

**Report of the  
Comptroller and Auditor General  
of India**

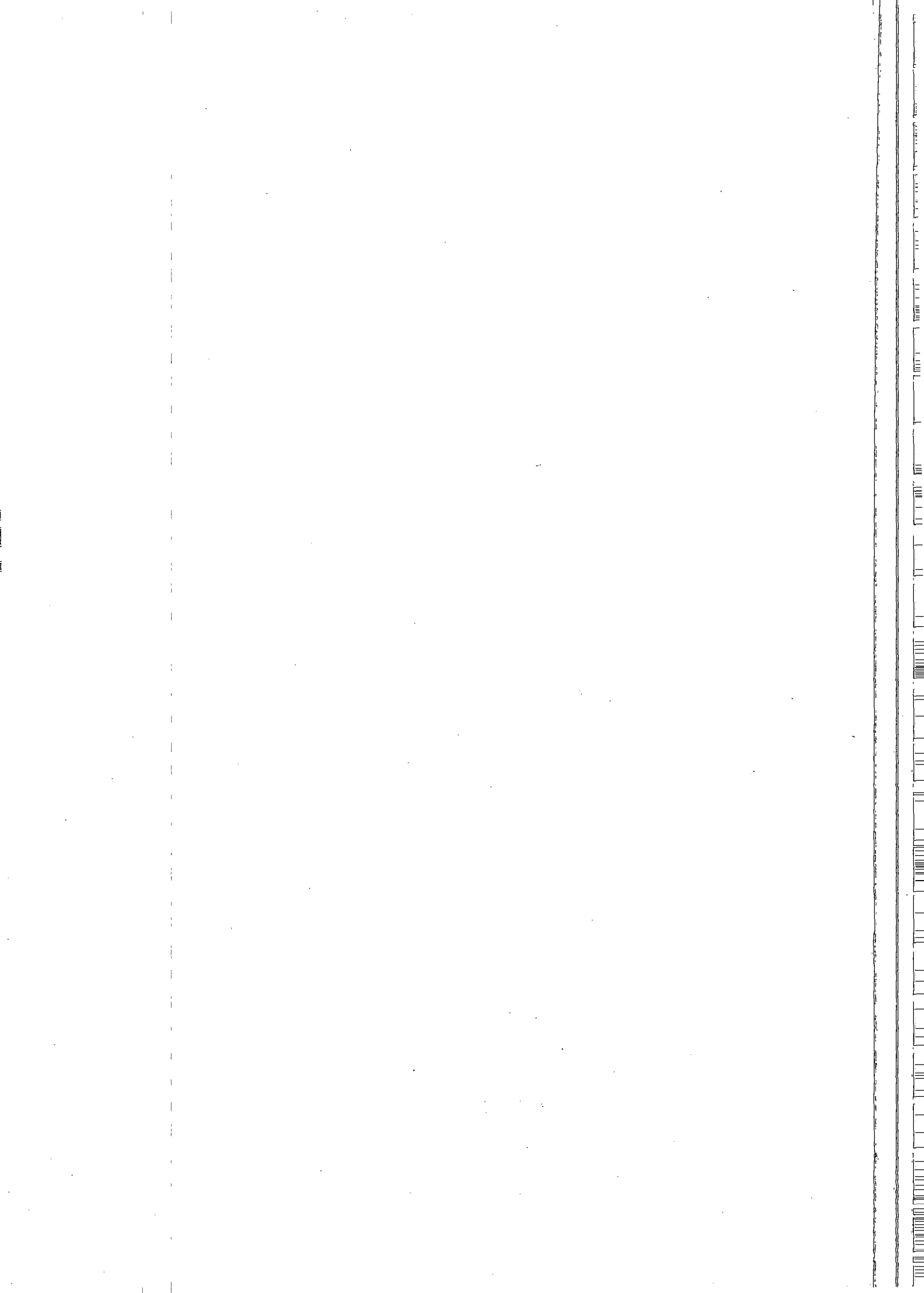
**for the year ended March 2015**

**Working of Automation of  
Central Excise and Service Tax**

**Union Government  
Department of Revenue  
Indirect Taxes – Central Excise and Service Tax  
Report No. 46 of 2015**

Laid on the table of Lok Sabha/Rajya Sabha

18 डिसेंबर 2015  
D.K.F.



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## Preface

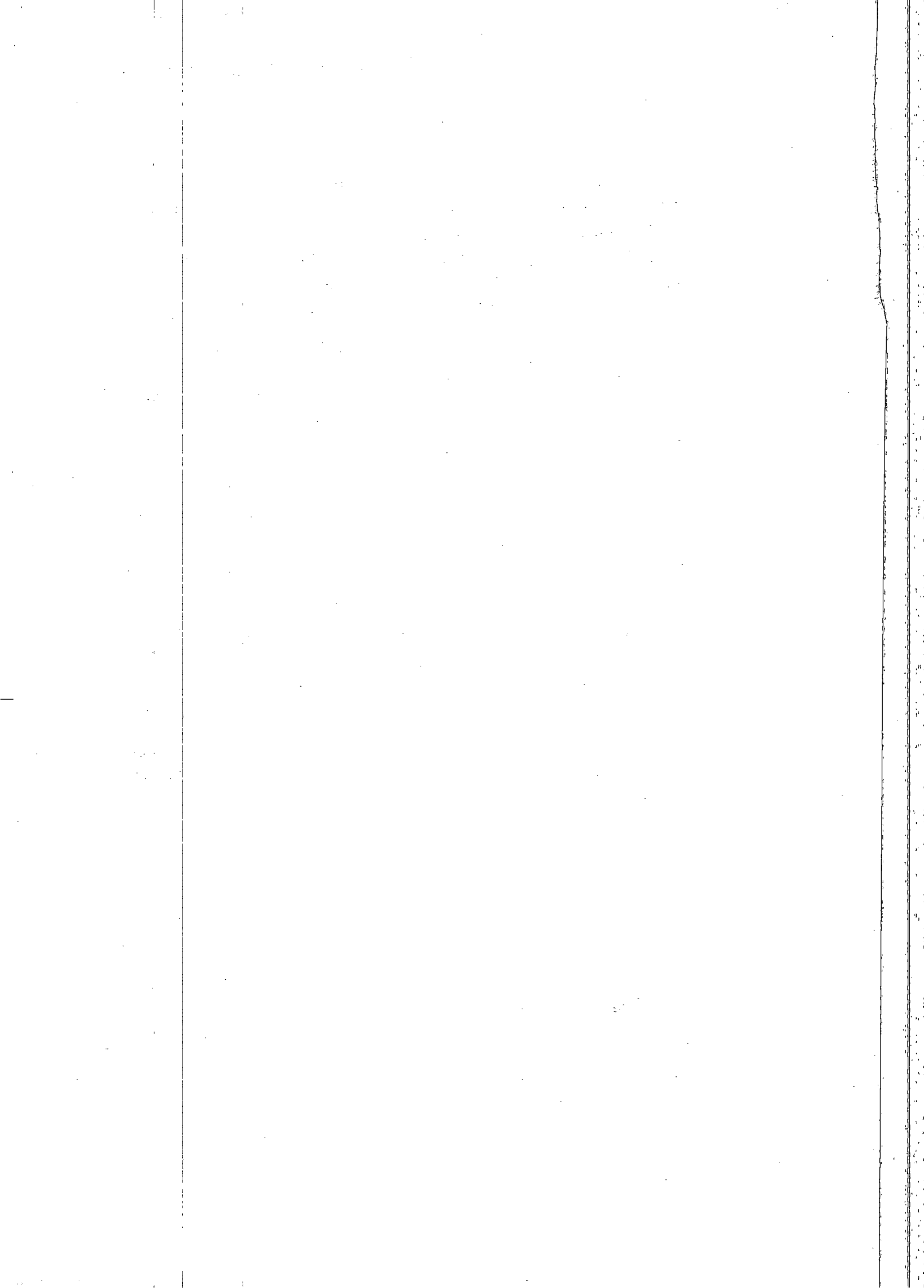
This Report has been prepared for submission to the President of India under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit on working of Automation of Central Excise and Service Tax and covers the period from December 2008 to June 2014. Matters relating to subsequent periods have also been included, wherever necessary.

