



**OFFICE OF THE COMMISSIONER
CENTRAL EXCISE & SERVICE TAX COMMISSIONERATE
CHANDIGARH –I**

PLOT No. 19, SECTOR 17-C, CHANDIGARH

दूरभाष सं. Telephone No. (0172) 2721103

फैक्स सं. Fax No. (0172) 2705924

व्यापार सूचना सं. 11/2012/C.E TRADE NOTICE NO. 11 /2012/C.E

विषय/SUB: - Clarification regarding classification of structural components of Boiler and admissibility of CENVAT credit on these structural components – reg

1) उपर्युक्त विषय पर केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड, राजस्व विभाग, वित्त मंत्रालय, भारत सरकार की फा.सं. 84/1/2011-CX-1 से जारी परिपत्र सं. 964/07/2012-CX, दिनांक 02.04.2012, की प्रति व्यापार एवं क्षेत्रीय संगठन को सूचना एवं मार्गदर्शन हेतु इसके साथ संलग्न की जाती है। उक्त परिपत्र स्वतः स्पष्ट है।

1) A copy of **Circular No. 964/07/2012-CX** dated **02.04.2012** from F. No. **84/1/2011-CX-1** issued by the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India, on the above subject matter, is enclosed herewith for information and guidance for the trade and field formation. The said **Circular** is self – explanatory.

2) सभी व्यापार संघ/वाणिज्य मण्डल एवं क्षेत्रीय सलाहकार समिति/ लोक शिकायत निवारण समिति के सदस्यों से अनुरोध किया जाता है कि वे इस व्यापार सूचना की अंतर्वस्तु को अपने सदस्यों /संघटकों की सूचना एवं आवश्यक कार्यवाही हेतु उनके ध्यान में लाएँ / प्रचार करें।

2) All the Trade Associations / Chambers of Commerce and the members of the RAC/PGRC are requested to bring/publicize the contents of this Trade Notice amongst their Members/Constituents for their information and necessary action.

Sd/-
04.05.2012
[S.J. SINGH]
COMMISSIONER

संलग्नक Encl. यथोपरि As above.

फा.सं. F.No.IV(16) Tech/Trade Notice/50/2012

दिनांक Dated: 04/05 / 2012

Sd/-
04.05.2012
Superintendent (Tech.)

F. No. 84/1/2011-CX-1
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs

New Delhi, dated 2nd April, 2012

To

All Chief Commissioners of Central Excise & Customs,
All Chief Commissioners of Central Excise,
All Directors Generals

Sir/Madam,

Subject : Clarification regarding classification of structural components of Boiler and admissibility of CENVAT credit on these structural components – reg.

Reference has been received from Trade seeking clarification regarding classification of structural parts/components of Boiler and admissibility of CENVAT credit on these parts/components to the buyers of the Boilers. It has been represented that CENVAT credit is being denied to the supporting structural parts of the Boilers at the buyers' end by classifying the same under Chapter 73 as structural parts and not as a part of Boiler. These are not being covered under the definition of inputs under the CENVAT Credit Rules, 2004, on account of exclusion given in rule 2 (k)(iv)(B)(b). This denial is on the ground that these are used for structures for support of Capital goods, without which the Capital goods can function.

2 The matter has been examined in the Board. The Boilers are a combination of various systems such as Coal Handling System, Coal Feeding System, Draft Air System, Demineralization Plant, Boiler Feed Water System, Boiler Tubes, Boiler Drums, Super Heat System, Flue Gases Treatment System and Ash Handling System etc. All these Systems work in tandem to make a modern Boiler. These Systems comprise of many parts including structural components which are essentially the part of Boiler by way of technical specifications. As per Section Note 4 to the Section XVI of the First Schedule to the Central Excise Tariff Act, 1985, " Where a machine (including a combination of machines) consists of individual components (whether separate or interconnected by piping, by transmission devices, by electric cables or by other devices) intended to contribute together to a clearly defined function covered by one of the headings in Chapter 84 or Chapter 85, then the whole falls to be classified in the heading appropriate to that function."

3. Accordingly it is clarified that those structural components which are to be used essentially as a part of Boiler System would be classifiable as parts of Boiler only under Heading 8402 of the Tariff. It is further clarified that since these structural components are nothing but the parts and accessories of the Boiler, they would be covered by the definition of inputs under Rule 2(k)(iii) of the CENVAT Credit rules, 2004 (i.e. all goods for generation of electricity & steam). Further these structural components shall not be hit by the exclusion clause to the said definition of inputs, as these are not used for laying of foundation or making of structures for support of capital goods, but are essentially the part of said Boilers.

4. Trade, industry and field formations may be suitably informed.

5. Hindi version will follow.

Yours faithfully,

(Madan Mohan)
Under Secretary (CX1)