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E-BOOK



Invoice System

Under

Central Excise

Invoice System Under Central Excise

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5. This e-book has been prepared with active assistance and contribution of **Shri R. K. Shukla, Assistant Director, NACEN, RTI, Kanpur**. I appreciate his participation and willingness to prepare e-books so as to help fellow departmental officers in capacity building and upgrading their knowledge.
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Sd/-

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1. Introduction

1.1 **An invoice is the document under cover of which the excisable goods are to be cleared by the manufacturer.** This is also the document which indicates the assessment of the goods to duty. No excisable goods can be cleared except under an invoice. The invoice is the manufacturer's own document. **As per rule 11(2) of the Central Excise Rules, 2002, an invoice should necessarily contain the registration number, address of the concerned Central Excise division, name of the consignee, description, classification, time and date of removal, mode of transport, vehicle number (if any), rate of duty, quantity and value of goods and the duty payable thereon.**

2. Legal Provisions

Rule 11 of the Central Excise Rules, 2002 as amended.

RULE 11 Goods to be removed on invoice

(1) No excisable goods shall be removed from a factory or a warehouse except under an invoice signed by the owner of the factory or his authorized agent and in the case of cigarettes, each such invoice shall also be countersigned by the Inspector of Central Excise or the Superintendent of Central Excise before the cigarettes are removed from the factory:

***Provided** that a manufacturer of yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60 or readymade garments falling under Chapter 61 or 62 of First Schedule to the Tariff Act may remove the said goods under a proforma invoice signed by him or his authorised agent. The provisions of sub-rules (2) to (5) shall apply to the proforma invoice except that the said invoice shall not contain the details of the duty payable. The manufacturer shall, within five working days from the issuance of the proforma invoice prepare the invoice in terms of this rule after making adjustments in respect of the goods rejected and returned by the buyer. The proforma invoice and the invoice issued in terms of this sub-rule shall have cross reference to each other by way of their serial numbers:*

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Provided further that the said period of five working days, as referred to in the first proviso, may be extended upto a period not exceeding twenty-one days, inclusive of the said period of five working days, by the Commissioner of Central Excise, on receipt of a request from the said manufacturer.

(2) The invoice shall be serially numbered and shall contain the registration number, address of the concerned Central Excise Division, name of the consignee, description, classification, time and date of removal, mode of transport and vehicle registration number, rate of duty, quantity and value, of goods and the duty payable thereon.

Provided that in case of a proprietary concern or a business owned by Hindu Undivided Family, the name of the proprietor or Hindu Undivided Family, as the case may be, shall also be mentioned in the invoice.

¹[**Provided** further that if goods are directly sent to a job worker on the direction of a manufacturer or the provider of output service, the invoice shall also contain the details of the manufacturer or the provider of output service, as the case may be, as buyer and contain the details of job worker as the consignee:

Provided also that if the goods are directly sent to any person on the direction of the registered dealer, the invoice shall also contain the details of the registered dealer as the buyer and the person as the consignee, and that person shall take CENVAT credit on the basis of the registered dealer's invoice:

Provided also that if the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer shall mention that goods are sent directly from the place or port of import to the buyer's premises.]

[For Clarification an insertion of third & fourth proviso,
kindly see [Circular No.1003/10/2015-CX](#) dated 05.05.2015]

(3) The invoice shall be prepared in triplicate in the following manner, namely:-

- (i) the original copy being marked as ORIGINAL FOR BUYER;
- (ii) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER;
- (iii) the triplicate copy being marked as TRIPLICATE FOR ASSESSEE.

(4) Only one copy of invoice book shall be in use at a time, unless otherwise allowed by the Assistant Commissioner of Central Excise, or the Deputy Commissioner of Central Excise, as the case may be, in the special facts and circumstances of each case.

(5) [* * *] Omitted [**vide notification No. 5/2010-CE (NT), dated 27.02.2010**]

¹Inserted vide notification No. 8/2015-CE (NT), dated 01.03.2015

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(6) Before making use of the invoice book, the serial numbers of the same shall be intimated to the Superintendent of Central Excise having jurisdiction.

(7) The provisions of this rule shall apply mutatis mutandis to goods supplied by ²[an importer who issues an invoice on which CENVAT credit can be taken, or] a first stage dealer or a second stage dealer:

Provided that in case of the first stage dealer receiving imported goods under an invoice bearing an indication that the credit of additional duty of customs levied on the said goods under sub-section (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975) shall not be admissible, the said dealer shall on the resale of the said imported goods, indicate on the invoice issued by him that no credit of the additional duty levied under sub-section (5) of section 3 of the Customs Tariff Act, 1975 shall be admissible

Provided further that in case of the second stage dealer receiving imported goods under an invoice bearing an indication that the credit of additional duty of customs levied on the said goods under sub-section (5) of section 3 of the Customs Tariff Act, 1975 (51 of 1975) shall not be admissible, the said dealer shall on the resale of such imported goods, indicate on the invoice issued by him that no credit of the additional duty levied under sub-section (5) of section 3 of the Customs Tariff Act, 1975 shall be admissible.

