

Minutes of the RAC Meeting for Organized, SSI and Service Tax Sectors held on 29.09.2005 at 10.30 AM at the Office of the Commissioner of Central Excise, Head Quarters, Trichy-1.

The Regional Advisory Committee meeting of Trichy Central Excise Commissionerate for Organised, SSI and Service Tax Sectors was held on 29.09.2005 at 10.30 AM at Head Quarters Office, Trichy. **Shri. MATHEW JOHN, Commissioner of Central Excise**, Trichy presided over the meeting.

2. The following members of the Trade attended the meeting.

| Sl.No. | NAME OF THE RAC MEMBER S/SHRI. | ASSOCIATION REPRESENTED |
|--------|--------------------------------|--|
| 01 | S. SUBRAMANIAN | VEESONS ENERGY SYSTEM |
| 02 | R.K. ELANGO | INSTITUTE OF INSURANCE SURVEYORS & ADJUSTERS |
| 03 | V.ALAGAPPAN | ICAI |

In addition, the following assesseees also attended the meeting.

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|----|-------------------|---|
| 01 | Y. KHAJA MOHIDEEN | M/S. SHRI. NATARAJ CERAMIC AND CHEMICAL INDUSTRIES LTD., DALMIAPURAM. |
| 02 | V. BALAKRISHNAN | ISKRAEMECO SEAHORSE LTD., TRICHY - 2. |

3. Shri. M.K. Jagannathan, representing Karur District Thirumana Mandapam Owners Association, Shri. C. Basker, representing Karur Industrial Estate Entrepreneurs Association and A. Venkataraman, representing I.C.W.A.I informed their inability to attend the meeting.

4. The following Departmental Officers were present.

S/Shri.

- 1) Pappu Elango, Additional Commissioner (P & V), Headquarters, Trichy
- 2) V.Jayaraman, Joint Commissioner (Tech), Headquarters, Trichy
- 3) C. Anandan, Assistant Commissioner (Tech.), Headquarters, Trichy.
- 4) V.P.Veluswamy, Assistant Commissioner, Trichy-II Division.

5. At the outset, the Chairman welcomed all the Members of the Regional Advisory Committee. The following point relating to Central Excise was raised by M/s. Shri. Nataraj Ceramic and Chemical Industries Ltd., Dalmiapuram and reply was given.

Point :- The assessee manufacture Refractory Products and consign them to the customers through authorized transporters on Freight to Pay basis. In few cases goods are despatched on Freight paid basis and the Freight is reimbursed from the customer. They are paying duty on differential value between freight actually paid and freight actually collected. The Hon'ble CESTAT in the case of PSL Ltd Vs CCE, Mumbai held that excise duty was a tax on manufacture and not on profit made on transportation charges, relying on the judgment of the Hon'ble Supreme Court in the case of Baroda Electric Meters Ltd., Vs Collector of Central Excise – 1997 (94) E.L.T 13 (S.C). It may be clarified whether excise duty is to be paid on the differential value between the freight paid and collected.

Reply :- Includibility of the difference between the freight collected and the freight paid depends on the facts of each case. It has to be examined whether the terms of contract in the assessee's case are similar to the terms in the case of Baroda Electric Meters Ltd., in which case factory gate price was available. It is to be proved by the assessee that what is not included is profit on transportation. This judgement can not be interpreted to mean that part of the value of goods can be collected as profit accruing on account of transportation.

6. The Chairman asked the members whether there was any other point for discussion. The members had no other points.

7. The Chairman informed the members that a seminar on Goods Transport Agency is fixed to take place on 30.09.2005 and asked the members to advise the trade and industry to utilize the opportunity.

8. Finally, the Chairman thanked the gathering.

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//ATTESTED//

Sd./xxx
(V. JAYARAMAN)
JOINT COMMISSIONER (TECH)

SUPERINTENDENT (TECH.)

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE,
NO.1, WILLIAMS ROAD, CONTONMENT, TRICHY-620 001.

TRADE NOTICE : 41/2005

Dated : 30.09.2005.

To

As per mailing list II & III.

Copy submitted to: The Chief Commissioner of Central Excise, Coimbatore.

Copy to:- The Under Secretary, CBEC, CX-9 section, North Block, New Delhi.