• आयुक्तालय (अपील-I) केंद्रीय उत्पादन शुल्क *
सातमाँ तल, केंद्रीय उत्पाद शुल्क भवन,
पोलिटेकनिक के पास, आमबाबाडि,
अहमदाबाद – 380015.

रजिस्टर्ड डाक ए.डी. द्वारा

411/415

क फाइल संख्या : File No : V2(39)/79/Ahd-I/2016-17
Stay Appl.No. NA/2016-17

ख अपील आदेश संख्या Order-In-Appeal Nos. AHM-EXCUS-001-APP-050-2017-18
दिनाँक 31.07.2017 जारी करने की तारीख Date of Issue 01/09/2017

श्री उमा शंकर आयुक्त (अपील) द्वारा पारित
Passed by Shri. Uma Shanker, Commissioner (Appeal)

ग Asstt. Commissioner, Div-II केन्द्रीय उत्पाद शुल्क, Ahmedabad-I द्वारा जारी मूल आदेश सं AC/09/Div-II/2016-17 दिनाँक: 31/8/2016, से सृजित

Arising out of Order-in-Original No. AC/09/Div-II/2016-17 दिनाँक: 31/8/2016 issued by Asstt. Commissioner,Div-II Central Excise, Ahmedabad-I

घ अपीलकर्ता का नाम एवं पता Name & Address of the Appellant / Respondent

M/S. Balaji Laminators
Ahmedabad

कोई व्यक्ति इस अपील आदेश से असंतोष अनुभव करता है तो वह इस आदेश के प्रति यथास्थिति नीचे बताए गए सक्षम अधिकारी को अपील या पुनरीक्षण आवेदन प्रस्तुत कर सकता है।

Any person a aggrieved by this Order-in-Appeal may file an appeal or revision application, as the one may be against such order, to the appropriate authority in the following way :

भारत सरकार का पुनरीक्षण आवेदन :
Revision application to Government of India :

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1994 की धारा अतत: नीचे बताए गए मामलों के बारे में पूर्वोक्त धारा को उप–धारा के प्रथम परन्तुक के अंतर्गत पुनरीक्षण आवेदन अधीन सचिव, भारत सरकार, वित्त मंत्रालय, राजस्व विभाग, चौथी मंज़िल, जीवन दीप भवन, संसद मार्ग, नई दिल्ली : 110001 को की जानी चाहिए।

(i) A revision application lies to the Under Secretary, to the Govt. of India, Revision Application Unit Ministry of Finance, Department of Revenue, 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001 under Section 35EE of the CEA 1944 in respect of the following case, governed by first proviso to sub-section (1) of Section-35 ibid :

(ii) यदि माल की हानि के मामले में जब ऐसी हानि कारखाने से किसी भण्डागार या अन्य कारखाने में या किसी भण्डागार से दूसरे भण्डागार में माल ले जाते हुए मार्ग में, या किसी भण्डागार या भण्डार में चाहे वह किसी कारखाने में या किसी भण्डागार में हो माल की प्रकिया के दौरान हुई हो।

(ii) In case of any loss of goods where the loss occur in transit from a factory to a warehouse or to another factory or from one warehouse to another during the course of processing of the goods in a warehouse or in storage whether in a factory or in a warehouse.

(b) In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.

(ग) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।

... 2 ...

(ख) भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित माल पर या माल के विनिर्माण में उपयोग शुल्क कच्चे माल पर उत्पादन शुल्क के रिबेट के मामलें में जो भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित है।

(b) In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.

(ग) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।

(c) In case of goods exported outside India export to Nepal or Bhutan, without payment of duty.

अंतिम उत्पादन की उत्पादन शुल्क के भुगतान के लिए जो डयूटी केडिट मान्य की गई है और ऐसे आदेश जो इस धारा एवं नियम के मुताबिक आयुक्त, अपील के द्वारा पारित वो समय पर या बाद में वित्त अधिनियम (नं.2) 1998 धारा 109 द्वारा नियुक्त किए गए हो।

(d) Credit of any duty allowed to be utilized towards payment of excise duty on final products under the provisions of this Act or the Rules made there under and such order is passed by the Commissioner (Appeals) on or after, the date appointed under Sec.109 of the Finance (No.2) Act, 1998.