Explanation - For the purposes of this rule, “first stage dealer” and “second stage dealer” shall have the meanings assigned to them in CENVAT Credit Rules, 2004.

³[(8) An invoice issued under this rule by a manufacturer may be authenticated by means of a digital signature:

Provided that where the duplicate copy of the invoice meant for transporter is digitally signed, a hard copy of the duplicate copy of the invoice meant for transporter and self-attested by the manufacturer shall be used for transport of goods.

*** (9)** The Board may, by notification, specify the conditions, safeguards and procedure to be followed by an assessee using digitally signed invoice.

Explanation – For the purposes of rule 11 and this rule, the expressions, “authenticate”, “digital signature” and “electronic form” shall have the respective meanings as assigned to them in the Information Technology Act, 2000 (21 of 2000)].

***NOTE:** In exercise of powers conferred by Rule 11 (9) of Central Excise Rules, the CBEC has prescribed, the conditions, safeguards and procedures to be followed by an assessee using digitally signed invoice, vide Notification No.18/2015-CE(NT) dated 06.07.2015. Further CBEC has also issued detailed [Instruction F.No.224/44/2014 CX-6 dated 06.07.15](#) in this regard.

²Inserted vide notification No. 8/2015-CE (NT), dated 01.03.2015

³Inserted vide notification No. 8/2015-CE (NT), dated 01.03.2015

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Timeline of Changes in Rule 11 of Central Excise Rules, 2002

Sr. No.	Notification No.	Changes made	Impact of changes
1.	Notification No. 24/2003-CE (NT), dated 25.3.2003	Inserted first proviso to sub-rule (1) – it allows manufacturer of yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58, 60 or ready-made garments falling under Chapter 61 or 62 of the first schedule of Tariff Act to be removed the said goods under a proforma invoice signed by manufacturer or his authorized agent. It also provided a period of five working days for issuance of invoice in terms of rule 11.	It allows certain manufacture to removed goods on Performa invoice and allowed issuance of invoice as per rule 11 within five working days.
2	Notification No. 48/2003-CE (NT), dated 17.5.2003	Inserted second proviso to sub-rule (1)	It allow extension of period of five working days referred to in the first proviso, upto 21 days by Principal Commissioner or Commissioner of Central Excise on the request of manufacturer.
3.	27/2004-CE (NT), dated 28.9.2004	Sub-Rule (2) substituted. Prior to substitution, the sub-rule (2) read as under:- <i>“(2) The invoice shall be serially numbered and shall contain the registration number, description, classification, time and date of removal, rate of duty, quantity and value, of goods and the duty payable thereon.”</i>	Under revised rule, more information was required to be mentioned on the invoice.
4.	8/2007-CE (NT), dated 1.3.2007 (wef 1.4.2007)	For the words “shall contain the registration number”, the words “shall contain the registration number, address of the concerned Central Excise Division” in Sub-rule 2 of Rule 11 substituted.	Added “address of the concerned Central Excise division” to be mentioned on the invoice.
5.	36/2007-Customs (NT), dated 14.9.2007	First and second Proviso to sub-rule (7) of Rule 11 were inserted.	For whole sale dealer dealing with imported goods, while passing on CENVAT credit were required to mention on the invoice that no credit of SAD shall be admissible.
6.	7/2008-CE (NT), dated 25.01.2008	Inserted proviso to Sub-rule (2) providing that in case of proprietary concern or a business owned by Hindu Undivided Family, the name of proprietor or HUF, as the case may be, shall also be mentioned in the invoice.	In case of manufacturer being proprietor or HUF, mention of name of proprietor/HUF on the invoice was made mandatory.
7.	5/2010-CE (NT), dated 27.02.2010 (wef 1.4.2010)	Omitted sub- rule (5) to Rule 11.	This sub-rule before omission provided that <i>the owner or working partner or Managing Director or Company Secretary or any person duly authorised for this purpose shall authenticate each</i>

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			<i>foil of the invoice book, before being brought into use. Copy of the letter of authority should be submitted to the Range office.</i>
8.	22/2012-CE (NT), dated 30.03.2012	In the explanation to sub-rule (7), for the words “CENVAT Credit Rules, 2002”, the words “CENVAT Credit Rules, 2004” were substituted.	Since CENVAT Credit Rule, 2002 were superseded by CENVAT Credit Rules, 2004, therefore, this amendment was required.
9.	8/2015-CE (NT), dated 1.3.2015	<ul style="list-style-type: none">• Inserted Sub-rule (8) and (9) incorporating provision for authentication of invoices by digital signature.• Inserted second, third and fourth proviso to sub-rule (2) providing for details to be mentioned in the invoices when goods sent directly to job-worker/ any person at the direction of dealer/ or any person at the direction of importer issuing Central excise invoice for passing the CENVAT Credit• Made changes in sub-rule (7) by making rule 11 applicable to importer issuing Central Excise invoice for passing the CENVAT credit in case of imported goods.	

