

Amitech Pvt. Ltd. Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Mumbai

Decided On : Mar-24-1998

Reported in : (1998)(77)LC60Tri(Mum.)bai

Judge : U Bhat, S T K.

Appellant : Amitech Pvt. Ltd.

Respondent : Cce

Judgement :

1. Appellant is absent in spite of notice, but has sent a request for decision of the appeal on merits. We have heard Shri M. Ali, JDR, and perused the papers.
2. Appellant manufactured and cleared five knotting machines and spare parts, etc. during the period from August, 1989 to January, 1990 on payment of appropriate duty on approved prices. Show cause notice was issued stating that the appellant had collected the entire price in advance from all the customers and notional interest at 12% per annum should be included in the assessable value. Accordingly, show cause notice proposed demand of differential duty. Though the appellant resisted the notice, the Assistant Collector confirmed the demand and his order has been confirmed by the Collector (Appeals). Hence, the present appeal.
3. At page 2 of the order-in-original, we find an illustrative case.

The total value was Rs. 5,57,825.00. The machine was supplied on 2.8.1989. The price was received in three instalments, namely Rs. 25,000.00 on 6.4.1989, Rs. 50,000.00 on 18.4.1989 and the final instalment of Rs. 4,82,825.00 was received on 17.7.1989. It is seen that the final payment was just before the delivery and the earlier payments were of small amounts compared to the value of the machine.

Various parts of the advance were in the hands of the appellant for periods ranging from 15 days to 4 months. Advances were collected from all the customers, since as explained by the appellant, the machines were expensive and sophisticated machines and it was necessary to secure the appellant from the risk of cancellation of the orders, etc.

There is no material to indicate that the receipt of the advances had any effect on the price leading to depreciation of the price. In these circumstances, we find that there was no justification to include notional interest in the assessable value.

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