The instances mentioned in this Report are those which came to notice in the course of test audit conducted during the period 2014-15.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from the Department of Revenue, Central Board of Excise and Customs and its field formations at each stage of the audit process.



## Executive summary

We conducted the Performance Audit to seek an assurance whether the objectives of Automation of Central Excise and Service Tax (ACES) framed by the department have been achieved. We also examined the extent of utilisation of ACES in the field formations of the Board. The Performance Audit was conducted in 40 selected Commissionerates apart from the office of the Directorate General of Systems and Data Management.

The Performance Audit revealed certain inadequacies both of system as well as compliance issues relating to the working of ACES.

- a. There was no provision in ACES for selection of returns for detailed scrutiny on the basis of in built risk parameters. Further, no time limit for review of marked returns was inserted in the Return module.

(Paragraphs 2.1.3 and 2.1.4)

- b. There was no provision in ACES to upload/attach any documents and also no provision for digital signature.

(Paragraphs 2.1.6 and 2.1.8)

- c. The role of legal, adjudication, preventive/anti evasion wing etc., were not mapped in 33 Commissionerates out of 40 selected Commissionerates and also no access provided to Inspector level officials.

(Paragraphs 2.2.3 and 2.2.4)

- d. We observed that only three modules (Access Control Logic, Registration and Return) out of the ten modules in ACES are being utilised by the stake holders.

(Chapter 3)

- e. We observed that a large number of returns for Central Excise and Service Tax are being marked for Review and Correction due to small errors which can be addressed by having proper/strong validations.

(Paragraph 3.3.3)

- f. We observed that non-conducting of trainings, seminars/workshops is one of the main reasons for skewed utilisation of ACES.

(Paragraphs 4.1 and 4.2)

- g. We observed that even after five years of implementation of ACES, no post implementation review of ACES was carried out.

(Paragraph 4.6)

## Summary of Recommendations

1. There is a need to simplify the cumbersome procedure adopted in respect of mapping of employees in ACES to save man days that go unutilised during the period of assignment of roles in ACES.
2. Provision for complete linking of outstanding liabilities to processing surrender applications may be introduced by making the liabilities available offline a part of ACES.
3. In view of Ministry's commitment to grant registration in two days to overcome delay in issue of Registration certificates, prompt completion of Physical Verification must be ensured.
4. Electronic filing may be made mandatory for compulsory intimations such as Invoice Books and Records maintenance and CLI module may be introduced for ST also so as to ultimately reduce the interface of the assessees with the departmental officers.
5. There is a need to revisit/update the systems to make all the modules operational so as to generate required Management Information System from ACES, given that ACES is being implemented for more than five years.
6. In view of a very low/partial utilisation of Provisional Assessment, Export, Refund, Claims and Intimations, Dispute Settlement Resolution and Audit modules by department/assesseees, the Department may review the usage of all modules, and take action to identify and remove bottlenecks to make the system user friendly and result oriented.
7. Department may make a strategic plan to provide need based and structured training to employees and to conduct awareness seminars for assesseees and periodically review the same.



## Chapter 1: Introduction

### 1.1 Background

Automation of Central Excise and Service Tax (ACES) is the e-governance initiative by Central Board of Excise and Customs (CBEC), Department of Revenue, Ministry of Finance. It is one of the Mission Mode Projects of the Government of India under National e-Governance Plan. It is a software application which aims at improving tax-payer services, transparency, accountability and efficiency in the indirect tax administration in India. This application is a web-based and workflow-based system that has automated all major procedures in Central Excise (CX) and Service Tax (ST).

The ACES application was initially rolled-out in the Large Tax Payer Unit (LTU) Commissionerate in Bengaluru in December 2008 and subsequently implemented across India in phases.

The objective of the initiative was to re-engineer the business processes and transform the existing tax administration into a modern, efficient, transparent system and to strike an optimal balance between trade facilitation and enforcement and to promote a culture of voluntary compliance. Further, it is to reduce physical interface of the assessee with the departmental officers and to provide a transparent and paper-less business environment with improved taxpayer services delivered through an automated process.

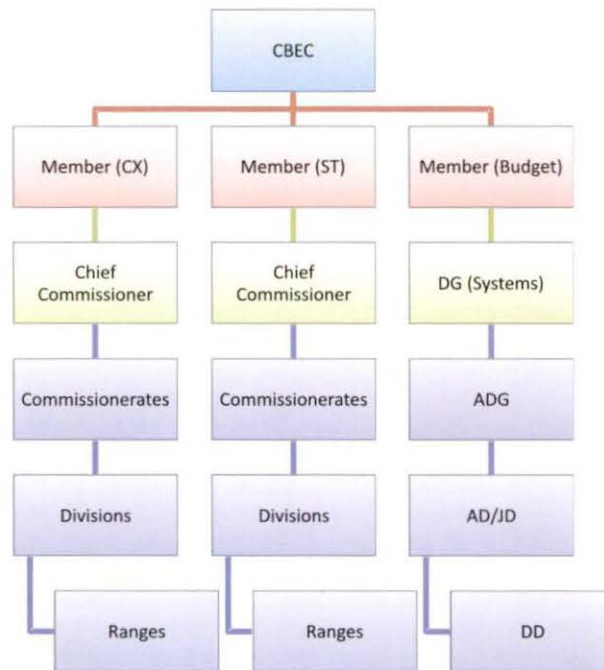
The ACES application has interface for CX and ST assesseees as well as Departmental Officers. It has provision to automate the major processes of CX and ST such as registration, returns, accounting, refunds, dispute settlement resolution, audit, provisional assessment; exports, claims, intimations and permissions.

### 1.2 Organisational set up

The CBEC, set up under the Central Boards of Revenue Act, 1963, is a part of the Department of Revenue under the Ministry of Finance, Government of India. It deals with the tasks of formulation of policy concerning levy and collection of Customs, CX duties and ST, prevention of smuggling and administration of matters relating to Customs, CX, ST and Narcotics. The Board is the administrative authority for its subordinate organisations, including Customs Houses, CX and ST Commissionerates and the Central Revenues Control Laboratory.

Office of the Directorate General of Systems and Data Management {(DG (Systems))} is an attached office of the CBEC which is responsible for design, development, programming, testing, implementation and maintenance of the ACES project. The Directorate is headed by Director General (Systems and Data Management) assisted by Additional Directors General at the headquarters. Similarly, at executive level, Chief Commissioners, CX and ST and their field formations are responsible for actual utilisation of ACES.

Chart 1



### 1.3 Structure and status of working of ACES

ACES application has been designed to function as centralised, web-based, workflow-based system to provide complete end-to-end solutions for covering major processes in CX and ST administration. Users can access ACES from <https://www.aces.gov.in> website and can choose between ST and CX options. ACES application for CX contains ten modules namely Access Control Logic (ACL), Registration, Return, Provisional Assessment, Claims and intimation (CLI), Dispute Settlement Resolution, Refund, Export, Audit and Report. Similarly, ACES contains eight modules for ST (except CLI and Export).

### 1.4 Why we chose this topic

As is evident from its introduction, ACES has far reaching effect on overall method of tax administration in India. It not only provides electronic means of indirect tax administration in the current tax environment, but it also lays foundation for future shape of tax collection and enforcement mechanism after implementation of GST. ACES is designed to help in realising revenues

in a fair, equitable and efficient manner while facilitating trade and industry by streamlining and simplifying CX and ST processes.

In such a scenario, we felt that an independent assessment of working of ACES was necessary to evaluate whether the system is designed in strict compliance to legal framework, contains correct features for encouraging taxpayers for voluntary compliance, simplifies procedures for taxpayers and departmental users and has the necessary flexibility and scalability to adapt quickly in ever changing environment.