3. Important Points to Note

Removals only on Invoice

3.1 **Sub-rule (1) of the Rule 11 of the Central Excise Rules, 2002** provides that no excisable goods shall be removed from a factory or a warehouse except under an invoice signed by the owner of the factory or his authorised agent.

3.2 **In respect of cigarettes, each invoice shall also be countersigned by the Inspector of Central Excise or the Superintendent of Central Excise before the cigarettes are removed from the factory.** If the factory is in operation for all 24 hours, the officers are rotated/posted for 24 hours. They check the operations of the assessee as per instructions, mutatis mutandis, contained in the Commodity Manual for Cigarettes.

Removal of Goods on Proforma Invoice by manufacturer of Specified goods

3.3 **A manufacturer of yarns or fabrics falling under Chapter 50, 51, 52, 53, 54, 55, 58 or 60 or readymade garments falling under Chapter 61 or 62 of First Schedule to the Tariff Act may remove the said goods under a Proforma invoice signed by him or his authorised agent.** The provisions of sub-rules (2) to (5) of Rule-

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11 shall apply to the proforma invoice except that the said invoice shall not contain the details of the duty payable. The manufacturer shall, within five working days from the issuance of the proforma invoice, prepare the invoice in terms of this rule after making adjustments in respect of the goods rejected and returned by the buyer. The proforma invoice and the invoice issued in terms of this sub-rule shall have cross reference to each other by way of their serial numbers.

3.4 The said period of five working days, may be extended upto a period not exceeding twenty-one days, inclusive of the said period of five working days, by the Principal Commissioner or Commissioner of Central Excise, on receipt of a request from the said manufacturer.

Details to be mentioned in the Invoices

3.5 Invoice is mandatorily required to contain the registration number, address of the concerned Central Excise Division, name of the consignee, description, classification, time and date of removal, mode of transport and vehicle registration number, rate of duty, quantity and value, of goods and the duty payable thereon.

3.6 In case of **manufacturer being proprietor or HUF**, then name of proprietor or HUF is mandatory to be mentioned on the invoice.

3.7 If goods are directly sent to a job worker on the direction of a manufacturer or the provider of output service, then the invoice is also required to contain the details of the manufacturer or the provider of output service, as the case may be, as buyer and contain the details of job worker as the consignee.

3.8 If the goods are directly sent to any person on the direction of the registered dealer, the invoice is also required to contain the details of the registered dealer as the buyer and the person as the consignee, and that person will take CENVAT credit on the basis of the registered dealer's invoice.

3.9 If the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer is required to mention that goods are sent directly from the place or port of import to the buyer's premises

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Serially numbering of invoice

3.10 The invoice shall be serially numbered and shall contain the registration number, address of the concerned Central Excise division, name of consignee, mode of transport and vehicle number (if any) description, classification, time and date of removal, mode of transport, vehicle number, if any, rate of duty, quantity and value of goods and the duty payable thereon. **The serial number shall commence from 1st April every year [beginning of a financial year].**

3.11 The serial number can be given at the time of printing or by using franking machine. But when the invoice book is authenticated in the manner specified in sub-rule (5) of rule 11, each foil of the invoice book should contain serial number before being brought into use. **Hand written serial number shall not be accepted.**

3.12 **In case of computer-generated invoice**, the serial number may be allowed to be generated and printed by computer at the time of preparation of invoice ONLY IF the software is such that computer automatically generates the number and same number cannot be generated more than once. For this purpose, the Central Excise Officers may check the system/software from time to time.

Number of Invoice copies

3.13 The invoice is required to be prepared in triplicate in the following manner, namely:-

- (i) The original copy being marked as ORIGINAL FOR BUYER;
- (ii) The duplicate copy being marked as DUPLICATE FOR TRANSPORTER;
- (iii) The triplicate copy being marked as TRIPLICATE FOR ASSESSEE.

3.14 The above requirement is mainly for Central Excise purposes. However, the assessee may make extra copies of invoice for his other requirements. But such copies shall be prominently marked "**NOT FOR CENVAT PURPOSES**".