(1) केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001 के नियम 9 के अंतर्गत विनिर्दिष्ट प्रपत्र संख्या इए–8 में दो प्रतियों में, प्रेषित आदेश के प्रति आदेश प्रेषित दिनाँक से तीन मास के भीतर मूल–आदेश एवं अपील आदेश की दो–दो प्रतियों के साथ उचित आवेदन किया जाना चाहिए। उसके साथ खाता इ. का मुख्यशीर्ष के अंतर्गत धारा 35–इ में निर्धारित फी के भुगतान के सबूत के साथ टीआर–6 चालान की प्रति भी होनी चाहिए।

The above application shall be made in duplicate in Form No. EA-8 as specified under Rule, 9 of Central Excise (Appeals) Rules, 2001 within 3 months from the date on which the order sought to be appealed against is communicated and shall be accompanied by two copies each of the OIO and Order-In-Appeal. It should also be accompanied by a copy of TR-6 Challan evidencing payment of prescribed fee as prescribed under Section 35-EE of CEA, 1944, under Major Head of Account.

(2) रिविजन आवेदन के साथ जहाँ संलग्न रकम एक लाख रूपये या उससे कम हो तो रूपये 200/– फीस भुगतान की जाए और जहाँ संलग्न रकम एक लाख से ज्यादा हो तो 1000/– की फीस भुगतान की जाए।

The revision application shall be accompanied by a fee of Rs.200/- where the amount involved is Rupees One Lac or less and Rs.1,000/- where the amount involved is more than Rupees One Lac.

सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण के प्रति अपीलः–
Appeal to Custom, Excise, & Service Tax Appellate Tribunal.

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1944 की धारा 35–बी/35–इ के अंतर्गतः–

Under Section 35B/ 35E of CEA, 1944 an appeal lies to –

(क) उक्तलिखित परिच्छेद 2 (1) क में बताए अनुसार के अलावा की अपील, अपीलो के मामले में सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) की पश्चिम क्षेत्रीय पीठिका, अहमदाबाद में ओ–20, न्यू मैन्टल हास्पिटल कम्पाउण्ड, मेघाणी नगर, अहमदाबाद–380016

(a) To the west regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at O-20, New Metal Hospital Compound, Meghani Nagar, Ahmedabad : 380 016. in case of appeals other than as mentioned in para-2(i) (a) above.

The appeal to the Appellate Tribunal shall be filed in quadruplicate in form EA-3 as prescribed under Rule 6 of Central Excise(Appeal) Rules, 2001 and shall be accompanied against (one which at least should be accompanied by a fee of Rs.1,000/-, Rs.5,000/- and Rs.10,000/- where amount of duty / penalty / demand / refund is upto 5 Lac, 5 Lac to 50 Lac and above 50 Lac respectively in the form of crossed bank draft in favour of Asstt. Registar of a branch of any nominate public sector bank of the place where the bench of any nominate public sector bank of the place where the bench of the Tribunal is situated.

(3) यदि इस आदेश में कई मूल आदेशों का समावेश होता है तो प्रत्येक मूल ओदश के लिए फीस का भुगतान उपर्युक्त ढंग से किया जाना चाहिए इस तथ्य के होते हुए भी कि लिखा पढी कार्य से बचने के लिए यथास्थिति अपीलीय न्यायाधिकरण को एक अपील या केन्द्रीय सरकार को एक आवेदन किया जाता हैं।

In case of the order covers a number of order-in-Original, fee for each O.I.O. should be paid in the aforesaid manner not withstanding the fact that the one appeal to the Appellant Tribunal or the one application to the Central Govt. As the case may be, is filled to avoid scriptoria work if excising Rs. 1 lacs fee of Rs.100/- for each.