### 1.5 Audit objectives

The performance audit was conducted to seek assurance whether the following objectives of ACES have been fulfilled:

- To re-engineer the business processes and turn the existing tax administration into a modern, efficient and transparent system;
- Replace manual filing and handling of paper documents by e-filing and e-processing respectively which would reduce physical interface of the business community with the departmental officers;

In addition to above, we also examined the extent of utilisation of various modules of ACES in the field formations of the Board.

### 1.6 Audit Scope and selection

During this Performance Audit, we selected and covered 40<sup>1</sup> out of 145 Commissionerates, 75 out of 737 divisions, 201 out of 3,649 ranges apart from DG (Systems). A questionnaire was circulated by email/post to 420 departmental users and 543 assesseees to obtain feedback from a representative sample of assesseees of CX and ST under the selected Ranges and departmental users in selected CDRs.

### 1.7 Audit coverage

During the Performance Audit, we examined the implementation and utilisation of ACES in Commissionerates, Divisions and Ranges from its inception i.e., December 2008 to June 2014. We also examined the records

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<sup>1</sup> Ahmedabad (ST), Ahmedabad-II, Allahabad, Bengaluru (LTU), Bengaluru-I (ST), Bengaluru-I (CX), Bhopal, Bhubaneswar-II, Bolpur, Chandigarh-I, Chennai (LTU), Chennai-I (ST), Coimbatore, Delhi (LTU), Delhi-II (CX), Delhi-II (ST), Guwahati, Hyderabad-II, Hyderabad-IV, Indore, Jaipur-I, Kanpur, Cochin, Kolhapur, Kolkata-I (ST), Kolkata-III, Kolkata-I, Ludhiana, Mumbai (LTU), Mumbai-I (CX), Mumbai-I (ST), Patna, Puducherry, Pune-I, Raipur, Ranchi, Rohtak, Surat-II, Vadodara-II and Visakhapatnam-I

at DG (Systems) relating to development and implementation of ACES for the selected period.

### **1.8 Acknowledgement**

We acknowledge the co-operation extended by CBEC and its subordinate formations in providing the necessary records for the conduct of this audit.

We discussed the audit objectives and scope of the performance audit in an entry conference with CBEC officers on 14 August 2014. We conducted the Exit Conference with CBEC on 13 October 2015.

## Chapter 2: System design

### 2.1 System Issues

#### Inclusion of key manual provisions/validations in ACES system

##### 2.1.1 Provisions of Information Technology (IT) Act

IT Act, 2008 contains specific provisions for attribution of an electronic transaction, time/place of despatch/receipt of electronic record. These provisions provide legal safeguard for linking a particular transaction with a particular person. However, during examination, it was observed that ACES does not capture/record signatures (such as IP addresses) of physical location of user computers, and hence does not conform to provisions of the Act.

When we pointed this out (September 2014), the Ministry while not accepting the observation stated (October 2015) that an assessee or new applicant gets access to ACES only through successful authentication of his/her user account and the departmental user is allotted a unique single sign-on ID (SSOID) with a password. Hence, capturing of IP address is not required.

The reply of the Ministry is not acceptable as capturing of IP address serves the principle functions of host and network interface identification and location addressing, which can not be addressed by the user name and password provided by the department. Further audit suggests that keeping in view the risk and frauds involved in the IT transactions, it is better to capture the IP address of the user machines. This will provide a second level of security check to the system.

##### 2.1.2 Surrender of Registration Certificate

Rule 9 of Central Excise Rules, 2002 read with notification dated 26 June 2001 and Rule 4 (7) of Service Tax Rules, 1994 specifies the procedure for surrender of Registration Certificates (RCs) for CX and ST respectively. Before de-registering the assessee, the department has to check about the outstanding liability against the assessee. Further the assessee is also required to submit his original RC. We observed that there is no provision for verifying outstanding tax liability before accepting surrender application in ACES and also requirement of surrender of original RC is not being watched through ACES. These gaps in the procedure are filled by manual methods.

We also noticed that in ACES, Division/Range wise list of assessee whose surrender request is pending only could be viewed. But there is no provision to generate list of assessee whose surrender request had been accepted.

The Surrender list available in ACL module shows lists for the whole Commissionerate and not Range/Division wise and also does not show the date of acceptance of surrender.

When we pointed this out (May 2015), the Ministry stated (October 2015) that ACES restricts processing of surrender requests in case of outstanding liabilities available in ACES and the liabilities available outside ACES were checked physically. Further it has stated that there is no requirement of submission of original RCs as the requirement of signed RC was dispensed with effect from 28 February 2015. In the case of ACES Division/Range wise list of assessee whose surrender request has been accepted, it has stated that the issue is under examination. Audit opines that the liabilities available outside the ACES may be made part of ACES to ensure automation of the entire working process. As there is no signature available on the RC, the legal sanctity of the RC is under question. Further progress is awaited in the case of ACES Division/Range wise list of assessees whose surrender request has been accepted.

Ministry further stated (November 2015) that it may not be practicable since the status of liabilities handled outside the system, including those in different judicial fora, may change frequently.

Audit further opines that if there will be frequent changes of liabilities in different judicial fora then it is better that such data is maintained in system to facilitate better monitoring.

### **2.1.3 Selection of returns for detailed scrutiny**

Para 4B read with para 4.1A of Manual for the Scrutiny of Central Excise Returns, 2008, provides for selection of up to five per cent of total returns received for a detailed scrutiny of assessment on the basis of risk parameters. As large units with total duty payment of more than ₹ three crore are subject to mandatory audit every year, detailed return scrutiny could focus on the returns of non-mandatory units. Further sub para 2 of para 3.1.3B of Manual also stipulates that the logic is to select those returns that qualify as risky on some or all of the parameters. First, all those returns are to be picked up that have been proven 'risky' on all the parameters listed. If the list yields less than 2 per cent of the total returns filed during that month, then those returns that have been proven 'risky' on all but one of the parameters listed are selected, and so on till the system identifies five per cent of the total returns submitted during that month as eligible for scrutiny.

Similar procedures were also laid down in Manual for the Scrutiny of Service Tax Returns, 2009 for detailed scrutiny. Paragraph 4.2A of the Manual for Scrutiny of Service Tax Returns, 2009 stipulates that only two per cent of the

returns need to be examined in detailed scrutiny. Board's circular dated 11 May 2009 also stipulated that after implementation of ACES, returns would be automatically listed in descending order of risk and submitted to Commissioner for selection.

Audit noticed that against the above directions, Software Requirement Specification (SRS) document relating to application of mini-risk parameters envisaged selection of only two per cent of the total returns submitted during that month for the purpose of detailed scrutiny on the basis of inbuilt mini-risk parameters instead of five per cent as prescribed in the Manual for Central Excise Returns.

Further on test check of the functioning of the module in selected CDRs, we observed that there was no provision in the module for selection of returns for detailed scrutiny on the basis of inbuilt risk parameters as per the directions issued by Board.

When we pointed this out (between September 2014 and March 2015), the Ministry stated (October 2015) that the selection of returns for detailed scrutiny, based on risk parameters has not been implemented in ACES. However, it further stated that as per circular dated 21 July 2015, the functionality of selection of assessee by the Commissionerates for detailed scrutiny shall be based on risk score to be generated from ACES. However, no reasons were quoted for non-implementation of this functionality in ACES so far and for envisaging selection of only two per cent returns in SRS against manual provision of two to five per cent.

#### **2.1.4 Time-limit for review of marked returns**

As per para 2.1A of Manual for the Scrutiny of Central Excise Returns, 2008 preliminary scrutiny should be carried out within three months. However, we observed that in SRS document relating to Review and Correction (RnC), it was envisaged that the system marks the returns for review which would be rectified by the departmental officers after consulting with the assessee till the end of the month. Moreover, this requirement of time limitation was not inserted in the module.

When we pointed this out (March 2015), the Ministry stated (October 2015) that initially, a time limit of one month was built in for RnC of returns in ACES, but later on, considering the large number of returns marked for RnC, which was not commensurate with the manpower available in the field, the time limit of one month was removed.

Audit opines that since now the marking of returns for RnC has come down, the time limit may be fixed.

