

Circular No. 2066/5/2018-CX.

F.No.298/05/2017-CX9  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Indirect Taxes and Customs

Room No.267-D, North Block,  
New Delhi, dated 26.06.2018

To,

Principal Chief Commissioner/ Chief Commissioners of CX & GST/Customs (All),  
Principal Directors General/Directors General of CBIC (All).

Subject: **Non-Initiation/Delay in Recovery Proceedings- Audit Report No.3 of 2017 and Audit Report No.41 of 2016 of C&AG of India (Indirect Taxes – Central Excise and Service Tax)-regarding.**

The undersigned is directed to refer the Circular No.365/81/1997-CX, dated 15.12.1997, wherein it was directed that a special cell, namely "Recovery Cell" should be created in each "Commissionerate" headed by a Dy./Assistant Commissioner who will be designated as the "Authorised Officer", for the purpose of making recovery of Government dues in terms of Section 11 of the Central Excise Act, 1944 read with Section 142 of the Customs Act, 1962 and the Customs (Attachment of Property of Defaulters for Recovery of Government Dues) Rules, 1995. Attention is also invited to the Board's Circular No. 1062/2017-CX dated 12.12.2017, issued on the aforesaid subject.

2. In this context, it is noted that field formations are not following uniform practice. Some Commissionerates have no Recovery Cell at Hqrs, and where such Recovery Cells have been constituted, most of them are acting as mere monitoring cells. Only a few are discharging the duties as envisaged in the Circular No.365/81/1997-CX, dated 15.12.1997.

3. In view of the above, it is reiterated that all Commissionerates should constitute a Recovery Cell as laid down in the aforesaid Circular, and **only those cases where recovery is not made by Departmental efforts and action needs to be taken for recovery by attachment and sale of property of the defaulter, as laid down in section 142 of the Customs Act, 1962, should be transferred to the Recovery Cell.** All other cases of recovery of arrears will be dealt with by concerned jurisdictional officers only.

4. The standard operating procedure to be followed is as follows:- Where the Government dues have not been paid by any person and the recovery is to be done under Section 142 of Customs Act, 1962 & Rules there under, the Dy./Assistant Commissioner of GST & Central Excise/Customs should prepare a certificate under Rule-3 in the prescribed format, clearly

mentioning the amount due from such persons, and send the same to the Pr. Commissioner/ Commissioner of GST & Central Excise/ Customs having jurisdiction over the place in which such persons owns any movable or immovable property or resides or carries on his own business or has his bank accounts.

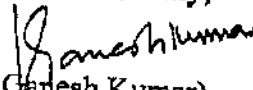
4.1. The Pr. Commissioner/ Commissioner of GST & Central Excise or the Pr. Commissioner/ Commissioner of Customs, as the case may be, will direct the concerned Authorised Officer to cause a notice, in the prescribed format, to be served upon such person requiring to pay the amount specified in the certificate within 7 days of the notice. The Authorised officer should thereafter take steps to realise the amount mentioned in the certificate in terms of the said rules after expiry of the stipulated period of 7 days.

4.2. If the amount mentioned in the certificate is not paid within 7 days from the date of service of notice, the Authorised Officer should proceed to realise the amount by attachment and sale of the defaulter's property, in accordance with the procedure of attachment and proclamation and sale as prescribed manner.

5. Keeping in view the seriousness of the matter, the Board feels that more emphasis and better monitoring of tax arrears recovery is required at the Zone and Commissionerate level. The Zonal Chief Commissioners are hereby directed to closely look into the matter and take necessary steps to revamp the Recovery cells. Action may also be taken to review and monitor the tax arrears cases and expeditious action taken towards their liquidation. The recovery of arrears should be properly reflected in the Monthly Performance Reports (MPRs) on the DDM portal ([www.cbecdm.gov.in](http://www.cbecdm.gov.in))

6. All zonal Pr Chief/Chief Commissioners should ensure that the Recovery Cells are augmented with adequate manpower so that immediate action can be initiated on receipt of such cases for recovery. The performance of the Department in recovery of arrears has been adversely commented by the C&AG. Hence it is once again directed that these issues may be addressed in a serious and prompt manner as envisaged in the Circular. Non-compliance of the above directions will be viewed seriously.

Yours faithfully,

  
(V. Ganesh Kumar)

Under Secretary to the Govt. of India

Copy to:-

- i. Chairman & Members, CBIC
- ii. All Joint Secretaries/Commissioners(CBIC)
- iii. Commissioner (Tax Arrear Recovery), DGPM, C. R. Building, New Delhi.
- iv. Commissioner (PAC), Hudco Vishal Building, Bhikaji Kama Place, New Delhi,
- v. Webmaster with request to upload on CBIC website.