

**GOVERNMENT OF INDIA**

**OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE & SERVICE TAX**

**CENTRAL REVENUE BUILDING, 5-MAIN ROAD RANCHI**

**TRADE NOTICE NO.....**

DATED: 30.07.2010

Sub: Requirement to provide electronically maintained Records in non-proprietary of Public format and readable by IDEA Software under Rule 22(3) of Central Excise Rules, 2002 for CAAP Audit - Reg.

Attention of the trade, industry and all concerned is invited to the Circular No. 491/57/99-CX dated 28.10.1999 issued vide F.No. 206/10/99-CX.6 of Ministry of Finance, Department of Revenue, Central Board of Excise & Customs, New Delhi read with part III of Chapter VI of CBEC's Central Excise Manual of Supplementary instructions, 2001 on the above captioned subject.

**"Electronic maintenance of records**

(Part III of Chapter VI of CBEC's Central Excise Manual of Supplementary Instruction 2001)

Part-III

Electronic maintenance of records and preparation of Returns and documents.

1. Procedure

1.1 Any person may electronically maintain or generate all or any of the records, returns, invoices and other documents prescribed under the rules made under Central Excise Act, 1944, using a

computer, in electronically readable format. No specific permission from the Central Excise Departments is required for this purpose. Such person is also not required to give any intimation to the Department.

- 1.2 The Range Officer, however, will record in "Scrutiny Register" or any other records indicating a person's profile, the fact that such person is electronically maintaining records or generating returns, invoices or other documents, using computer.
- 1.3 The records can be kept on any electronic media, such as hard disk of computers, floppies, CDs or tapes and preserved.
- 1.4 The records, returns and documents should be in electronically readable format. This also means that a person, who uses computerized system to generate records/books of accounts, returns etc., must keep the electronic record, even when a hard copy is kept.
- 1.5 The printouts (hard copies) of records and documents must be taken out the end of each month and kept in bound folders, separately for each type of record, return, documents etc.
- 1.6 The person should ensure that proper back-up records are also maintained and preserves so that in the event of destruction due to unavoidable accidents or natural causes, the information can be restored with reasonable period of time. All such records, returns, invoices and other documents (both electronic and hard copy, including back-ups) shall be preserved for a period of five years (counted from the first day of the financial year following the financial year to which a record, return, invoice or document pertain).
- 1.7 It shall be incumbent upon a person(who maintains electronic records, returns, documents etc.) to produce, on demand, the relevant records, returns or documents, in hard copy and/or in the form of tapes or floppies or cartridges or compact disk or any other media in an electronically readable format (duly authenticated by the assessee), documentation including policy and procedure manuals, instruction to records the flow and treatment of transactions through accounting system, from the stage of initiation to closure and storage to the Central Excise Officers or the Audit parties deputed by the Commissioner or the Controller and Auditor General of India. Such records, returns, invoices or other documents will be produced pertaining to such period (subject to the period of preservation) as may be requested including the daily entries in electronic format relating to the current month for which the printouts are not taken out.
- 1.8 He shall also provide account of the audit trail and inter-linkages including the source documents, whether paper or electronic, and the financial accounts records layout, data dictionary and explanation for codes used and total number or records in each field along with sample copies of documents. Whenever changes are made in the aforesaid systems adopted by the assessee, he shall inform the Central Excise Officers and submit the relevant documents.
- 1.9 In case any person is found to be misusing this facility or not providing access to the information or if there are any other cogent reasons, the Assistant Commissioner or the Deputy Commissioner of Central Excise may, after recording such reasons and after taking into consideration the explanation tendered by the person, regarding the discrepancies, if any, prohibit a person from electronically maintaining or generating any records, returns, invoices or other documents using computer and inform the immediate superior officer.

#### **Requirement to provide records for audit.**

(Rule 22(3) of Central Excise Rules, 2002)

Rule 22 Access to a registered premises

- (1) An officer empowered by the Commissioner in this behalf shall have access to any premises registered under these rules for the purpose of carrying out any scrutiny, verification and checks as may be necessary to safeguard the interest of revenue.
- (2) Every assessee shall furnish to the officer empowered under sub-rule (1), a list a duplicate, of all the records prepared or maintained by the assessee for accounting of transactions in regard to receipt, purchase, manufacture, storage, sales or delivery of the goods including inputs and capital goods.
- (3) Every assessee shall on demand make available to the officer empowered under sub-rule(1) or the audit party deputed by the Commissioner or the Comptroller and Auditor General of India:
  - (i) the records maintained or prepared by him in terms of sub-rule(2).
  - (ii) the cost audit reports, if any, under section 233B of the Companies Act, 1956(1 of 1956); and
  - (iii) the Income-tax audit report, if any, under section 44AB of the Income-tax Act, 1961(43 of 1961) for the scrutiny of the officer or audit party), as the case may be.”

The Department is likely to switch over to the Computer Assisted Audit Programme (CAAP) for audit of manufacturing units and service providers and legislative provisions as well as Board's instructions already existing as above. All excise duty paying manufacturers and service tax paying service tax providers have been provided option to maintain records electronically readable in IDEA software and same electronically maintained records are likely to be submitted in CD form for CAAP Audit henceforth.

All the trade Association/Chamber of/Member of RAC (both organized and SSI) falling within the jurisdiction of this Commissionerate of Central Excise & Service Tax, Ranchi are requested to bring the contents of this trade notice to their constituent members and all other concerned.

Commissioner,  
Central Excise,  
Ranchi