(4) न्यायालय शुल्क अधिनियम 1970 यथा संशोधित की अनुसूचि–1 के अंतर्गत निर्धारित किए अनुसार उक्त आवेदन या मूल आदेश यथास्थिति निर्णयन प्राधिकारी के आदेश में से प्रत्येक की एक प्रति पर रू.6.50 पैसे का न्यायालय शुल्क टिकट लगा होना चाहिए।

One copy of application or O.I.O. as the case may be, and the order of the adjournment authority shall a court fee stamp of Rs.6.50 paise as prescribed under scheduled-I item of the court fee Act, 1975 as amended.

(5) इन ओर संबंधित मामलों को नियंत्रण करने वाले नियमों की ओर भी ध्यान आकर्षित किया जाता है जो सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (कार्याविधि) नियम, 1982 में निहित है।

Attention in invited to the rules covering these and other related matter contended in the Customs, Excise & Service Tax Appellate Tribunal (Procedure) Rules, 1982.

(6) सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट). के प्रति अपीलो के मामले में कर्तव्य मांग (Demand) एवं दंड (Penalty) का 10% पूर्व जमा करना अनिवार्य हैं। हालांकि, अधिकतम पूर्व जमा 10 करोड़ रुपए है ।(Section 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

केन्द्रीय उत्पाद शुल्क और सेवा कर के अंतर्गत, शामिल होगा "कर्तव्य की मांग"(Duty Demanded) -

(i) (Section) खंड 11D के तहत निर्धारित राशि;
(ii) लिया गलत सेनवैट क्रेडिट की राशि;
(iii) सेनवैट क्रेडिट नियमों के नियम 6 के तहत देय राशि.

⇨ यह पूर्व जमा 'लंबित अपील' में पहले पूर्व जमा की तुलना में, अपील' दाखिल करने के लिए पूर्व शर्त बना दिया गया है .

For an appeal to be filed before the CESTAT, 10% of the Duty & Penalty confirmed by the Appellate Commissioner would have to be pre-deposited, provided that the pre-deposit amount shall not exceed Rs.10 Crores. It may be noted that the pre-deposit is a mandatory condition for filing appeal before CESTAT. (Section 35 C (2A) and 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

Under Central Excise and Service Tax, "Duty demanded" shall include:
(i) amount determined under Section 11 D;
(ii) amount of erroneous Cenvat Credit taken;
(iii) amount payable under Rule 6 of the Cenvat Credit Rules.

इस इस आदेश के प्रति अपील प्राधिकरण के समक्ष जहां शुल्क अथवा शुल्क या दण्ड विवादित हो तो माँग किए गए शुल्क के 10% भुगतान पर और जहाँ केवल दण्ड विवादित हो तब दण्ड के 10% भुगतान पर की जा सकती है।

In view of above, an appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute."

ORDER-IN-APPEAL

M/s. Balaji Laminators, Plot No. 2003/1, Phase-III, GIDC, Vatwa, Ahmedabad [*for short - 'appellant'*] has filed this appeal against OIO No. AC/09/Div II/2016-17 dated 31.8.2016, passed by the Assistant Commissioner, Central Excise, Division II, Ahmedabad-I Commissionerate[for short - '*adjudicating authority*'].

2. Briefly stated, a show cause notice dated 19.8.2015, was issued to the appellant, alleging *inter alia,* that they had wrongly availed the CENVAT credit in respect of excisable goods viz *reprocessed plastic granules*, received from M/s. Castle Polymers, Ahmedabad, [*for short –'supplier'/'manufacturer'*] which was absolutely exempted. The notice therefore, proposed that the CENVAT credit so availed, be disallowed, along with interest and further proposed penalty on the appellant.