Number of Invoice books

3.15 **Only one invoice book shall be in use at a time, unless otherwise allowed by the Deputy/Assistant Commissioner of Central Excise in the special facts and circumstances of each case (Ref: Sub-rule (4) of rule 11 of the said Rules)**

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3.16 The Board has allowed that where assessee requires two different invoice books for the purposes of removals for home-consumption, and removals for export, they may do so by intimating the jurisdictional Deputy/Assistant Commissioner of Central Excise.

3.17 Wherever an assessee is allowed to maintain more than one invoice book, he should be asked to maintain different numerical serial numbers for the different sets.

3.18 In case of running stationary used in computers, the bound book shall not be insisted upon provided the stationary is pre-printed with distinctive names and marks of the assessee. After the invoices are prepared, the triplicate copy shall be retained in bound-book form. Where invoices are to be type written, the leaves have to be first taken out from the book for typing, in such cases also, the triplicate copy shall be retained in bound-book form.

Authentication of Invoices [sub-rule (5) omitted with effect from 1.4.2010]

3.19 Prior to 1.4.2010, sub-rule (5) of Rule 11 of the said Rules provided that the owner or working partner or Managing Director or Company Secretary or any person duly authorised for this purpose shall authenticate each foil of the invoice book, before being brought into use. Copy of the letter of authority should be submitted to the Range office. This sub-rule has been omitted *vide* notification No. 5/2010-CE (NT), dated 27.02.2010 (w.e.f. 1.4.2010).

3.20 With effect from 1.3.2015, new sub-rule (8) has been inserted *vide* notification No. 8/2015-CE (NT), dated 1.3.2015 providing for authentication of invoice issued by a manufacturer by means of a digital signature. The word used in sub-rule is 'may', not 'shall'. It means that it is not mandatory for every manufacturer to issue digitally signed invoice.

3.21 It also provides that where the duplicate copy of the invoice meant for transporter is digitally signed, a hard copy of the duplicate copy of the invoice meant for transporter and self-attested by the manufacturer shall be used for transport of goods.

3.22 Further, under Sub-rule (9), Board has been empowered to specify the conditions, safeguards and procedure to be followed by an assessee using digitally signed invoice by issuing notification. So far, notification has not been issued by the Board.

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3.23 Further, it has also been provided in the rule 11 that meaning of the expressions, “authenticate”, “digital signature” and “electronic form” will be as assigned to these terms in the Information Technology Act, 2000 (21 of 2000).

Intimation of serial numbers

3.24 Before making use of the invoice book, the serial numbers of the same shall be intimated to the Superintendent of Central Excise having jurisdiction over the factory of the assessee. This can be done in writing by post/e-mail/fax/hand delivery or any other similar means.(Ref: Sub-rule (6) of rule 11 of the said Rule)

Provision of Rule 11 to be followed by the First stage dealer or second stage dealer and an importer who issues an invoice on which CENVAT credit can be taken.

3.25 The provisions of the rule 11 of the Central Excise Rules, 2002 apply mutatis mutandis to goods supplied by an importer who issues an invoice on which CENVAT credit can be taken, a first stage dealer, or a second stage dealer. The term “First Stage dealer” and “Second Stage dealer” have the meaning assigned to them in the Cenvat Credit Rules, 2004. The definition of first stage dealer or second stage dealer, as provided in CENVAT Credit rules, 2004, are as under:-

(a) *"first stage dealer " means a dealer who purchases the goods directly from,-*

(i) the manufacturer under the cover of an invoice issued in terms of the provisions of Central Excise Rules, 2002 or from the depot of the said manufacturer, or from premises of the consignment agent of the said manufacturer or from any other premises from where the goods are sold by or on behalf of the said manufacturer, under cover of an invoice; or

(ii) an importer or from the depot of an importer or from the premises of the consignment agent of the importer, under cover of an invoice;

(b) *"Second stage dealer" means a dealer who purchases the goods from a first stage dealer;*

3.26 Sub-rule (4) of rule 9 of the Cenvat Credit Rules, 2004 provides that the credit of the duty on inputs and capital goods purchased from a first stage or second stage dealer shall be allowed only if the said dealer has maintained records indicating the fact that the inputs or capital goods were supplied from the stock on which the duty was paid by the manufacturer of such goods and only an amount of such duty on pro rata basis has been indicated in the invoice issued by him..

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3.27 While the maintenance of proper records by the first stage or second stage dealers has been the requirement of the Central Excise Law, the pre-authentication of invoices issued by second stage dealers/ dealers of imported goods by Central Excise officers has not been provided for.

Rounding off of duty in invoice

3.28 The amount of duty being shown in invoices issued under rule 11 of the said Rules should be rounded off to the nearest rupee as provided under Section 37D of the Central Excise Act, 1944 and the duty amount so rounded off should be indicated in words as well as in figures.