### **2.1.5 Provision for monitoring of finalisation of Provisional assessments**

As per Rule 7 of the Central Excise Rules, 2002 and Rule 6(4) of the Service Tax Rules, 1994, provisional assessment is required to be finalised within six months from the date of filing request by the assessee for assessment of duty/tax provisionally. We observed that there was no provision in the ACES module to monitor finalisation of provisional assessment within the prescribed time limit.

When we pointed this out (September 2014), the Ministry stated (October 2015) that pendency of provisional assessment cases is displayed on the dashboard of the jurisdictional officer and in the monthly performance report of each Commissionerate and that development of a report generation facility to monitor the disposal of provisional assessment cases is under examination.

### **2.1.6 Provision for uploading/attaching documents**

We noticed that there was no provision in ACES to upload/attach any documents which were required for registration, scrutiny of returns, refund, export etc. In the absence of this facility, the assessee was required to submit all the documents manually/physically. The provision for calling of online documents for detailed scrutiny through ACES was also not available. This leads to non-fulfilment of main objective of ACES i.e. to reduce physical interface.

When we pointed this out (December 2014), the Ministry while accepting the observation stated (October 2015) that a proposal is under consideration for upgrading the current infrastructure, which will facilitate uploading of scanned documents as the existing infrastructure is not adequate for the uploading and storage of scanned documents.

### **2.1.7 Updating of notifications/amendments in ACES**

Audit noticed that though provision to upload notifications/amendments has been made in ACL module, but notifications/circulars relating to CX Acts/Rules and ST Acts/Rules and their amendments were not found uploaded. Further, there is no mechanism to regularly update budgetary or other changes in notifications/circulars etc., on the ACES.

When we pointed this out (September 2014), the Ministry stated (October 2015) that CX and ST notification masters are maintained and periodically updated before the commencement of the return-filing period. However, during audit, Delhi (LTU) Commissionerate stated (October 2014) non-availability of active notifications in notification masters, implying delays in system of updation.



### **2.1.8 Enabling Digital Signature Certificates in ACES**

The Indirect tax administration involves adjudications, judicial processes, variable interpretations and obvious financial dimensions. While such an administration is provided with the power of information technology, every activity through the IT application should be sacrosanct. Digital Signature Certificates provide for the identity and authenticity of any document/transaction done through e-governance projects. In absence of such an authenticity, evolution of any administration into IT might not be successful.

While all modules of ACES application need authenticity, it is mandatory for the Dispute Settlement Resolution, Refunds, Export and Return modules.

Digital Signature facility in the ACES application provides legal sanctity to every process in ACES, without which orders made through ACES can be questioned in a Court of Law. For providing the legal sanctity, the Officers are forced to do manual work which results in duplicity of work (processing the applications through both ACES and manual modes) and adds to the workload of the Officers and thus the very purpose of the ACES application is compromised. The Officers tend to prefer manual mode in processing the applications which were received through ACES because of the aforesaid reasons.

When we pointed this out (May 2015,) the Ministry stated (October 2015) that initially the ACES was designed to accept digitally signed documents, but considering the preparedness of the assesseees and to avoid any inconvenience to them in transacting with the department online, it was decided to deactivate the functionality and stated that there is no duplicity of work as stated by audit.

Audit suggests that in the scenario of digital India, the provision for digital signature may be enabled in ACES so that entire process is automated.

### **2.2 Business Processes Re-engineering**

Business process reengineering (BPR) is "the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance, such as cost, quality, service, and speed". BPR, per se, involves analysis and re-design of workflows and business processes within an organisation and it seeks to restructure organisations by focusing on the ground-up design of their business processes. The BPR is aimed to help organisations fundamentally rethink how they do their work in order to dramatically improve service, cut operational costs, and adhere to standards of comparable world class

organisations. Without fundamental rethinking, technology often merely automates old ways of doing business.

During the course of Audit, we attempted to ascertain the extent to which ACES succeeded as an application in completely re-engineering the manual processes involved in collection of CX and ST and streamlining all the ancillary workflows thereto. We observed that, although, processes laid down in CX and ST Manual were automated in ACES application, but much more can be done in terms of "fundamental rethinking and radical redesign" of business processes in crucial aspects of functioning involving People (Human Resources) and Processes (work flow and procedures) as discussed below: -

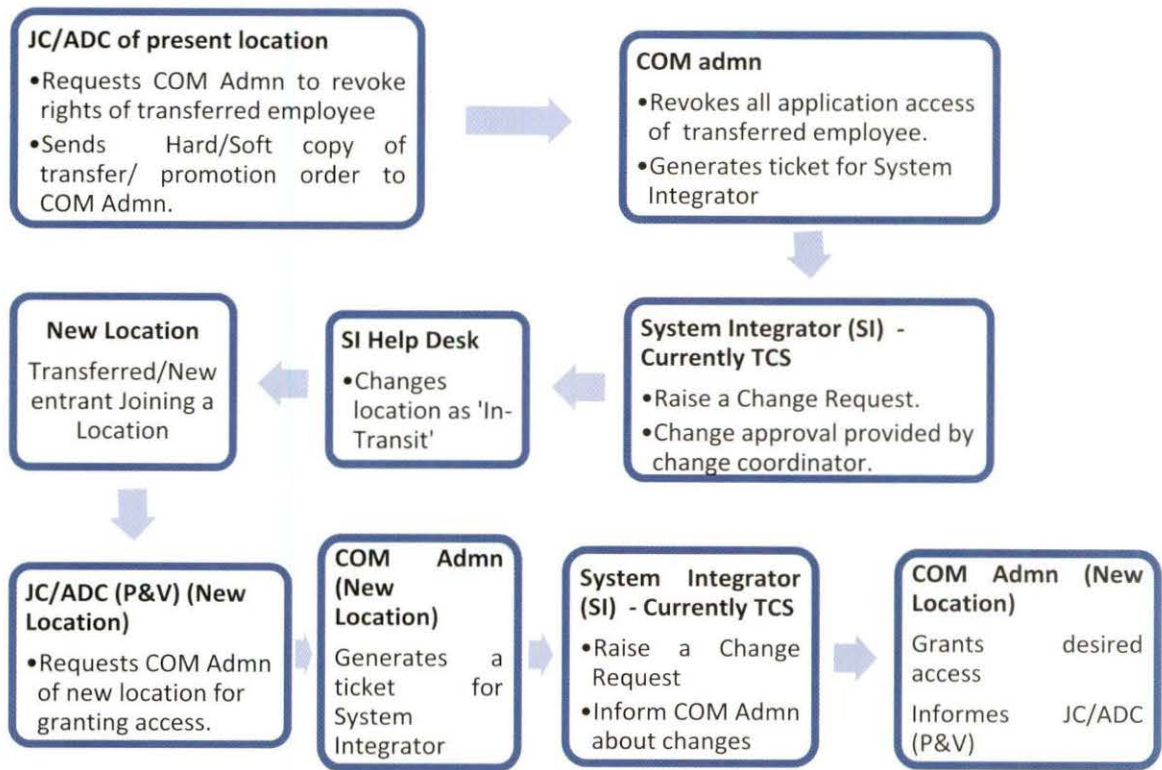
#### 2.2.1 Human resource management

During the course of Audit, we noticed that although the ACL module created roles for all the functions performed by employees within the hierarchy, it did not cover a very important aspect of actually managing human resources for manning identified tasks in a real working situation through the system. The following crucial processes of HR management continued to function outside the coverage of ACES: -

#### 2.2.2 Transfers/Postings

The ACES has been designed with an assumption that largely same people continue to perform same tasks in designated domain which, after being mapped once in system, facilitate the smooth working of the system. However, in a Government working setup, functioning of the departments require frequent change of roles of employees who may have to perform different tasks, work on same tasks in different domains upon promotions/transfers or simply to take up work of an absent employee. During examination it came to notice that there were no provisions of linking transfer/posting orders with mapping of work domain and work privileges to SSOID. As a result, complicated multi-level process is required to be followed for assignment of role to an employee intended to work in a vacant work domain in a Range.