3. This notice, was adjudicated vide the impugned OIO dated 31.8.2016, wherein the adjudicating authority held as follows:

(a) the dispute to be decided is whether the appellant is elgibile for CENVAT credit to the tune of Rs. 99,220/- for the period from June 2012 to July 2013 on the basis of invoices issued by M/s. Castle Polymers;
(b) that the Principal Commissioner, Central Excise, Ahmedabad-I vide his OIO no. AHM-EXCUS-001-COM-003-16-17 dated 15.2.2016 held that M/s. Castle had wrongly and in contravention of the provisions of Section 5A(1A) of the Central Excise Act, 1944, had paid an amount representing Central Excise duty and collected it from the buyers; that the amount paid as duty was ordered to be recovered from them and to deposit the same in cash in the Consumer Welfare Fund as prescribed under Section 12C of the Central Excise Act, 1944, under the provision of Section 11D(1A) of the Central Excise Act, 1944 read with Section 11D(2) of the Central Excise Act, 1944;
(c) that as per the circular dated 14.1.2011, the appellant cannot avail the said CENVAT credit; that when duty discharged by the appellant had been rendered incorrect there is no element of CENVAT credit available to the appellant for availment;
(d) that the burden of proof to ascertain the admissibility of CENVAT credit lies with the appellant as per rule 9(5) of the CENVAT Credit Rules, 2004;
(e) that the department has correctly invoked the provisions of extended period and the appellant has wrongly availed CENVAT credit to the tune of Rs. 99220/-.

4. Feeling aggrieved, the appellant, has filed this appeal against the impugned OIO, wherein he has raised the following averments:

(a) that the appellant purchased reprocessed plastic granules from M/s. Castle under five invoices on which Central Excise duty of Rs. 99,220/- was involved;
(b) that there is nothing in the CENVAT Credit Rules, which prohibits availment of credit of duty paid by the manufacturer voluntarily on exempted goods;
(c) that the only requirement for admissibility of credit under the CENVAT credit Rules, is that inputs must be duty paid and such inputs must be used in the manufacture of final dutiable goods which are to be cleared on payment of duty;
(d) that if the manufacturer has paid duty wrongly the action should have been taken against the manufacturer and not against the appellant;
(e) that the invocation of extended period is not correct;
(f) that they wish to rely on CBEC's circular no. 1014/2/2016-Cx dated 1.2.2016, which clearly states that it is a well settled position in law that a buyer may avail CENVAT credit, if supplier has paid duty;
(g) that the impugned OIO may be set aside with consequential reliefs.

5. Personal hearing in the matter was held on 20.6.2017, wherein Shri Sumit Shah, Proprietor, appeared for the appellant and reiterated the submissions advanced in the

grounds of appeal. He also submitted copies of the judgements relied upon by the appellant. .

6. I have gone through the facts of the case, the appellant's grounds of appeal, and the oral submissions made during the course of personal hearing. The question to be decided in the present appeal is whether the appellant is eligible for CENVAT credit in respect of inputs supplied by M/s. Castle Polymers, who had removed their goods on payment of duty, despite these goods being absolutely exempt from payment of duty.

7. The genesis of the dispute is that M/s. Castle Polymers, Ahmedabad, manufacturer of reprocessed plastic granules, which is absolutely exempted vide notification Nos. 4/2006-CE dated 1.3.2006 and 12/2012-CE dated 17.3.2012, had cleared the goods to the appellant, on payment of duty. Along with the appeal papers, the appellant has enclosed copy of OIO No. AHM-EXCUS-001-COM-003-16-17 dated 15.2.2016 in the case against M/s. Castle Polymers, Ahmedabad, wherein the Principal Commissioner, Central Excise, Ahmedabad-I, held as follows : [refer para 20 of the OIO dated 15.2.2016]

> *"I hold that the said noticee M/s. Castle Polymers Pvt. Ltd., Ahmedabad have wrongly and in contravention of the provisions of Section 5A(1A) of the CEA, 1944 paid an amount representing it as Central Excise duty on goods which were unconditionally and absolutely exempted from payment of Central Excise duty and collected the same from their buyers."*

8. In this regard, I find that CBEC has issued circular no. 940/1/2011-CX., dated 14-1-2011, which clarifies as follows:

> *2. It is further clarified that in case the assessee pays any amount as Excise duty on such exempted goods, the same cannot be allowed as "CENVAT Credit" to the downstream units, as the amount paid by the assessee cannot be termed as "duty of excise" under Rule 3 of the CENVAT Credit Rules, 2004.*
>
> *3. The amount so paid by the assessee on exempted goods and collected from the buyers by representing it as "duty of excise" will have to be deposited with the Central Government in terms of Section 11D of the Central Excise Act, 1944 . Moreover, the CENVAT Credit of such amount utilized by downstream units also needs to be recovered in terms of the Rule 14 of the CENVAT Credit Rules, 2004.*
>
> [emphasis supplied]

The departmental view in such a situation is vividly clarified vide the above circular.