Preparation of invoices when goods are dispatched because of their size through more than one vehicle

3.29 Considering the difficulties faced by the manufacturers in documentation where a consignment of capital goods like heavy machinery', etc. which are first assembled by the manufacturer and are later disassembled only for the convenience of transport is loaded in more than one vehicle and carried separately or at intervals, the following procedure should be followed :-

- i) The manufacturer will intimate, on case to case basis, his option to avail this special procedure in writing for the complete machinery sought to be cleared in a number of individual part consignments after first being assembled, to the jurisdictional Deputy/Assistant Commissioner of Central Excise with a copy to the jurisdictional Superintendent of Central Excise along with the description of such machinery/equipment giving its tariff classification and list of components of such machinery/equipment in disassembled form and its value and an undertaking in the following format :-

I / We hereby undertake that only those components of a 'complete machinery' in terms of rule 2(a) of the interpretative rules to CETA which have first been assembled and constitute complete machinery falling under a single heading or sub-heading, and which are later disassembled only for the convenience of transport shall be cleared under this procedure on payment of entire duty as per the classification of such machinery / equipment and no 'parts' not satisfying this criterion shall be transported with such components unless appropriate Central Excise duty as prescribed for 'parts' under the Central Excise Tariff Act, 1985 is paid.

Date: Place:
(Authorised Signatory)

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These intimations shall be given at least 48 hours prior to the removal on any working day.

- ii) Though separate verification need not necessarily be made for each and every consignment, before the removal of the first consignment, the Deputy/Assistant Commissioner should verify that the various part consignments are indeed constituents of the complete machinery which has been first assembled.
- iii) A separate invoice shall be made out in respect of each conveyance on which the part consignment is loaded.
- iv) The manufacturer will pay the entire duty on the first such invoice (hereinafter referred to as "Parent invoice") on the basis of entire value of the machinery unit/equipment. This parent invoice shall be prepared quoting all vehicle numbers, total value/duty of the consignment. An inventory shall be annexed to the invoice giving detailed item-wise description as loaded in different vehicles.
- v) The details of removals and duty payment shall be entered in Daily Stock Account.
- vi) Photocopy of the duplicate copy of the parent invoice duly attested by the authorised signatory of the Company shall accompany each conveyance.
- vii) CENVAT credit, if any, shall be taken only on receipt of parent invoice and the entire consignment.
- viii) Where the part consignments travelling in a convoy or separately do not constitute "complete machinery" falling under a single heading or sub-heading, each such consignment will be classified on merits, say, as 'parts' and also a separate invoice showing theseparate value arrived at under Section 4 of Central Excise Act, 1944 and the duty amount, must accompany each such consignment.

Weightment of goods outside factory before preparing invoices

3.30 In certain cases, due to non-availability of weighbridges inside the factory, goods have to be loaded in vehicle and weighed outside the factory. The permission may be granted by Deputy/Assistant Commissioner, considering the exceptional nature of goods, for a period of one year at a time. A pre-printed serially numbered Challan may be

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prescribed, which will be authenticated in advance by the Superintendent or Inspector of the jurisdictional Range Office. The assessee will also maintain a record of such outward and inward movements, indicating date and time. Weighment should be done at the weighbridge nearest to the factory. The challan numbers shall be quoted on invoice. The Superintendent or inspector of the jurisdictional Range office will verify the challans and weighment slips randomly, at least once every month. If nothing adverse comes to notice, the permission may be renewed. Assessee should, however, be advised to install their own weighbridge inside the factory.

Cancellation of invoices

3.31 When an assessee is compelled to cancel an invoice, the following actions should be taken:-

- (i) Intimation of a cancelled invoice should be sent to the range Superintendent on the same date, whenever possible. However, in case of exceptional circumstances beyond the control of assessee should this not be possible, the intimation should be sent on the next working day;
- (ii) Along with the intimation of the cancelled invoice sent to the range Superintendent the original copy of the cancelled invoice should also be sent.
- (iii) Triplicate copy of the cancelled invoice may be retained by the assessee in the invoice book so that the same can be produced whenever required by audit parties, preventive parties and other visiting officers.

4. Text of Important Notification/Circulars/Instructions.

4.1 Circular No.689/5/2003-CX, dated 14.01.2003 (Issued from F.No. 267 /67/2002-CX-8)

Subject:- Maintenance of records by First Stage and Second Stage dealers and pre-authentication of invoices issued by Second Stage dealers/ dealers of imported goods-reg.

I am directed to say that Board has observed that different practices are being followed in field formations on the issue of maintenance of records by first stage and second stage dealers and pre-authentication of invoices issued by second stage dealers/ dealers of imported goods. Instances have come to the notice of the Board that the

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proper records are not being kept by such dealers and the pre-authentication of the invoices by the central excise officers is still being insisted upon.

