

INDIRECT TAXES UPDATE - 47

CUSTOMS DUTY

E-payment of customs duty made mandatory for importers paying duty of Rs 1 lakh or more

In order to reduce the transaction cost of the importers and expedite the time taken for customs clearance, the CBEC has made e-payment of duty mandatory for the importers paying an amount of Rs.1,00,000 or more per transaction. *The date from which the E-payment will be made mandatory will be notified separately.* In 2007, e-payment facility was introduced on a voluntary basis.

Further, the Board has clarified that Accredited Importers under the Customs Accredited Client Programme will have to duty through E- payment mode only irrespective of the amount of duty to be paid.

Any importer wanting to make use of the e-payment facility first needs to have an Internet account with a designated bank. The Board has set up a dedicated payment gateway called, 'ICEGATE'.

If the importer is registered on this Web site, it can easily use the e-payment facility with the current log-in facility. Those that are un-registered can also use the Web site as an 'unregistered user'.

The importer need not produce any proof of payment for the clearance of goods in case of e-payment.

[Circular No. 33/2011 Cus. dated 29.07.2011]

Reference to Legal Metrology Act, 2009 under Customs Tariff Act and the Central Excise Act to be effective from Aug 1, 2011

Section 3 of the Customs Tariff Act, 1975 was amended vide the Finance Act, 2011 to substitute the reference made to "Standards of Weights and Measures Act, 1976" therein with the "Legal Metrology Act, 2009" from a date to be notified by the Central Government.

Similarly section 4A of the Central Excise Act, 1944 was also amended vide the Finance Act, 2011 to substitute the reference made to "Standards of Weights and Measures Act, 1976" therein with the "Legal Metrology Act, 2009" from a date to be notified by the Central Government.

The Central Government has notified 1st August, 2011 as the date when the said

amendments would become effective.

[Notification No. 53/2011 Cus. (NT) dated 28.07.2011 and Notification No. 18/2011 CE (NT) dated 28.07.2011]

CENTRAL EXCISE

Option to authorize job-worker to pay duty in case of readymade garments and made-up articles of textiles withdrawn

In the garment and made up industry, goods are being manufactured from several job-workers. The person getting the goods manufactured on his behalf may or may not, himself, possess any manufacturing facility.

Central Excise Rules were amended to incorporate sub-rule (1A) in rule 4 vide *Notification No. 4/2011 CE (NT) dated 01.03.2011* to prescribe that in case of readymade garments and made-up articles of textiles falling under Chapter 61 or 62 or 63 of the First Schedule to the Tariff Act, the liability to pay duty and comply with central excise procedures would be on the person on whose behalf the goods are manufactured by job-workers. Alternatively, an option was given to merchant manufacturer to authorize the job-worker to obtain registration and comply with all formalities of Central Excise including payment of duty.

Sub-rule (1A) has been further amended to withdraw the option available to merchant manufacturer to authorize the job-worker to pay duty and comply with all the procedures. Therefore, now only the merchant manufacturer can pay duty in such cases.

In a case where any merchant manufacturer has already authorized its job-worker to pay the duty under the provisions of sub-rule (1A) as it stood prior to the publication of this notification, he will have to obtain registration and comply with other related provisions within a period of 30 days from 28.07.2011.

[Notification No. 19/2011 CE (NT) dated 28.07.2011]

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