9. The appellant however, amongst other cases, has relied upon the below mentioned case.

> [a] Neuland Laboratories Limited [2015(317) ELT 705 and 2015(319) A 140 (AP) – relevant extracts

7. Further, the Board's Circular No. 940/1/2011-CX, dated 14-1-2011 was also brought to my notice. In this Circular, it has been stated that where an assessee pays Excise duty on exempted goods, the amount recovered as Excise duty has to be deposited with the Central Government and Cenvat credit also needs to be recovered in terms of Rule 14 of the Cenvat Credit Rules, 2004. Rule 14 of the Cenvat Credit Rules, no doubt, provides for recovery of credit taken. The Board assumes that if an assessee takes credit of duty which was not required to be paid but paid, availment of credit would attract the provisions of Rule 14 of the Cenvat Credit Rules. The conclusion is that the credit which was taken wrongly would arise when an assessee is required to determine whether the inputs/capital goods received by him are liable to duty or not and whether duty is payable or not. There is no rule which puts an obligation on the receiver of goods. When we take note of the fact that the assessee may receive inputs/capital goods/services classifiable under almost all the headings, it is difficult to imagine that legislature would require the assessee to determine whether duty is payable for all these items or not and then take credit. Even a jurisdictional Central Excise officer may not have all the items listed in the Schedule for assessment. In fact, assessment has been taken away even from the Central Excise officer. That being the case, the Board's Circular which has been issued without taking into consideration and considering the implications of the provisions and implications of the instructions on the assessees cannot be applied blindly to arrive at a conclusion against the assessee.

This case was upheld by the Hon'ble High Court of Andhra Pradesh, wherein the Court held as follows:

"This appeal is sought to be preferred against the judgment and order of the learned Tribunal dated 5-9-2013 and sought to be admitted on the following suggested questions of law.

"(i) Whether the Hon'ble Tribunal is correct in allowing the respondent to avail Cenvat credit on Ethanol, a non-excisable commodity, under Rule 3 of Cenvat Credit Rules, 2004, which provides that a manufacturer of final product shall be allowed to take the credit of duty of Excise specified in the First Schedule to the Central Excise Tariff Act, more so when the Central Excise Officer at the supplier's end has held the product to be wrongly classified and paid duty wrongly with intention to pass the unutilized Cenvat credit to customers?

(ii) Whether the Hon'ble Tribunal is correct in setting aside the order of the Commissioner (Appeals-I), Hyderabad against the respondent (MLL), when they availed the credit contrary to the provisions of Rule 3 read with Rule 9(5) of the Cenvat Credit Rules, 2004?"

We have heard the learned Counsel for the appellant and gone through the impugned judgment and order of the learned Tribunal.

We have noticed that the learned Tribunal on fact found that in this case duty levied on the raw material has actually been paid. Once it is found on fact and it is not challenged on the ground of any perversity, the exemption is applicable automatically. The learned Tribunal has relied on the decision of the Madras High Court in the case of Commissioner of Central Excise, Chennai-I v. CEGAT, Chennai - 2006 (202) E.L.T. 753 (Mad.) and recorded that the facts in that case and the present case are identical and therefore, the said decision is applicable to the present case.

Hence, we do not find any reason to interfere with the judgment and order of the learned Tribunal.