Chart 2 Procedure for role assignment



This cumbersome process ultimately leaves several tasks unmanned with several employees in transit waiting for data rights to start work. As a major part of process activities are out of ambit of ACES, exact time taken for reassigning work to employees after having relieved from one charge cannot be ascertained by examination of data and may result in idling of staff due to manual completion of process which starts from transfer order to taking up of new assignment.

When we pointed this out (March 2015), the Ministry stated (October 2015) that since the employee is exposed to more than one Application for performing Customs, CX or ST related work, enough flexibility has been built in to ACES to enable Com. Admn./HQ Admn. to assign/modify the roles. To manage these transfer dynamics, it is essential to have defined Protocols so that no confusion in work flow arises and all the stake holders need to follow the defined Protocol.

Audit opines that as the present system of role assignment and reassignment is very cumbersome and involved a number of stake holders, it needs to be simplified.

**2.2.3 Roles of important Sections in ACES**

We enquired (between September 2014 and March 2015) from selected CDRs and DG (Systems) regarding defining of role of important sections such

as legal, tribunal, technical, adjudication, tax recovery cell, preventive/anti-evasion, statistics etc. in ACES.

DG (Systems) stated (May 2015) that roles are to be created locally by Com. Admn. They further stated that ACES does not extend to Tribunal and does not have a functionality for tax recovery or technical wing officers while officers dealing with preventive or adjudication functions could be given role to use DSR module.

However, from the replies furnished (between September 2014 and March 2015) by Commissionerates, audit observed that the role of legal, adjudication, preventive/anti evasion etc., were not mapped in 20<sup>2</sup> Commissionerates. 13<sup>3</sup> Commissionerates have not furnished any reply. Only seven<sup>4</sup> Commissionerates stated that these sections were mapped in ACES.

When we pointed this out (August 2015), the Ministry stated (October 2015) that usage of ACES with regard to assignment of role to important section in ACES varies from place to place and there is a facility to create role activity for all the sections.

Contrary to the reply of the Ministry, audit observed that only 7 out of 40 selected Commissionerates informed the mapping of roles of important sections.

#### 2.2.4 ACES access to Inspector level officials

Inspectors are required to assist Range Officer in all range works and both are jointly responsible for all the functions. The duties, which were carried out by Inspectors before introduction of ACES, could not be performed by them subsequently as they have no role in the workflow of ACES. Presently, all the duties/responsibilities are with the Range Officer, which results in accumulation of work.

When we pointed this out (December 2014), the Ministry stated (October 2015) that functionality is being developed for allowing Inspectors to work in ACES.

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<sup>2</sup> Ahmedabad-II, Bhopal, Chandigarh-I, Chennai (LTU), Delhi-II (CX), Delhi-II (ST), Delhi (LTU), Guwahati, Hyderabad-IV, Indore, Jaipur-I, Kolhapur, Ludhiana, Mumbai-I (CX), Mumbai-I (ST), Mumbai (LTU), Pune-I, Ranchi, Rohtak and Vadodara-II

<sup>3</sup> Allahabad, Bengaluru-I (CX), Bengaluru-I (ST), Bengaluru (LTU), Bhubaneswar-II, Bolpur, Coimbatore, Hyderabad-II, Kanpur, Kolkata-I, Kolkata-III, Patna and Raipur

<sup>4</sup> Ahmedabad (ST), Chennai-I (ST), Cochin, Kolkata-I (ST), Pudecherry, Surat-II and Visakhapatnam-I

### 2.2.5 Process Designing

Processes to facilitate people to conveniently perform designated tasks are the other major area of functioning that affects productivity, quality of service and costs. During examination of working of ACES, it was noticed that despite putting in a lot of effort in creating computerised processes to match legal and procedural requirements, there were some gaps in understanding of user requirements and business environment while undertaking the process design exercise. Process designing problems prevalent in different modules are discussed in chapter III.

### 2.2.6 Conclusion

Comprehensively looking at the complete BPR exercise, it can be concluded that although it is a great step forward to create a new system for replacing manual system, gaps still exist in re-designed process with respect to management of people, processes and provision of technology.

#### ***Recommendation No.1***

There is a need to simplify the cumbersome procedure adopted in respect of mapping of employees in ACES to save man days that go unutilised during the period of assignment of roles in ACES. One of the methodology that can be adopted to achieve this is to incorporate transfer and posting of employees in the ACES system itself.

Ministry in its reply stated (October 2015) that incorporating transfer and posting of officers in the ACES is not possible, as the ACES was not contemplated as a tool to manage Human Resources.

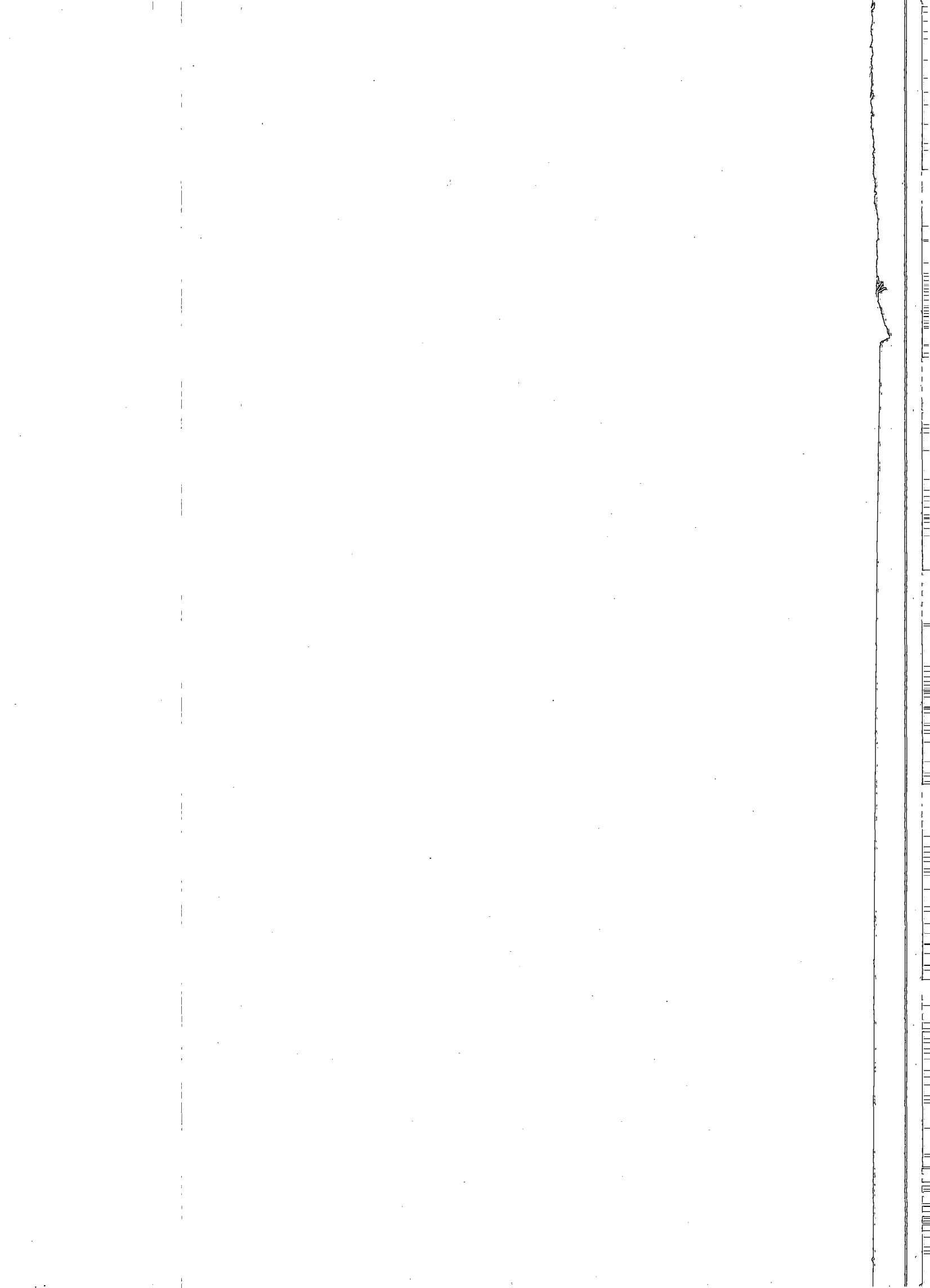
Audit further opines that the cumbersome procedure adopted in respect of mapping of employees needs to be simplified.