2. The matter has been examined. In this connection, your attention is drawn to sub rule (3) of rule 7 of Cenvat Credit Rules, 2002 which provides that the credit of the duty on inputs and capital goods purchased from a first stage or second stage dealer shall be allowed only if the said dealer has maintained records indicating the fact that the inputs or capital goods were supplied from the stock on which the duty was paid by the manufacturer of such goods and only an amount of such duty on pro rata basis has been indicated in the invoice issued by him. Further, there is no requirement of pre-authentication of the invoices issued by second stage dealers/ dealers of imported goods by the Central Excise officers in the existing provisions.

3. It is therefore clarified that while the maintenance of proper records by the first stage or second stage dealers has been the requirement of the Central Excise Law, the pre-authentication of invoices issued by second stage dealers/ dealers of imported goods by the Central Excise officers has not been provided for.

4. Field formations may please be informed suitably.

4.2 Circular No.1003/10/2015-CX, dated 05.05.2015 (Issued from F.No.267/29/2015-CX-8)

Circular No. 1003/10/2015-CX
Dated 05.05.2015

F.No.267/29/2015-CX-8
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

Sub: Clarification regarding Cenvat Credit in transit sale through dealer - reg.

Kind attention is invited to Notification No. 8/2015 – Central Excise (NT) dated 1-3-2015 amending Central Excise Rules, 2002 (CER). Representations have been received from trade regarding the scope and purpose of third and fourth proviso inserted in sub-rule (2) of rule 11 particularly with reference to procedural requirement after the amendment where an indenting or unregistered dealer negotiates transit sale. For ease of reference these two provisos are reproduced below –

“ Provided also that if the goods are directly sent to any person on the direction of the registered dealer, the invoice shall also contain the details of the registered dealer as the

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buyer and the person as the consignee, and that person shall take CENVAT credit on the basis of the registered dealer's invoice:

Provided also that if the goods imported under the cover of a bill of entry are sent directly to buyer's premises, the invoice issued by the importer shall mention that goods are sent directly from the place or port of import to the buyer's premises. “

2. Clarification has also been requested by the trade regarding continued applicability of circular no 96/7/95-CX dt 13-2-1995, 137/48/95-CX dt 18-7-1995 and 218/52/96-CX dt 4-6-1996, in so far as these circulars pertain to availment of credit on strength of original manufacturer's invoice where a dealer including an indenting dealer has procured order and has arranged direct transport of the goods from the premises of the manufacturer to the premises of the consignee. Further, clarification has also been sought regarding change in the requirement of registration for dealers consequent upon amendment in the rules.

3. The issue involved has been examined. It is clarified that the purpose of inserting the third

and fourth provisos in sub-rule (2) of Rule 11 of CER is to allow an additional facility for direct transport of goods from the manufacturer or the importer to the consignee where the consignee avails Cenvat Credit on the basis of the Cenvatable invoice issued by the registered dealer or the registered importer. This facility obviates the need for the goods to be brought to the premises of the registered importer or the registered dealer for subsequent transport of the goods to the consignee.

4. It is further clarified that the provisions of the circulars on the issues referred in Para 3 would continue to apply as no amendment has been made in rule 9 of the Cenvat Credit Rules, 2004 which prescribes the document on the basis of which Cenvat Credit can be availed. No amendments have been made regarding registration requirements also.

5. Various specific issues referred to by the trade are clarified as follows –

(i) Where a registered dealer negotiates sale of an entire consignment from a manufacturer or a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. In such cases no Cenvatable invoice shall be issued by the registered dealer in favour of the consignee though commercial invoice can be issued. Where a registered dealer negotiates sale of goods from the total stock ordered on a manufacturer or an importer to multiple buyers and orders direct transportation of goods to the consignees and the manufacturer or the importer is willing to issue individual invoices for each sale in favour of the consignees for such individual sale, the same procedure shall apply.

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(ii) Where a registered dealer negotiates sale by splitting a consignment procured from a manufacturer or a registered importer and issues Cenvatable invoices for each of the sale, it would now be possible for the dealer to order direct transport of the consignments as per the individual sales to the consignee without bringing the goods to his godown. This would save time and transportation cost for the dealer adding to ease of doing business. This is a new facility which flows from the amended provisions. Procedure as prescribed in the third proviso of rule 11(2) shall be applicable in such case.

(iii) Where a un-registered dealer negotiates sale of an entire consignment from a manufacturer or a registered importer and orders direct transport of goods to the consignee, credit can be availed by the consignee on the basis of invoice issued by the manufacturer or the registered importer. As the dealer is not registered, there is no question of issuing any Cenvatable invoice by him . Such dealers as in the past can continue to be un-registered.