[b] However, I find that the High Court of Bombay in the case of Nestle India Limited [2012(275) ELT 49 (Bom)] decided a similar matter by holding as follows:

5. Mr. Ferreira, learned Assistant Solicitor General for the appellant, submitted that the scheme of law is that if, excise duty is collected, a person at subsequent place is entitled to claim Modvat credit. According to Mr. Ferreira, learned Assistant Solicitor General, this can be so if, duty is validly collected at an earlier stage. In this case duty was not payable at all at the place outside Goa, since no duty can be levied on job work but only

on manufacture and, therefore, the respondents are not entitled to claim any Modvat credit. Though this submission appears to be reasonable and in accordance with law, we find it not possible to entertain this submission in the facts of the present case since at no point of time the Revenue questioned the applicability of the excise duty at the place outside Goa. Those assessments have been allowed to became final and the goods have been removed from the jurisdiction of the Excise Officer at that place and brought to Goa. Now, in Goa it will not be permissible to allow the Revenue to raise the contention that the assessee in Goa cannot claim Modvat credit in Goa because duty need not be paid outside Goa.

6. As we have observed that the assessment is allowed to be final, it would not be legal and proper to allow the Revenue to raise the question on the basis of Modvat credit. Indeed, now the payment of excise duty must be treated as valid, therefore, the claim of Modvat credit must be treated as excise duty validly paid.

[emphasis supplied]

I find that the High Court of Bombay has held that no credit is admissible in case the goods that are not leviable to duty. The High Court allowed the credit in the above instance only because the assessment at the duty payment end had become final. The judgement upholds the rationale of the clarification, issued by the Board vide circular dated 14.1.2011. It is true however, that the assessing officer in-charge of the appellant, cannot sit in judgment as to whether the duty was payable or not on the goods supplied. Since, it is on record that the duty payment by M/s. Castle Polymers, Ahmedabad. [the supplier of the inputs in the instant case] was objected to by the Department by issuing a notice, which was subsequently confirmed by the Principal Commissioner, ibid. following the judgement of the Hon'ble High Court of Bombay, I hold that CENVAT credit in such cases cannot be allowed, therefore, I uphold the impugned OIO dated 31.8..2016 wherein the adjudicating authority has ordered recovery of the CENVAT credit along with interest and penalty.

10. I find that the appellant has relied upon circular no. 1014/2/2016-Cx dated 1.2.2016, which states that a buyer may avail CENVAT credit, if the supplier has paid duty. The relevant text is reproduced below for ease of reference:

2. In the said judgment, Hon'ble High Court has held that duty under Central Excise Act, 1944 can be levied, if the article has come into existence as a result of production or manufacture. Articles which are not produced or manufactured cannot be subjected to levy of excise duty. On the import of like article, no additional duty can be levied under section 3(1) of the Customs Tariff Act, 1975. Since the vessels and other floating structures for 'breaking-up' are not manufactured in India, no excise duty is leviable and consequently no additional duty under Section 3(1) of the Customs Tariff Act, 1975 can be levied on import of such goods. The reason for such conclusion by Hon'ble High Court is that when articles which are not produced or manufactured cannot be subjected to levy of excise duty, then on the import of like articles no additional duty can be levied under the Customs Tariff Act.

3. In view of above said judgement, trade are following two different practices as enumerated below and are being issued Show cause Notices according to the practice they follow :-

(i) Show Cause Notices have been issued to importers who are not paying CVD demanding CVD from them as department has appealed against the order of the Hon'ble High Court of Gujarat.

(ii) Show Cause Notices for wrong availment of CENVAT credit have been issued to those importers who are paying CVD voluntarily and taking CENVAT credit and utilising the same for payment of Central Excise duty liability arising due to breaking of vessels.

4. The problem faced by the trade due to issue of Show Cause Notices in either situation has been examined in Board and it has been decided that all Show Cause Notices issued for non-payment of CVD [refer para 3(i) above] shall be kept in call book till the SLP filed by the department in the Hon'ble Supreme Court is decided.

