

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE  
NO.1, WILLIAMS ROAD, CANTONMENT, TRICHY-1.

TRADE NOTICE: 14/2006 - CE

DATED: 02.05.2006.

Subject :: Central Excise-Deduction of Cost of Transportation for the  
Return Journey - Regarding.

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Copy of Ministry's Circular No. 827/4/2006 – CX [F.No. 6/36/2004 – CX.1] dated  
12.04.2006 is communicated herewith for information guidance and necessary action.

2. The contents of the Trade Notice may be brought to the knowledge of all constituent  
members of Trade Associations / Chambers of Commerce

**(Issued from file C.No.IV/16/2/2006 – C.Ex.Pol.)**

(M.G. THAMIZHVALAVAN)  
JOINT COMMISSIONER (TECH)

To  
As per mailing list II / III

Copy of Ministry's Circular No. 827/4/2006 – CX dated 12.04.2006
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1. I am directed to refer to Board's Circular No. 643/34/2002 -CX dated 1.7.2002 clarifying certain points relating to Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
2. The clarification provided at Sl No. 2(b) of said circular stands revised as per the enclosed table.
3. Trade Notices may be issued for the benefit of the Trade.
4. Hindi version will follow.
5. Receipt of this circular may kindly be acknowledged.

Sr. No.	Point of Doubt	Old Clarification	Revised Clarification
2(b)	<p>If manufacturer/transporter charges <b>cost of transportation both for outward journey up to the point of delivery and return</b> therefrom, whether the cost of transportation for the return journey of the empty truck/vehicle should also be allowed as deduction.</p>	<p>As per Rule 5 of the Valuation Rules the actual cost of transportation from the place of removal up to the place of delivery is only to be excluded. If the assessee is recovering an amount from the buyer towards the cost of return fare of the empty vehicle from the place of delivery, this amount will not be available as a deduction. If, however, only the cost of transportation has been indicated in the invoice without any break-up for the forward and return journey, normally it should be accepted as the cost of transportation from the place of removal to the place of delivery.</p>	<p>As per Rule 5 of the Valuation Rules the actual cost of transportation from the place of removal up to the place of delivery is only to be excluded. If the assessee is recovering an amount from the buyer towards the cost of return fare of the empty vehicle from the place of delivery, this amount will not be available as a deduction. Therefore, <b>unless it is specifically mentioned in the invoice that the transportation charges indicated therein do not include cost of transportation for the return journey of the empty truck/vehicle</b>, the deduction of the said transportation charges will not be admissible.</p>