#### ***Recommendation No.2***

Provision for complete linking of outstanding liabilities to processing surrender applications may be introduced to make ACES more effective.

Ministry stated (October 2015) that the system checks if any amount is outstanding against the assessee as per information available in ACES. Pre-ACES dues in respect of some assessees, who had migrated to ACES and liabilities that occur in the offline mode during Audit or investigation are not captured in ACES.

Audit further suggests that liabilities available offline may be made a part of ACES.



## Chapter-3: Observations on Modules

The ACES has automated the major processes in the following modules:-

1. Access Control of Users (ACL): This module is mainly operated by the Commissionerate Admn. For providing access to the departmental users.
2. Registration (REG): Registration of assessees through online mode.
3. Returns (RET): Electronic filing of Returns.
4. Refund (REF): Electronic filing of Refund Claims and their processing.
5. Provisional Assessment (PRA): Electronic filing of request for provisional assessment and its processing by the departmental officers.
6. Dispute Settlement Resolution (DSR): Show Cause Notices, Personal Hearing Memos, Adjudication Orders, Appellate and related processes.
7. Audit Module (AUD): This module caters to the internal audit functioning of the department.
8. Report module (REP): For generating reports.
9. Export Module (EXP): For processing export related documents
10. Claims Letters and intimations (CLI): Electronic filing of claims, intimations and permissions by assessees and their processing by the departmental officers.

The observations relating to individual modules are discussed in the following paragraphs:-

### 3.1 Access Control Logic

Departmental users access ACES application through a unique user ID namely SSOID issued by the DG (Systems). This SSOID remains the same in respect of each officer throughout his career in the department. Commissionerate Admn. (Com. Admn.) of each Commissionerate is created by Headquarters Admn. in DG Systems. The ACL Module is mainly operated by the Com. Admn., who activates departmental users and assigns responsibilities and jurisdiction centrally in ACES through ACL Module. Actual task of providing SSOID is handled by System Integrator (SI)<sup>5</sup> who is required to raise a change

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<sup>5</sup> M/s. Tata Consultancy Services acts as System Integrator for ACL module.

request and approve change for mapping SSOIDs with roles in case of transfers outside current Commissionerate/promotions/ new appointment.

The ACL module provides interfacing of actual work force of the department with system roles and plays a crucial role in manning the tasks to be accomplished by departmental users in the ACES. Working of this module was examined in the selected CDRs and DG (System) to ascertain status of activation and assignment of role/activity to the departmental users (SSOID). During examination, following design bottlenecks were observed: -

### **3.1.1 Activation of SSOIDs**

To know the time taken in activation at the time of joining the department, we requested the selected CDRs to supply the details regarding time taken in activation of SSOIDs. The following observations have been made on the basis of reply: -

No time frame has been fixed by the Board for activating and mapping the SSOID to the new/existing departmental user. The information on activation of SSOIDs was supplied by six Commissionerates<sup>6</sup> and we observed that out of these, four Commissionerates took time ranging between 7 to 935 days in activation of SSOIDs and assigning role/activity to the departmental users.

Twelve<sup>7</sup> Commissionerates stated (between September 2014 and March 2015) that the same can not be generated/retrieved from ACES. Remaining 22 Commissionerates either provided incomplete information or did not furnish the data at all.

The reply of these Commissionerates is not acceptable since the above six Commissionerates provided the same information.

When we pointed this out (August 2015), the Ministry stated (October 2015) that when an officer is transferred from one Commissionerate to another, the change in mapping is done by the SI team on the request of the concerned Com. Admn. in the prescribed template. Further it stated that the delay is not due to any deficiency in the System related processes, but mostly due to the fact that the Com. Admn. send requests for the mapping of the officers based on functional requirement, which again depends on the charges allocated to the officer within the Commissionerate. The reply of the Ministry is silent on non-fetching of this information in ACES by the above 12 Commissionerates.

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<sup>6</sup> Bhubaneswar-II, Coimbatore, Kolkata-I, Puducherry, Ranchi and Vadadora-II

<sup>7</sup> Ahmedabad (ST), Allahabad, Delhi (LTU), Delhi-II (CX), Hyderabad-II, Hyderabad-IV, Indore, Jaipur-I, Kanpur, Patna, Raipur and Visakhapatnam-I



Audit opines that the individual cases of delays pointed out by audit need to be examined. Moreover, non-submission of data/furnishing of incomplete information by 33 commissionerates also needs examination to assess delays occurred, if any, in those Commissionerates.

### 3.1.2 Deactivation of SSOIDs

To know the time taken in deactivation of the SSOIDs due to Retirement, Transfer, Suspension, Dismissal by the Commissionerates, we requested the selected CDRs to supply the details regarding time taken in deactivation of SSOIDs. The following observations have been made on the basis of reply: -

The information on deactivation of SSOIDs was supplied by three Commissionerates<sup>8</sup>. Out of these three, in two Commissionerates we observed that in 30 per cent of cases they took more than two days for deactivation of SSOIDs due to retirement, transfer, suspension, dismissal with maximum delay of 92 days in one case. The misuse of the SSOIDs after the retirement, transfer, suspension and dismissal cannot be ruled out.

Sixteen Commissionerates<sup>9</sup> stated (between September 2014 and March 2015) that this information can not be generated/retrieved from ACES. Remaining 21 Commissionerates either provided the information partially or did not furnish any data.

The reply of these Commissionerates is not acceptable since the above three Commissionerates provided the same information.

When we pointed this out (October 2014), the Ministry stated (October 2015) that based on the date of birth/date of retirement, the officer is automatically de-activated from the system on his/her retirement. Further, it stated that in the case of the officers suspended/dismissed from service, the mapping of the officers will continue with the respective Commissionerate, but the Com. Admn. will deactivate the role initially assigned to the officer, and the officer cannot view/process any documents. The reply of the Ministry is silent on non-fetching of the information in ACES by the above 16 Commissionerates. Non-submission of data/furnishing of incomplete information by 37 commissionerates needs examination to assess if any delays occurred in those Commissionerates.

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<sup>8</sup> Bhubneshwar-II, Guwahati and Kolkata-I

<sup>9</sup> Allahabad, Chandigarh-I, Chennai-I (ST), Delhi-II (CX), Delhi (LTU), Hyderabad-II, Hyderabad-IV, Indore, Jaipur-I, Kanpur, Cochin, Ludhiana, Patna, Puducherry, Rohtak and Visakhapatnam-I

### 3.1.3 Assignment of role/activity

We enquired from the selected CDRs about staff having SSOIDs posted in the various field formations and mapped to roles in ACES. In response to our query, five Commissionerates<sup>10</sup> replied (between September 2014 and March 2015) that there is no provision for generation of year-wise details of assignment of role/activity to all the entitled officers having SSOIDs. Thirteen Commissionerates<sup>11</sup> intimated (between September 2014 and March 2015) that staff having SSOIDs posted in the various field formations are mapped to roles in ACES, wherever warranted. Remaining 22 Commissionerates either provided incomplete information or did not provide any information.

When we pointed this out (August 2014), the Ministry stated (November 2015) that all the SSOIDs were mapped to the jurisdiction and actual mapping of role is a need-based activity decided at the field level.

In absence of information, about mapping at field level, Audit was unable to comment whether the role/activity was assigned and mapped to all the entitled officers.

### 3.1.4 Conclusion

In the light of above observations, it can be concluded that ACL module needs fine-tuning to avoid delays in activation and deactivation. Moreover, it leaves this crucial area of operation in the control of external agency i.e. System Integrator.

