



NITYA'S INSIGHT

Excise Alert | Supreme Court holds that both input stage and output stage excise duty rebate are simultaneously available

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Dear Reader,

This is to update you on a recent ruling of the Supreme Court in the case of ***Spentex Industries Limited***.

In this case, the assessee was exporting the goods on payment of excise duty. The assessee was claiming both input stage rebate (of excise duty paid on inputs) and output stage rebate (of excise duty paid on finished product) under Rule 18 of the Central Excise Rules, 2002. The authorities took a view that only one of these rebate is available to the assessee.

The Supreme Court held that the intention of the legislature is to make exports free from excise duty, both at output stage as well as input stage. Giving a restrictive meaning to Rule 18 (that only one of input or output stage rebate is available) would defeat the very purpose of grant of remission of excise duty in respect of export goods. The Court further held that the word 'OR' occurring in Rule 18 has to be read as 'and' to carry out the objective of Rule 18 and basis this, the Court allowed both input stage rebate and output stage rebate to the assessee.

Copy of the judgment is enclosed herewith for your ready reference.

We hope that you will find this update useful. For any clarification, please feel free to revert.

Regards,

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