5. Show Cause Notice denying Cenvat Credit of CVD paid voluntarily by the importers at the time of import is not warranted. It is well settled position in law that a buyer may avail Cenvat Credit, if supplier has paid duty. In this regard following case law may be referred - CCE v. CEGAT [2006 (202) E.L.T. 753 (Mad HC DB)], CCE v. Rambaxy Labs Ltd. [2006 (203) E.L.T. 213 (P & H HC DB)], Commissioner of Central Excise, Chennai-I v. CEGAT, Chennai reported as 2006 (202) E.L.T. 753 (Mad.). Credit is accordingly admissible for duty paid voluntarily.

6. Thus, once the importer has paid CVD on import of ship, Cenvat Credit of that CVD cannot be denied for payment of Central Excise duty on breaking of that ship. Show Cause Notices already issued for denying Cenvat Credit may be decided in light of these instructions and in future such Show Cause Notices may not be issued.

11. The above circular is not at all relevant since the above circular talks of a situation pertaining to applicability of CVD and availment of CENVAT credit in the said context, while the present dispute is relating to an exemption under Section 5A(1A) of the Central Excise Act, 1944, which clearly debars a manufacturer from payment of Central Excise duty, as the exemption is unconditional. In the present case, the manufacturer was not supposed to pay Central Excise duty and therefore, the appellant could not have availed CENVAT credit of a payment that was not Central Excise duty. Hence, I find that the resort to the circular by the appellant, is not legally tenable.

12. During the course of personal hearing, the appellant has submitted copies of various case laws on which they wished to place their reliance. On going through the said case laws, I find that the case laws viz. MDS Switchgear Limited [2008(229) ELT 485 (SC), Kerala State Electronic Corporation [1996(84) ELT 44 (Tri), Aggarwal Iron Industries [2005(184) ELT 397 (Tri-Del), Anand Arc Electrodes Private Limited [2010(252) ELT 411)], Nahar Granities Limited [2014(305) ELT 9 (Guj)], Balakrishna Industries Limited [2014(309) ELT 354], India Vision Satelite Communications Limited [2015(39) STR 684], Ultratech Cement Limited [2011(22) STR 289], stand distinguished since in the dispute at hand, as is already recorded by me in para 7, supra, the payment of duty at the supplier/manufacturer's end has been held to have been wrongly paid in contravention of the provisions of Section 5A(1A) of the CEA, 1944. Further, with respect to the reliance of the appellant on the case of M/s. Arvind Limited [2014(300) ELT 481], I find that it pertains to claim of rebate and is not relevant to the issue at hand.

13. The appellant's contention is that the demand is barred by limitation. Section 11A(4) of the Central Excise Act,1944, lists five situations wherein extended period can be invoked. I find that the appellant had clearly failed to discharge the obligation cast under Rule 9(5) of the CENVAT Credit Rules, 2004, and had thereby availed the CENVAT credit in contravention of the CENVAT Credit Rules, 2004 and thereafter used it towards payment of Central Excise duty. Since the CENVAT credit was availed in contravention of the CENVAT Credit Rules, 2004 with an intent to evade payment of duty by utilizing such

credit towards payment of duty, I find this to be a fit case for invocation of extended period. Hence, the contention of the appellant that extended period cannot be invoked, lacks merit.

14. In view of the foregoing, the appeal is rejected and the impugned OIO dated 20.7.2016, is upheld.

15. अपीलकर्ता द्वारा दर्ज की गई अपील का निपटारा उपरोक्त तरीके से किया जाता है।

15. The appeal filed by the appellant stands disposed of in above terms.

(उमा शंकर)
केन्द्रीय कर आयुक्त (अपील्स)

Date : 31.07.2017
Attested

(Vinod Lukose)
Superintendent (Appeal-I),
Central Excise,
Ahmedabad.

By RPAD.

To,

M/s. Balaji Laminators,
Plot No. 2003/1, Phase-III,
GIDC, Vatwa,
Ahmedabad

Copy to:-

1. The Chief Commissioner, Central Tax, Ahmedabad Zone .
2. The Principal Commissioner, Central Tax, Ahmedabad South.
3. The Deputy/Assistant Commissioner, Central Tax, Division II, Ahmedabad South.
4. The Assistant Commissioner, System, Central Tax, Ahmedabad South.
5. Guard File.
6. P.A.