

How to get the Central Excise duty for your product?

## What is Central Excise Duty?

Central Excise is a duty on specified goods manufactured/ produced in India. It is also known as the CENVAT( Central Value Added Tax)

# Types of Central Excise duties

S	Type of Excise Duty	Details
1	Basic Excise Duty (BED):	Levied on all excisable goods( other than salt ) which are produced or manufactured in India. Rates are specified in Central Excise Tariff Act 1985. It is also known as Central Value Added Tax (CENVAT)
2	Special Excise Duty (SED)	Rates are specified in the Second Schedule to Central Excise Tariff Act, 1985.
3	Additional Duty on Goods of Special Importance (AED [GSI]):	Some goods of special importance are levied this duty under the Additional Duties of Excise (Goods of Special Importance) Act, 1957.
4	Additional Duty of Excise on mineral products	This duty is payable under Mineral Products (Additional Duties of Excise and Customs) Act, 1958. This is commonly known as road cess.
5	Special Additional Duty of Excise on Motor Spirit	Commonly known as surcharge.
6	Duty on Medical and Toilet Preparations:	This duty is imposed on medical preparations under Medical and Toilet Preparations (Excise Duties) Act, 1955.
7	Surcharge on Pan Masala and Tobacco Products:.	
8	Additional Duties of Excise (Textiles and Textile Articles) [AED (TTA)]	
9	Additional Duty of Excise (Tea and Tea Waste) [AED (TTW)]	
10	Education Cess on Excise Duty:	levied @3% on specified articles
11	National Calamity contingent Duty (NCCD):	NCCD is levied on pan masala and certain specified tobacco products ,motor car, two wheeler and multi-utility vehicle etc...

# Valuation under Central Excise

Excise duty is payable on one of the following basis

Code	Basis of payment	Details	Example
1	Ad valorem duty rate	Ad Valorem duty is calculated as percentage of Assessable Value.	If the duty is 5%, duty amount payable will be US\$50 on US\$ 1000 value)
2	Specific duty rate	Duty payable on the basis of certain unit like weight, length, volume, thickness etc.	If the duty is Rs. 5/kg and goods have 100 kg weight, the duty amount payable will be Rs 500.
3	Tariff Value predetermined by Government	Government fixes the 'tariff value for a commodity. Duty is payable as percentage of this 'tariff value' and not the Assessable Value	Excise duty is 5% and value of one unit of the goods is Rs 800. If the Tariff Value predetermined by Government is Rs 1000 per unit , the duty will be calculated on Rs 1000. The duty amount payable will be Rs 50.
4	Maximum Retail Price(MRP) Rebate	Duty calculation is based on Maximum Retail Price (MRP) printed on carton after allowing deductions. Government notifies % deductions (Rebate) for a commodity in advance.	Excise duty is 5% and MRP is Rs. 1000. If the MRP rebate predetermined by Government is 40%, the duty will be calculated on Rs 600. The duty amount payable will be Rs 30.

# Calculating Central excise Duty

Heads	criteria	Basis of Calculation
A	Assessable Value	Excise duty assessment category
B	Basic Excise duty	On Assessable Value
C	Additional Duty of Excise (ADE)	On Assessable Value
D	Special Additional Excise Duty (SAD)	On Assessable Value
E	Duty value for calculating Education Cess, NCCD, Other cess	
F	Education Cess(primary and Higher education)	On Duty Value E
G	National Calamity Contingent Duty (NCCD)	On Duty Value E
H	Total of all duties	
I	Total excise duty as % of Assessable value	

## Duties eligible for CENVAT Credit

A manufacturer or producer of a final product is allowed to take CENVAT credit of following duties as specified in the Cenvat Credit Rules, 2002.

Basic Excise Duty (CVD on imported goods is also eligible ).

Special Excise Duty (corresponding CVD on imported goods is allowable).

Additional Excise Duty paid under Additional Duties of Excise (Goods of Special Importance and Textile and Textile Article ).

National Calamity Contingent duty (NCCD).

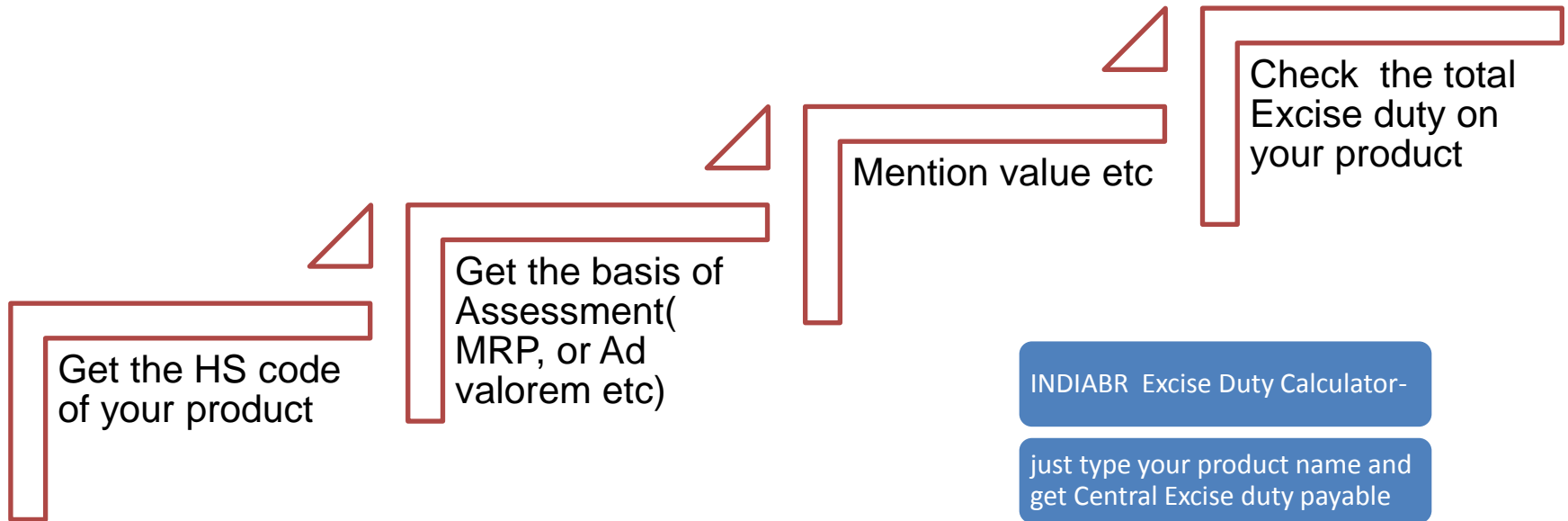
Education Cess

Additional custom duty (Special. CVD)

Additional Excise Duty paid on Pan Masala and certain other Tobacco products.

Service tax on input services.

# Steps to Calculating Central Excise Duty



# Excise calculator :

- Identifies correct HS code of the product
- Identifies basis of Assessment of duty( MRP, or Ad valorem etc)
- Calculates Central Excise Duty