

## **Government reduces requirements for obtaining second registration (if already registered as a dealer or an importer) but leaving doubt for those assesseees who are registered as both a dealer and an importer**

1. As we are aware that in the year 2014, the provisions of the Central Excise Rules & Cenvat Credit Rules have been amended whereby it was provided that an importer who intends to issue CENVAT Invoice is required to take registration under the Central Excise Act, 1944. This amendment was made effective from 1st April, 2014. In view of such amendment, the traders who were importing goods and issuing CENVAT Invoice after registering as "first stage dealer" re-registered themselves under the Central Excise Act, 1944 as an "importer".
  - (ii) *a person who is registered as an importer shall not be required to take registration as first stage dealer.*  
..."
2. That in pursuance of sub-rule (2) of rule 9 of the Central Excise Rules, 2002, the Central Government has issued a Notification No. 30/2016-Central Excise (N.T.) dated 28<sup>th</sup> June, 2016, specifying that the person who is registered as a first stage dealer shall not be required to take registration as an importer and *vice versa*. The relevant para of the said Notification is extracted as under:  
"..."
  - (i) *a person who is registered as a first stage dealer shall not be required to take registration as an importer;*
3. In furtherance thereto, the Central Board of Excise and Customs (hereinafter referred to as the "CBEC") has issued a Circular No. 1032/20/2016-CX on the same day *i.e.* 28<sup>th</sup> June, 2016 clarifying the following:
  - (A) Only one registration for transferring CENVAT as dealer or importer:** That the CBEC clarified that in terms of the Notification dated 28<sup>th</sup> June, 2016, an assessee who conducts business both as an importer and a First Stage Dealer may take only one registration as he has been exempted from the requirement of taking a second registration.
  - (b) The facility is optional:** It has also been clarified by the CBEC that the facility is optional and any assessee wishes for a separate registration for his own business purposes, may so register.
  - (c) Option for filing single return:** The CBEC also stated that such assessee who conducts business both as a

First Stage Dealer and an Importer, henceforth shall also have the option of filing a single quarterly return giving details of transactions as a first stage dealer and an importer, one after the other in the same table of the return, viz., all transactions as first stage dealer during the return period shall be followed by all transactions as an importer during the same return period.

4. Though the Notification followed by the Circular issued by the CBEC both dated 28<sup>th</sup> June 2016 has clarified that single registration either as a first stage dealer or an importer under the Central Excise is sufficient for the purpose of dealing in both the imported and locally procured goods, however, it is yet to be clarified whether this facility is also available to the existing assessee who have obtained registrations under both the categories (i.e. as a first stage dealer and an importer). In other words, whether the existing assessee can undertake its business transactions through his single registration for imported as well as locally procured goods.

5. It is relevant to mention here that if an assessee holds two separate registrations then:

(i) he has to maintain separate records of the goods;

(ii) goods should be separately stored for identification as locally procured goods and imported goods;

(iii) separate invoices to be generated for both the registrations which is an extra cost;

(iv) if this facility will not be available to the existing registrants then they have to file separate returns under CENVAT Credit Rules, 2004.

6. Thus, CBEC needs to make arrangement for the existing registrants as well and a circular may also be issued stating that the existing assessee holding both the registrations, have an option to deregister its one registration and continue with other. Further, it should also be clarified that filing of online application through ACES portal and acknowledgment generated will be considered as deemed deregistration and no physical verification ("PV") is needed.

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