid is in excess to what was required to be paid, the rebate claimed will first be paid and thereafter the jurisdictional authorities were required to be informed for initiating appropriate action. In fact, in the Order-in-Original dated 23.09.2016, the Adjudicating Authority has allowed re-credit of part of the rebate claimed in the Cenvat Account, which as per the above Circular, is a situation which should never have arisen. Government notes that the decision to reject the rebate claims filed by the applicant on the grounds of improper valuation of the goods exported is not proper and legal and in clear violation of the guidelines laid down by the Board in this regard.

12. In view of the above, the Government notes that the original rebate sanctioning authority has incorrectly resorted to assessing the value of goods exported, while deciding the rebate claims filed by the applicant. The Department, not having challenged the value of the goods exported prior to the rebate claims being filed, had no grounds to dispute the same while deciding the rebate claims.

13. Government finds that no case has been made out that the provisions of Rule 18 of the Central Excise Rules, 2002 or the notification no.19/2004-CE (NT), dated 06.09.2004 have been violated by the applicant. As stated

above, the grounds on which the rebate claims have been rejected are not proper or legal. Therefore, the subject impugned Orders-in-Appeal dated 06.11.2017, 20.11.2017 and 27.12.2016 passed by the Commissioner of GST & Central Excise (Appeals), Vadodara, which upheld the Orders of the original rebate sanctioning authority deserve to be annulled and Government accordingly holds so. In view of the above discussions, Government holds that rebate of duty paid, which has been claimed by the applicant, is admissible to them along with consequential relief arising thereof.

14. All the three Revision Applications are allowed in the above terms.

*Shrawan*  
22/11/21  
(SHRAWAN KUMAR)

Principal Commissioner & Ex-Officio  
Additional Secretary to Government of India

<sup>527-529</sup>  
ORDER No. /2021-CX (WZ) /ASRA/Mumbai dated 22.11.2021

To,

M/s Huntsman International (I) Pvt. Ltd.,  
Village : Umraya, Taluka: Padra,  
District : Vadodara.

Copy to:

1. The Commissioner of CGST & Central Excise, Vadodara – I Comm'te, Central Excise Building, Race Course, Vadodara 390007.
2. The Commissioner (Appeals), GST & Central Excise, Vadodara, 'GST BHAVAN' 1<sup>st</sup> floor Annex., Race Course Circle, Vadodara – 390 007.
3. The Deputy/Assistant Commissioner, Central Excise GST Division II, Vadodara-I, 4<sup>th</sup> floor, C. Excise Bldg., Race Course, Vadodara 390007.
4. Sr. P.S. to AS (RA), Mumbai
5. Guard file
6. Notice Board.