(iv) Where goods are sold by the registered importer to an end-user (say a manufacturer) who would avail credit on the basis of importer's invoice and the goods are transported directly from the port or warehouse at the port to the buyer's premises, the amendment prescribes that for such movement the factum of such direct transport to the buyer's premises needs to be recorded in the invoice.

6. It may be noted that the new provisos are meant to improve the ease of doing business by providing an additional facility to the registered dealer or importer for direct dispatch of goods from the manufacturer to the consignee, when he is issuing Cenvatable invoice,. They do not withdraw any past facility. These amendments should therefore be harmoniously interpreted with the existing rules and circulars in conformity with the legal provisions, keeping the intention of the Government in mind. Difficulty faced, if any, should be brought to the notice of the Board. Hindi version would follow.

Shankar Prasad Sarma
Under Secretary to the Government of India

4.3 Notification No. 18/2015-Central Excise (N.T.), dated 06.07.2015

Notification No. 18/2015-Central Excise (N.T.)

New Delhi, the 6th July, 2015

G.S.R. (E).___ In pursuance of sub-rule (5) of rule 10 and sub-rule (9) of rule 11 of the Central Excise Rules, 2002 made under section 37 of the Central Excise Act, 1944 (1 of 1944) and sub-rule (5) of rule 5 and sub-rule (2) of rule 4C of the Service Tax Rules, 1994 made under sub-section (1) read with sub-section (2) of section 94 of the Finance Act, 1994 (32 of 1994), the Central Board of Excise and Customs hereby specifies the following conditions, safeguards and procedures for issue of invoices, preserving records in electronic form and authentication of records and invoices by digital signatures, namely:-

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1. Every assessee proposing to use digital signature shall use Class 2 or Class 3 Digital Signature Certificate duly issued by the Certifying Authority in India.
2. (i) Every assessee proposing to use digital signatures shall intimate the following details to the jurisdictional Deputy Commissioner or Assistant Commissioner of Central Excise, at least fifteen days in advance:-
 - a) name, e-mail id, office address and designation of the person authorised to use the digital signature certificate;
 - b) name of the Certifying Authority;
 - c) date of issue of digital certificate and validity of the digital signature with a copy of the certificate issued by the Certifying Authority along with the complete address of the said Authority:

Provided that in case of any change in the details submitted to the jurisdictional Deputy Commissioner or Assistant Commissioner, complete details shall be submitted afresh within fifteen days of such change.

(ii) Every assessee already using digital signature shall intimate to the jurisdictional Deputy Commissioner or Assistant Commissioner of Central Excise the above details within fifteen days of issue of this notification.

3. Every assessee who opts to maintain records in electronic form and who has more than one factory or service tax registration shall maintain separate electronic records for each factory or each service tax registration.
4. Every assessee who opts to maintain records in electronic form, shall on request by a Central Excise Officer, produce the specified records in electronic form and invoices through e-mail or on a specified storage device in an electronically readable format for verification of the authenticity of the document and the request for such records and invoices shall be specified in the letter or e-mail by the Central Excise Officer.
5. A Central Excise Officer, during an enquiry, investigation or audit, in accordance with the provisions of section 14 of the Central Excise Act, 1944 and as made applicable to Service Tax as per the provisions contained in section 83 of the Finance Act, 1994, may direct an assessee to furnish printouts of the records in electronic form and invoices and may resume printouts of such records and invoices after verifying the correctness of the same in electronic format; and after the print outs of such records in electronic form have been signed by the assessee or any other person authorised by the assessee in this regard, if so requested by such Central Excise Officer.
6. Every assessee who opts to maintain records in electronic form shall ensure that appropriate backup of records in electronic form is maintained and preserved for a period of 5 years immediately after the financial year to which such records pertain.
7. This notification shall come into force on the date of its publication in the Official Gazette.

[F. No. 224/44/2014-CX.6]

(ROHAN)

Under Secretary to the Government of India

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4.4 Instruction F. No. 224/44/2014-CX.6, dated 06.07.2015

F. No. 224/44/2014-CX.6

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, dated the 6th July, 2015

To

Principal Chief Commissioners / Chief Commissioners of Central Excise (All),
Principal Chief Commissioners/Chief Commissioners of Central Excise & Service Tax (All).

Sub: Instructions regarding maintenance of Records in Electronic Form and authentication of records by Digital Signature–manner of verification-reg.

