

Extract of the Excise Act – Section 3F and the Eighth Schedule

3F. Anti-forestalling restrictions on excisable goods

- (1) For the purpose of combatting excise duty forestalling in respect of imported or manufactured excisable goods specified in Part I of the Eighth Schedule, the Director-General may limit the quantities of such excisable goods that may be entered for home consumption during a controlled period to such allowable quantity specified in subsection (2).
- (2) The allowable quantity referred to in subsection (1) shall be –
 - (a) for importers and manufacturers who have been importing, manufacturing and entering excisable goods for home consumption during the financial year comprising the controlled period, in accordance with the formula set out in Part II of the Eighth Schedule;
 - (b) for new entrants entering excisable goods for home consumption 30 days or less before the controlled period, equivalent to the lowest allowable quantity allocated to an importer or manufacturer during the controlled period in accordance with the formula set out in Part II of the Eighth Schedule;
 - (c) for new entrants entering excisable goods for home consumption during the first month of the controlled period, equivalent to 75 per cent of the allowable quantity allocated under paragraph (b);
 - (d) for new entrants entering excisable goods for home consumption in the second month of the controlled period, equivalent to 50 per cent of the allowable quantity allocated under paragraph (b);
 - (e) for new entrants entering excisable goods for home consumption in the third month of the controlled period, equivalent to 25 per cent of the allowable quantity allocated under paragraph (b).
- (3) For the purpose of subsection (2)(a), the Director-General shall notify the importer or manufacturer of the allowable quantity allocated to him during the controlled period.
- (4)
 - (a) Any new entrant under paragraph (2)(b), (c), (d) or (e) shall apply to the Director-General for an allowable quantity to be allocated to him during the controlled period, in such form and manner as the Director-General may determine.
 - (b) The Director-General shall notify the new entrant of the allowable quantity allocated to him during the controlled period.
- (5) No importer, manufacturer or new entrant shall, during a controlled period, enter excisable goods for home consumption in excess of the quantities referred to in subsection (2), (3) or (4), as the case may be.
- (6) In this section –

“controlled period” means a period of 3 months ending on the last day of the financial year or such other period as may be prescribed;

“excise duty forestalling” means the practice of entering imported or manufactured excisable goods for home consumption in excessive quantities during a period leading up to an anticipated increase in the rate of excise duty on those goods with a view to avoiding the payment of the increased rate of excise duty when that increase becomes effective;

"financial year" means a period of 12 months ending on 30 June in any year;

“new entrant” means an importer or a manufacturer of excisable goods specified in Part I of the Eighth Schedule who starts entering such goods for home consumption 30 days or less before the controlled period or during the controlled period.

EIGHTH SCHEDULE
[Section 3F]

PART I – EXCISABLE GOODS

Cigarettes of HS Codes 2402.20.00 and 2402.90.90

PART II – FORMULA

$$AQ = (TQ \div 9) \times 3$$

Where –

AQ is the allowable quantity in units;

TQ is the total quantity in units of excisable goods that a manufacturer or importer has entered for home consumption during the period starting on 1 July of the financial year comprising the controlled period up to the day prior to the start of the controlled period.