## 3.2 Registration (REG)

The Applicant can log on to the system through internet and get himself registered with the system by furnishing a self-chosen user ID and e-mail ID. The system will then generate a password and send it to him by e-mail. The user then has to re-log-in and proceed with the statutory registration with the department by filling-in required forms. The registration in ACES is not a statutory registration but only a registration with the System according to the department. Registration can be done for new assessee, existing assessee, LTU assessee and non-assessee<sup>12</sup> through Registration Module.

After application of registration is filed by the applicant through ACES, the system would instantaneously generate a Registration Certification (RC)

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<sup>10</sup> Delhi-II (CX), Delhi (LTU), Hyderabad-II, Hyderabad-IV and Jaipur-I

<sup>11</sup> Allahabad, Bhopal, Bhubaneswar-II, Chennai (LTU), Coimbatore, Guwahati, Indore, Kolkata-I, Kanpur, Patna, Puducherry, Ranchi and Visakhapatnam-I

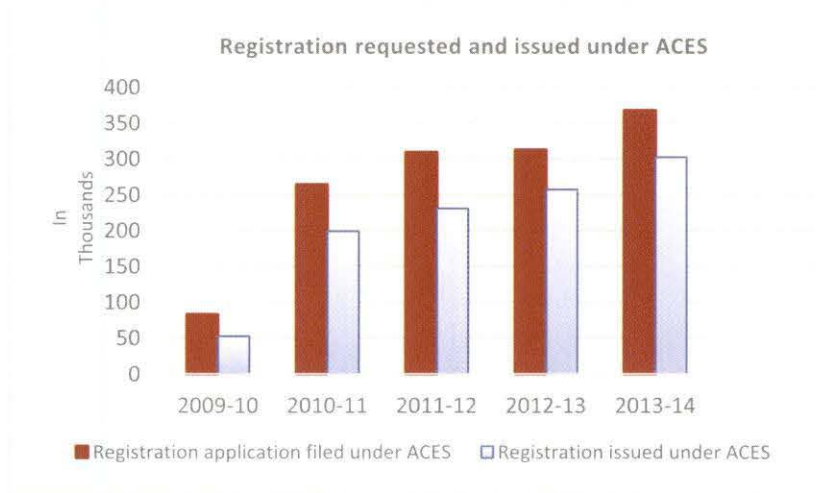
<sup>12</sup> Person other than registered assesseees such as Merchant Exporters, persons who wish to file refund claims, co-noticees in department processing, persons who are required to tender any payment to the department can get themselves registered as non-assesseees.

number after which the Registration request goes to AC/DC. AC/DC generates the RC and a message to this effect is sent to the assessee electronically. Depending on the option chosen by the assessee, the RC can be sent by mail or can be collected in person. The AC/DC then assigns it to the Range Officer (RO) for physical verification (PV) of the unit. The RO submits the PV Report by confirming the registration or re-issuing the certificate based on amendment or revoking the certificate.

**3.2.1 Issue of Registration Certification**

Trends of applications received and RC issued were analysed since inception of ACES. It was observed that 14,28,917 applications were made online and 11,15,156 RC were issued consisting both CX and ST till June 2014.

Chart 3



Source: Figures furnished by DG (Systems).

The gap in applications filed and RC issued over the years points towards delay in issue of RCs and lack of monitoring to watch disposal of applications filed online. Hence department may identify and act on reasons for delay in issue of RCs in REG module.

Ministry in its reply (October 2015) stated that to simplify the procedure and improve 'ease of doing business', a 'Two-Day Registration' procedure has been introduced (March 2015) in respect of both CX and ST assesses and PV made a post registration process.

**3.2.2 Time limit for issuance of registration**

As per notification dated 26 June 2001 and 13 December 2011, RC containing registration number shall be granted within seven days of the receipt of the completed application for CX and ST respectively.

The following table depicts the performance of ACES module as regards to registration: -

Table No.1

		No. of Applications for Registration Filed	No. of RCs Issued	Maximum no. of days taken to issue RC	Average No of Days taken to Issue RC
All India Data	CX	1,33,317	1,26,475	1,587	15
	ST	12,73,762	9,81,991	1,466	14
	<b>Total</b>	<b>14,07,079</b>	<b>11,08,466</b>		
Data of Selected CDRs	CX	49,406	46,789	1,587	17
	ST	7,32,262	5,56,305	1,466	18
	<b>Total</b>	<b>7,81,668</b>	<b>6,03,094</b>		

Source: Figures furnished by DG (Systems).

It was observed that the CDRs took an average of 15 and 14 days to a maximum of 1587 and 1466 days in CX and ST respectively for the issuance of RC. Further analysis of the extracted data of selected Commissionerates from the above data revealed that the division/ranges took an average of 17 and 18 days to a maximum of 1587 and 1466 days in CX and ST respectively to issue RCs against the prescribed time limit of seven days.

Though the applications for registration were received through ACES, there are inordinate delays in issue of RCs. Audit is also of the opinion that in certain tender processes mainly in Government supply, as the RC is one of essential documents, such delays needs to be examined.

The issue was brought to the notice of the Ministry in December 2014 and the reply is still awaited (October 2015).

### **Recommendation No.3**

In view of Ministry's commitment to grant registration in two days to overcome delay in issue of Registration certificates, prompt completion of Physical Verification must be ensured.

### **3.3 Return (RET)**

Every assessee shall electronically file CX and ST returns by choosing one of the two facilities offered by the department:

- (a) file it online, or
- (b) download the off-line return utilities, which can be filled-in leisurely and uploaded to the system through the internet, or

After uploading, the off-line return is subject to in-built validations of ACES and then ACES reflects the status of the return- filed. The rejected return

shall be resubmitted after making suitable corrections. All the returns would be digitized and stored in the system. The software would then check it for the correctness of the information such as registration number (this validation is only for the returns which are filed through off-line utility), classification, notification, rate of duty, challans used for duty payment etc. Any discrepancy that has not been resolved by the system would be sent to the RO's screen for RnC.

The returns have to pass through mini risk parameters, based on instructions issued by the Board from time to time and marked as risky or not risky as per SRS. The AC/DC may decide whether to initiate further course of action like subjecting the unit to audit or anti-evasion process. If as a result of the scrutiny, any differential duty is to be collected by the department, the system would assist the officer in the preparation of the show cause notice through the DSR module.

### **3.3.1 Developing of software as per SRS document with reference to SSI**

As envisaged in SRS document, whenever a Small Scale Industry (SSI) assessee files ER-3 return, the system records the total value of clearances and augments this sum when the next returns come in. If during one financial year, the aggregate of clearances exceeds ₹ four crore, the assessee is marked as a non-SSI unit effective from the next financial year. From the commencement of the new financial year, the assessee is reminded that he has crossed the threshold limit and that he would have to file an ER-1 return. However, audit observed that this requirement of availing SSI threshold limit was not available in the module.

Cochin Commissionerate stated there were occasions, on which assessees filing ER-3 return change to ER-1 return and vice versa depending upon the previous year's turn over. They also stated that during such switching over, ACES will not be able to find the return for the previous period as the system will be searching for the same type of return. The system should search for the previous return (irrespective of type of return) in case of switch over from or to SSI of the same assessee.

When we pointed this out (March 2015), the Ministry stated (October 2015) that Assessee wise detailed report and Electronic Warehouse Data requires to be co-related to check the admissibility of exemption of SSI of a particular assessee.

Audit opines that as the above mentioned details are available in ER-3 returns within ACES, it is possible to fetch all the details in ACES itself and a switching over from ER-3 to ER-1 or vice versa may be notified and co-related in ACES.

### 3.3.2 Designing of Dispute resolution field in ST-3 form

During scrutiny of SRS document relating to filing of ST Return, it was noticed that a field relating to Dispute Resolution containing information of pending refund claim, SCNs, Confirmed Demand, cases of arrears etc. was envisaged in ST-3 return form. However this field was not found in the ST-3 return forms available in the ACES application as envisaged in SRS document.

