

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISES :PUNE-III :  
41-A ICE HOUSE,OPP. WADIA COLLEGE,PUNE 411 001.**

**TRADE FACILITY NO 11/2010**

**SUB: - Procedure for processing of raw sugar into refined sugar by the jobworkers of importers --Reg.**

The following circular issued by Tax Research Unit, Department of Revenue, Ministry of Finance, Govt. of India is enclosed herewith for information & necessary action.

Circular No.	File No.	Date
-----	354/78/2009-TRU	12 <sup>th</sup> January 2010.

2. All Trade Associations/Chambers of Commerce are requested to bring the contents of the above cited circular to the notice of their members/constituents.

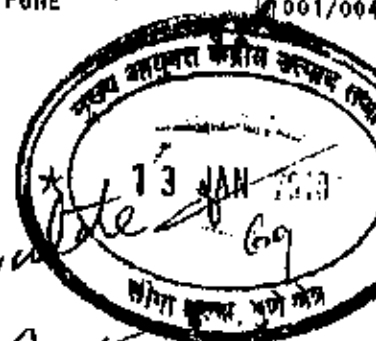
*11-27/11*  
(B.S.Vasudev)  
Commissioner

F.No. VGN(30)10/ Trade Facility/09  
Pune, the 27<sup>th</sup> January 2010

Copy to:-

- The Secretary, CBEC, New Delhi.
- The Deputy Secretary, GIMFDR, New Delhi.
- D.G.I.C.C.E., New Delhi., The Chief Commissioner, Central Excise & Customs, Pune.
- The Commissioner, Pune- I / II / III / Customs /Appeals-I /II/III, Pune.
- A.C.I.O.W.R.U., Mumbai, CERA, Mumbai.
- Joint Director, D.G.C.E.I. Regional Unit, Pune., Deputy Chief Chemist, Mumbai.
- CENTAX Publications Pvt. Ltd., 1512-B, Bhishma Pitamah Marg, New Delhi.
- Central Excise Bar Association, Mumbai. , All Members of RAC / PGC in the Commissionerate.
- All Trade Associations & Chambers of Commerce & Industries in the Commr'te.
- All Additional / Joint/ Deputy /Asst. Commissioners at the Hdqrs., Pune-III.
- All Deputy / Asst. Commissioners of the Divisions with spare copies.
- All Supdts. / GO's /All Section Heads at the Hdqrs., Pune-III.

F.No. 354/78/2009-TRU  
 Government of India  
 Ministry of Finance  
 Department of Revenue  
 (Tax Research Unit)



New Delhi, the 12<sup>th</sup> January, 2010

To

Chief Commissioners of Central Excise / Directors General (All)  
 Chief Commissioners of Customs (All)  
 Chief Commissioners of Customs & Central Excise (All)  
 Commissioners of Central Excise & Customs (All)  
 Commissioners of Central Excise (All)  
 Commissioners of Customs (All)

**Sub: Procedure for processing of raw sugar into refined sugar by the job workers of importers.**

Sir/Madam,

Full exemption from basic customs duty is available to raw sugar imported by sugar factories or refineries in terms of S.No.38B of notification No. 21/2002-Customs dated 1.3.2002. Such imports are chargeable to additional duty of customs equivalent to Central Excise duty payable on sugar manufactured domestically. Exemption under this entry is also available to imports of raw sugar made by any person who produces a valid contract with a sugar factory or refinery for its refining subject to the fulfillment of certain conditions.

2. It has been brought to the notice of the Board that some importers of raw sugar are unable to move stocks to Uttar Pradesh and are facing difficulties in following the cenvat credit procedure or in complying with the conditions of the notification after importation as they are not in a position to transport the sugar to their own factories or to factories/ refineries with whom they had entered into refining contracts prior to import. They have, therefore, requested that they may be allowed to send the raw sugar to another factory/ refinery who would carry out the process of refining on job work basis. The importers have expressed apprehensions that if raw sugar is processed in this manner the

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job worker may not be in a position to take input credit of the additional duty of customs as the Bill of Entry would bear the name of the importer and not the job worker.

