



JS- TRU I  
Central Board of Excise & Customs  
New Delhi

Dear Sir

**Sub: Amendments to Excise Notifications - Exemption from excise duty on Ethanol Blended Motor Spirit and Blend of High Speed Diesel & Bio-Diesels**

1. You are kindly aware that in terms of Sl. No. 74 & 75 of Notification No. 12/2012-CE dated 17.03.2012, as amended, no excise duty is payable on the ethanol blended motor spirit (EBMS), subject to the condition that appropriate duties of excise have been paid on motor spirit and ethanol. For ready reference the relevant extracts of the notification have been reproduced below:

74	2710	<p>5% ethanol blended petrol that is a blend, -</p> <p>(a) consisting, by volume, of 95% motor spirit, (commonly known as petrol), on which the appropriate duties of excise have been paid and of 5% ethanol on which the appropriate duties of excise have been paid; and</p> <p>(b) conforming to Bureau of Indian Standards specification 2796.</p> <p><i>Explanation.</i> - For the purposes of this entry "appropriate duties of excise" shall mean the duties of excise leviable under the First Schedule and Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), the additional duty of excise leviable under section 111 of the Finance (No. 2) Act, 1998 (21 of 1998) and the special additional excise duty leviable under section 147 of the Finance Act, 2002 (20 of 2002), read with any relevant exemption notification for the time being in force</p>	Nil	-
75	2710	<p>10% ethanol blended petrol that is a blend, -</p> <p>(a) consisting, by volume, of 90% Motor spirit, (commonly known as petrol), on which the appropriate duties of excise have been paid and of 10% ethanol on which the appropriate duties of excise have been paid; and</p> <p>(b) conforming to Bureau of Indian Standards specification 2796.</p>	Nil	-

## Federation of Indian Petroleum Industry

		<p><b>Explanation.</b> - For the purposes of this entry, “appropriate duties of excise” shall mean the duties of excise leviable under the First Schedule and Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), the additional duty of excise leviable under section 111 of the Finance (No. 2) Act, 1998 (21 of 1998) and the special additional excise duty leviable under section 147 of the Finance Act, 2002 (20 of 2002), read with any relevant exemption notification for the time being in force.</p>		
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2. Similarly in terms of Sl. No. 76 of Notification No. 12/2012-CE dated 17.03.2012, as amended, no excise duty is payable on HSD blended with bio-diesels, subject to the condition that appropriate duties of excise have been paid on HSD & bio-diesel. For ready reference the relevant extracts of the notification have been reproduced below:

76	2710	<p>High speed diesel oil blended with alkyl esters of long chain fatty acids obtained from vegetable oils, commonly known as bio-diesels, up to 20% by volume, that is, a blend, consisting 80% or more of high speed diesel oil, on which the appropriate duties of excise have been paid and, up to 20% bio-diesel on which the appropriate duties of excise have been paid.</p> <p><b>Explanation.</b> - For the purposes of this entry, “appropriate duties of excise” shall mean the duties of excise leviable under the First Schedule and Second Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), the additional duty of excise leviable under section 133 of the Finance Act, 1999 (27 of 1999) and the special additional excise duty leviable under section 147 of the Finance Act, 2002 (20 of 2002), read with any relevant exemption notification for the time being in force.</p>	Nil	-
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3. In terms of the newly inserted Sec 38B of Central Excise Act, 1944, to be effective from a date to be notified, notwithstanding the repeal of the Central Excise Tariff Act, 1985, by sub-section (1) of section 174 of the Central Goods and Services Tax Act, 2017, any reference to the Chapter, heading, sub-heading or tariff item, as the case may be, in the First Schedule to the said Act or in any rules or regulations made thereunder, or in any notification, circular, order or instruction issued thereunder, shall mean a reference to the Chapter, heading, sub-heading or tariff item, as the case may be, in the Fourth Schedule.

4. The above mentioned Sec 38B of Central Excise Act, 1944 thus obviates the need to make any amendments to the various notifications issued under the Central Excise Act read with rules made thereunder. However in the view of Oil industry, amendments are necessary to Sl. No 74, 75 & 76 of the aforementioned notification dated 17.03.2012, explained in more detail below:

- (a) Even after GST comes into force, motor spirit & ethanol blended motor spirit as well as high speed diesel & high speed diesel blended with bio-diesel would continue to be subjected only to excise duty under the Central Excise Act.

At the same time, the other blend components, i.e. ethanol & bio-diesels would be liable to GST.

- (b) In such a scenario, the Industry apprehends that notwithstanding the fact that excise duty would have been paid on motor spirit & diesel and CGST/IGST would have been paid on ethanol & bio-diesel, the benefit of exemption currently available to the blend could be denied on the ground that the condition in notification envisages that duties of excise under Central Excise Act should have been paid on both motor spirit & ethanol as well as diesel & bio-diesel.

Further since both motor spirit and diesel are specifically excluded from the definition of 'inputs' under Cenvat Credit Rules, 2004, availment of Cenvat Credit of excise duty paid on motor spirit and diesel used in blending of EBMS & Bio-diesel is not possible. This effectively results in almost 100 % increase in the total incidence of the duty on the above blended products, which though is unintentional.

5. In view of the foregoing, the Oil Industry requests for appropriate amendments to be made to Sl. No. 74, 75 & 76 of the notification no. 12/2012-CE, so that the exemption from excise duty on the ethanol blended motor spirit (EBMS) and diesel blended with bio-diesel is available, where duty of excise has been paid on motor spirit & high speed diesel and CGST/IGST has been paid on ethanol & bio-diesel.

Thanking you,

Yours faithfully,



Rajiv Bahl  
Director (Finance, Taxation & Legal)