Madam/ Sir,

Kind attention is invited to sub-rule (5) of rule 10 of Central Excise Rules, 2002, inserted vide Notification No. 8/2015-CE (N.T.) dated 01.03.2015 and sub-rule (5) of rule 5 of the Service Tax Rules, 1994 inserted *vide* notification no. 5/2015-Service Tax dated 01.03.2015. As per the provisions of these sub-rules, the assessee may opt to maintain records in electronic form and authenticate the same by digital signatures subject to conditions, safeguards and procedures prescribed by the Board. Attention is also invited to sub-rule (9) of rule 11 of CER, 2002, and sub-rule (2) of rule 4(C) of the Service Tax Rules, 1994 inserted by the same notifications. As per the provisions of these rules, the assessee may exercise the option to issue invoices authenticated by digital signatures. Subsequently, Board *vide* Notification No. 18/2015-C.E.(N.T.) dated 6th July, 2015 has prescribed conditions, safeguards and procedures for preserving records in electronic form and authentication of records by digital signatures.

2.0 The salient features of the Notification No. 18/2015-C.E. (N.T.) dated 6th July, 2015 are:-

- a. Every assessee proposing to use digital signature shall use Class 2 or Class 3 Digital Signature Certificate duly issued by the Certifying Authority in India.
- b. Every assessee proposing to use digital signatures shall intimate the details such as name, e-mail id, office address and designation of the person authorized to use the digital signature certificate, name of the Certifying Authority, date of issue of Digital Certificate and validity of the digital signature etc., to the jurisdictional Deputy Commissioner or Assistant Commissioner of Central Excise at least 15 days in advance. In case of any change in the details submitted to the jurisdictional Deputy Commissioner or Assistant Commissioner, complete details shall be submitted afresh within 15 days of such change. Assessee already using digital signature shall intimate the above details within 15 days of issue of the notification.
- c. Every assessee opting to maintain records in electronic form, who has more than one factory or service tax registration, shall maintain separate electronic records for each factory or each service tax registration.
- d. A Central Excise Officer, during an enquiry, investigation or audit, in accordance with the provisions of section 14 of the Central Excise Act, 1944 and as made applicable to Service Tax as per the provisions contained in section 83 of the Finance Act, 1994, may direct an assessee to furnish printouts of the records in electronic form and invoices and may resume

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printouts of such records and invoices after verifying the correctness of the same in electronic format; and after the print outs of such records in electronic form have been signed by the assessee or any other person authorised by the assessee in this regard, if so requested by such Central Excise Officer.

3.0 Following procedures are hereby prescribed for verification of digitally signed invoices and documents:

3.1 The process for verifying digitally signed documents or invoices requires a computer system with internet connection. Digitally signed invoices or documents either in PDF format or the hard copy of invoices and documents may contain a web link where the documents or invoices are stored by the assessee, which can be accessed using this web link for verification. Assessee shall either provide access to the weblink of the company for verification or forward the digitally signed invoice or document by e-mail on requisition by the Central Excise Officer for verification.

3.2 The contents of a digitally signed document or invoice can be verified as follows:

- a. **Automatic pop-up of message once a digitally signed invoice is opened for the first time**
 - i. Whenever a document/ invoice containing a valid digital signature is opened in a pdf format, a pop up will automatically appear on the computer screen indicating the manner in which the digital signature of the person, who has signed the document, can be validated.
 - ii. This pop-up would generally contain the messages “At least one signature has problems” and “Signature Panel”.
 - iii. Digital signature can be validated by clicking on the signature box, which has message “validity unknown” with a “?” stamp, generally appearing on the bottom right corner of the invoice.
 - iv. This pop up will not appear where the sender creates only an image of the digital signature instead of digitally signing the invoice or document. Such an invoice or document will not be a valid digitally signed invoice or document.
- b. **Document modification history**
 - i. Once the signature box on digitally signed invoice or document is clicked, a window bearing title ‘signature validation status’ will appear to provide document modification history. This window will provide the information as to whether the document has been modified or not post signing of the document.
 - ii. A tab bearing the title “Signature Properties” shall also appear on the same window and this tab once clicked, a window bearing the title “Signature Properties” will appear.
- c. **Access to key information from the signature panel and acceptance of signer post verification of necessary particulars**
 - i. The next step is to click “show signers’ certificate” option which appears on the “Signature Properties” window. By doing so, various tabs will provide key information about the signer, validity and authenticity of the digital signature certificate, details about the agency that has issued the digital certificate, details about the certificate granted to such issuing agency etc.
 - ii. After verifying various particulars (the name of the holder of the digital signature, the validity of the signature and details of issuance of the document) and being satisfied with the authenticity of the document, the Central Excise Officer may add the certificate in question to its list of trusted certificates by

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clicking the “trust” tab on the menu. By clicking ‘Add to trusted identities’ the signer gets added as a trusted source and the process of verification is thus complete.

4.0 Difficulty, if any, in implementation of the procedure may please be brought to the notice of the Board. Hindi version would follow.

(ROHAN)

Under Secretary to the Government of India