3. Rule 3 of the Cenvat Credit Rules, 2004 permits a manufacturer to take cenvat credit on the inputs which are directly sent by his supplier to the job worker (for the manufacture of intermediate goods) following the procedure under Notification No.214/86-CE if he receives the intermediate goods for further use in his factory. Further, Rule 4(6) provides that the Central Excise Officer may allow sending of inputs to a job worker from whose premises the final product manufactured by the job worker can be cleared subject to conditions as imposed by the said officer. Considering the special circumstances, especially the scarcity of sugar in the country and spiraling prices of the sugar, and keeping the aforesaid provisions in mind, the following special procedure is prescribed in terms of the powers available under rule 31 of the Central Excise Rules, 2002:

- (i) A sugar factory or refinery that has imported the raw sugar (principal manufacturer) under the exemption contained in Notification No. 21/2002-Customs dated 1.3.2002 and is unable to move the imported raw sugar to its own premises, may apply to its jurisdictional Assistant Commissioner/Deputy Commissioner to permit him to -
  - (a) send the imported sugar directly from the port of importation to any other sugar factory(ies) or refinery(ies) for being processed into refined sugar on job work basis subject to proper accountal.
  - (b) clear the refined sugar from the premises of the job-worker on the condition that he (i.e.the principal manufacturer) would pay the duty leviable on such refined sugar.
- (ii) The application should contain the details of the Bill of Entry against which the import was made, the quantity imported, the name, address and registration number of the job-working sugar factory or refinery, the quantity of raw sugar to be sent to the job worker, and the likely quantity of refined sugar that may be produced. A copy of the job work agreement may also be furnished.

- (iii) The jurisdictional Assistant Commissioner/ Deputy Commissioner of Central Excise shall permit the principal manufacturer to transfer the imported stock to one or more job-workers without its receipt in the factory premises of the principal manufacturer. The imported stock would be allowed to be transported to the job worker's premises on a transport document/ challan which would show the name and address of the job worker as well as the name of the importer and details of permission granted by the AC/DC. A copy of the permission granted by the jurisdictional Assistant Commissioner/Deputy Commissioner shall be forwarded to the jurisdictional AC/DC of the job worker also.
- (iv) On receipt of the raw sugar in his factory, the job worker shall, within 48 hours, intimate the same to the jurisdictional Assistant/ Deputy Commissioner of Central Excise who shall have the same verified and issue a certificate of receipt.
- (v) Based on the said certificate, the central credit in respect of said consignment may be taken by the principal manufacturer as he is required to discharge the duty liability on the final product i.e. refined sugar.
- (vi) For the purpose of clearances from the job worker's premises, an excise invoice shall be prepared by the principal manufacturer containing all the details like the quantity, duty payable etc. In addition, the invoice shall contain the reference number and date of the AC/ DC's permission for clearance from the job-worker's premises. The invoice shall be marked as "Clearance from Job-worker's factory". The duplicate copy of the invoice shall be sent to the job worker's factory for accompanying the refined sugar.
- (vii) The job-worker shall keep proper records to account for the entire quantity of raw sugar received from the principal manufacturer on grain-to-grain basis.
- (viii) The duty liability on the refined sugar would rest with the principal manufacturer and it would be his responsibility to fully account for the imported stock and to pay duty on any shortages.
- (viii) While granting permission, the AC/DC may also impose other conditions as prescribed for operation of legal provisions referred in para 3 to safeguard the revenue.

4. It has also been brought to the notice of the Board that a similar difficulty in the movement of imported stock may be faced by importers that avail of the exemption contained in entry 38B under condition 5A (b) of notification No.21/2002-Customs dated 1.3.2002. In these cases, the importers are unable to move the stock to the factories or refineries with whom they had a valid contract at the time of import. The bonds furnished to the customs authorities would also bear the name and address of the original contractor. Such importers may be allowed to substitute such contracts with fresh contracts with other sugar factories or refineries concluded after importation and/ or clearance. They may also be permitted to tender fresh bonds or to endorse the original bond with the particulars of the new contractor. However, the other conditions of the exemption notification would continue to apply.

5. The special procedure specified in paras 3 and 4 above shall remain in force for refined sugar produced up to 30<sup>th</sup> June, 2010.

6. The receipt of this letter may kindly be acknowledged and any difficulty in the implementation of this procedure may be brought to the notice of the Board.

Yours faithfully,

  
(Prashant Kumar)

Under Secretary to the Govt. of India