

Circular No. 1085/06/2022-CX

F.No. 190354/295/2021-TRU
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs

Dated the 31st October, 2022

Subject: Mechanism for implementation of additional basic excise duty @Rs. 2 per litre levied on sale of unblended motor spirit (commonly known as petrol)

As part of Budget 2022-23, an additional Basic Excise Duty @ Rs. 2 per litre was levied on unblended motor spirit (commonly known as petrol) intended for retail sale and the said duty rate was to be applicable w.e.f 1st October, 2022. The date of effect was deferred to 1st November, 2022 vide Notification No. 31/2022-Central Excise dated 30th September, 2022. The levy of additional Basic excise duty on unblended motor spirit was introduced to promote blending in the country.

2. Representations have been received seeking clarification on the mechanism for levy of additional central excise duty on unblended motor spirit, particularly as the blending of duty paid motor spirit with duty paid ethanol takes place at depots after clearance from refinery. The difficulty faced by the OMCs is that at the time of clearance of motor spirit from the refinery, the same are cleared as intended for retail sale as blended but they are not able to estimate the quantity that will eventually be sold as unblended.

3. Therefore, to ensure smooth implementation of the differential duty, the following procedures are hereby prescribed in addition to the existing procedures:

- (i) As per the current statutory provisions, central excise duty shall be paid on motor spirit at the refinery stage. Where the motor spirit is cleared, as intended for retail sale after blending, the manufacturers/refineries shall remove such motor spirit to

the depots/terminals by paying central excise duty as applicable for blended motor spirit.

- (ii) Where the refinery removes motor spirit as intended for retail sale to the depots for blending after payment of duty as applicable to blended motor spirit, the following procedure must be followed:
- a) The refinery shall furnish a running bond equal to the differential duty on the quantity removed from the refinery to the jurisdictional Central Excise Commissioner with an undertaking to pay the differential excise duty along with interest as applicable.
 - b) Payment of differential duty along with applicable interest on the quantity sold as unblended from depots shall be made by 6th of the following month based on actual clearances of quantity of unblended motor spirit from the depots.
 - c) A reconciliation statement, certified by the statutory auditor, shall be submitted to the jurisdictional Commissioner of Central Excise by the manufacturer/refinery by 10th of the month for every preceding quarter.
 - d) After such reconciliation, in case any short-payment of differential duty is found, the same shall be liable to be paid along with applicable interest.
 - e) Detailed records must be maintained electronically at the depots/terminals which will be open to checks by officers of Central Excise.
4. Difficulty, if any, in the implementation of the Circular may be brought to the notice of the Board.
5. Hindi version of the Circular shall follow.



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