

**Circular No. 1004/11/2015-CX  
dated 21.07.2015**

F. No. 206/15/2014-CX.6  
GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
CENTRAL BOARD OF EXCISE & CUSTOMS

To

The Principal Chief Commissioners/ Chief Commissioners of Central Excise (All)

The Principal Chief Commissioners/ Chief Commissioners of Central Excise and Service Tax (All)

**Sub: Instructions regarding Detailed Scrutiny of Central Excise Returns-reg.**

Madam/ Sir,

In view of the self-assessment procedure wherein the assessee himself assesses the duty liability, the responsibility of the departmental officers is to scrutinise the assessment made for verification of its correctness. Return scrutiny is the first line of verification carried out as soon as the tax return is submitted by the assessee. A returns scrutiny process consists of two parts viz. preliminary scrutiny and detailed scrutiny. While the preliminary scrutiny system covers all the returns filed online, detailed scrutiny system covers a few returns selected on the basis of identified risk parameters. In exercise of powers conferred under sub-rule (3) of rule 12 of the Central Excise Rules, 2002, Board hereby lays down following guidelines for detailed scrutiny of Central Excise Returns:

- i. Detailed Scrutiny of Central Excise returns should be conducted regularly by the proper officers in the field following the procedure already prescribed. Detailed scrutiny of a minimum of 2% and maximum of 5% of the total returns received in a month shall be mandatorily performed by the proper officer.
- ii. Selection of assesseees by the Commissionerates for detailed scrutiny shall be based on Risk score and procedure for using it, as forwarded by DG (Audit) vide letter F. No. 381/20/2015 dated 18.05.2015. Chief Commissioners and Commissioners shall also have powers to manually select returns for detailed scrutiny using such criteria as deemed fit to further complement the list of assesseees selected on the basis of risk. After selection of units centrally, month-wise detailed scrutiny plan should be laid down by the Commissionerate headquarters for each Range, conveyed to the Range and monitored for compliance.

- iii. As assessee who has been selected for audit in a given financial year shall not be selected for detailed scrutiny. Further, once the return of an assessee has been selected for detailed scrutiny, the return of the assessee should not be selected again for the next 12 months for detailed scrutiny.
  - iv. Once an assessee has been selected for detailed scrutiny, most recent return filed by that assessee should be used for conducting the detailed scrutiny. During the course of detailed scrutiny of Central Excise returns by proper officer, the documents and records of assessee, where necessary, may be called for verification by proper officer.
  - v. In Composite Ranges where there are both Central Excise and Service Tax assessee, the total number of Central Excise and Service Tax returns to be taken up for detailed scrutiny shall be same as prescribed at para (i) above. The ratio of returns for Service Tax & Central Excise to be scrutinised in a composite range shall be in the ratio of the number of assessee registered as Service Tax and Central Excise assessee respectively. For detailed scrutiny of Service Tax returns, Board's Circular No. 185/4/2015-Service Tax dated 30.06.2015 may be referred.
  - vi. On issues relating to difficulty, if any, in access of returns on ACES, DG (Systems) shall be directly contacted/ appraised by the Chief Commissioner/ Commissioner concerned. Where the problem persists over a long period of time, the same may be brought to the notice of the Board. In the interim, where necessary, printouts of the return may be taken from ACES and detailed scrutiny done manually using the printout.
  - vii. Past circulars/ manuals/ instructions on detailed scrutiny in conflict with above instructions shall stand rescinded to the extent of the conflict.
2. Difficulty, if any, in implementation of the procedure may please be brought to the notice of the Board. Hindi version would follow.

Yours faithfully,

(ROHAN)  
Under Secretary (CX.6)