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News alert  
16 January 2014



## **Clarification on the implications of Apex court's ruling in Fiat case**

The Central Board of Excise and Customs (CBEC) has come out with central excise Circular No. 979/03/2014 on 15 January, 2014, to clarify the implications of the Apex court's ruling in *CCE v Fiat India Pvt Ltd and Anr (2012-TIOL-58-SC-CX)* on the valuation of manufactured goods sold at a price lower than the cost of manufacturing.

The CBEC has clarified that the Fiat ruling has a unique fact pattern and cannot be applied to all cases where the goods have been sold at a price lower than the cost of manufacturing. The field formations are advised to consider, during investigation/

audit, aspects such as the percentage of loss, the duration for which the product has been sold at loss and whether such sales are contrary to standard and accepted business practices.

It has further clarified that for proceedings, involving similar fact patterns initiated before the Fiat ruling, the extended period of limitation would not apply. However, after the date of ruling, if a manufacturer continues to declare transaction value contrary to the outcome of the ruling, the same would amount to wilful mis-statement, would attract the extended period of limitation.

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