When we pointed this out (March 2015), the Ministry stated (October 2015) that ST-3 form is provided as notified by CBEC.

The reply of the Ministry is not accepted since Audit did not suggest to change the format of ST-3 return. On receipt of ST-3 return details of pending refund claim, SCNs, confirmed demand etc., may be picked up from the data available in the ACES as envisaged in SRS document.

Ministry further stated (November 2015) that the details of pending refund claims, SCNs, confirmed demand, can be generated from MIS, when developed.

### 3.3.3 Selection of returns for Review and Correction

As a foolproof system, the return module was required to select only those returns for RnC wherein some discrepancies/mismatch occurs during preliminary scrutiny done by the module.

The following table depicts the performance of RET module of CX and ST returns filed and reviewed during October 2009 to June 2014: -

Table No.2

Duty/ Tax	Number of returns filed in ACES	Returns marked for R & C	Returns marked for RnC and pending for scrutiny as on 30 June 2014
CX	44,92,327	42,52,888 (94.67 per cent)	11,08,413 (26.06 per cent)
ST	55,04,165	29,56,738 (53.72 per cent)	21,80,164 (73.74 per cent)

Source: Figures furnished by DG (Systems).

It is observed that a large number of returns (95 and 54 per cent) are being marked for RnC for both for CX and ST. It is also observed that 31,44,475 (CX) and 7,76,574 (ST) returns were carried out in RnC, thus leaving a pendency of 26 and 74 per cent of returns marked of CX and ST respectively.

The following table depicts the performance of RET module of CX and ST returns filed and reviewed during October 2009 to June 2014 in the selected CDRs: -

Table No.3

Duty/ Tax	Number of returns filed in ACES	Returns marked for R & C	Returns marked for RnC and pending for scrutiny as on 30 June 2014
CX	16,36,255	15,33,541 (93.72 per cent)	4,53,178 (29.55 per cent)
ST	33,49,015	17,98,351 (53.70 per cent)	13,79,980 (76.74 per cent)

Source: Figures furnished by DG (Systems).

The pendency of huge RnC as shown above may result in time barring of the cases and consequent loss of revenue.

Audit observed that the system marked returns for RnC even on smallest errors which can be checked/removed initially by inserting proper/strong validations. Audit identified the following reasons for huge marking of returns for RnC:

- (i) The closing balance of the previous month should be opening balance of current month. But in ACES, the option for entering opening balance is given to assessee. Wrong entries of opening balances in this account also causes a lot of returns to be marked for RnC.

When we pointed this out (March 2015), the Ministry while agreeing with the objection stated (October 2015) that the same is being rectified.

- (ii) There is also facility of entering interest liability for the assessee even though the system has the capacity to compute the interest automatically on the basis of information available within the system database. Mismatch on account of interest calculated by system and entered by the assessee also results in a large number of returns being marked for RnC.

When we pointed this out (March 2015), the Ministry stated (October 2015) that there is no provision in ACES to calculate all the interest payable by assesseees since interest liability may arise in various situations such as default in regular duty payments, payment of arrears based on orders from judicial forums etc.

Audit opines that while interest due to default in payments can be calculated by ACES, other scenarios of interest can be captured by linking DSR module.

- (iii) During test check of return module, it was noticed that the range superintendent scrutinised the CX returns marked for RnC chronologically. The Range Superintendent cannot scrutinise CX returns further unless AC/DC clears the scrutinised return in their

system. Consequently, returns for subsequent months are also not available for scrutiny/review unless the return of previous month is cleared/scrutinised/reviewed by all the concerned authorities, resulting in manifold increase in pendency of returns.

When we pointed this out (December 2014), the Ministry stated (October 2015) that based on the recommendations of Committee on RnC, it was decided to delink the AC/DC from the RnC work flow and the same is being taken up for implementation.

However, Audit further suggests that AC/DC may be required to test check returns reviewed by Superintendent randomly to ensure checks and balances.

### 3.4 Provisional Assessment (PRA)

In case self assessment is not possible, the assessee can use the feature in ACES for a request of Provisional Assessment. Further, the assessee can also make an extension request for a Provisional Assessment Order through ACES. Superintendent can also file a Provisional Assessment request on behalf of the assessee. AC/DC will examine the request to ascertain the necessity of Provisional Assessment and create a Provisional Assessment order in the PRA module. He will also specify the bond amount and the security amount. This Provisional Assessment order has to be finalised within six months. The assessee files a B-2 Bond in this regard, which is captured by the Superintendent in ACES and approved by the AC/DC. In case of extension of the Provisional Assessment, it has to be approved by the Commissioner for the first time for additional six months and later by the Chief Commissioner and the approval has to be done through ACES.

#### 3.4.1 Under-utilisation of PRA Module

It is observed that only 337 (CX) and 2,450 (ST) all over India and only 129 (CX) and 1,640 (ST) Provisional assessment requests in selected Commissionerates were filed by the assessee through ACES since its inception to June 2014. *However, none of the provisional assessments were finalised through PRA module.*

When we pointed this out (May 2015), the Ministry stated (October 2015) that the usage of provisional assessment module depends on requirement of assessee and the same is need based and optional.

#### 3.4.2 Conclusion

Non-utilisation of this module by the assessee indicates that this module is not user friendly. Further, the requests furnished by the assessee in the



module were not processed through ACES which also points towards non-acceptability of the module on the departmental user front also.

Thus, there is a need to make filing and processing of Provisional Assessment in ACES user friendly and make it mandatory for assessee and department.

### 3.5 Export (EXP)

The process of Exports module is executed by four kinds of assessee dealing with export of goods i.e., Manufacturer Exporter, Merchant Exporter, Export Warehouse and Export Oriented Units.

A manufacturer exporter is required to file a declaration through ACES, on input-output ratio in respect of goods that would be manufactured and exported with the jurisdictional AC/DC along with ARE-1 and ARE-2 forms. A Merchant Exporter is required to file CT-1 certificate, Certificate of Warehousing (COW) and ARE-1 form with the Superintendent in relation to exports. An Export Warehouse Exporter is required to file a CT-2 Certificate and COW with the Superintendent for exports. An EOU is required to file CT-3 certificate, COW and ARE -1 form for exports. Export warehouse, Exporter and EOU can also file an application of diversion of goods to DTA.

There is no export module made available in the case of export of services.

#### 3.5.1 Utilisation of Export module

The following table depicts the use of export module: -

Table No.4

Status	Period	ARE-1	ARE-2	CT-1	CT-2	CT-3	Certificate of Warehousing	Total
All India data	2009-10 to 06/14	4,814	4	104	1	1	1	4,925
Selected CDRs	2009-10 to 06/14	3,491	0	104	1	1	1	3,598

Source: Figures furnished by DG (Systems).

It is observed that 4,925 and 3,598 different forms were filed by the assessee all over India and selected Commissionerates respectively since its inception to June 2014 through ACES. Since the data did not contain the details of action taken on the above forms, audit is not in a position to comment on the performance of departmental users.

Detailed scrutiny of the data supplied by the DG (Systems) revealed that in 33 out of 34 selected CX Commissionerates, no user availed EXP module facility for filling CT-1, CT-2, CT-3 and Certificate of Warehousing. ARE-2 form was not filed through ACES in any of the selected Commissionerates. Similarly, in only 8 Commissionerates, ARE-1 form was filed. The above data indicates that this module is used very sparingly.

When we pointed this out (August 2015), the Ministry stated (October 2015) that the degree of utilisation of EXP module is based on need and willingness of the assessee.

Audit further suggests that the Ministry may look into the reason for low utilisation of this module and ensure that the details of export documents are captured in ACES, which facilitates the department to cross verify issues like the DTA clearances by the EOUs at a click.

### **3.5.2 Conclusion**

Electronic filing still require submission of physical documents and does not provide for coordination between various departments. All this make electronic filing process an additional/optional procedure which could otherwise be taken care of in the available manual processing. As a result there is gross underutilisation of EXP module in almost all the Commissionerates.

Thus there is need to identify and eliminate bottlenecks that dissuade use of Export module and then make filing and time-bound completion of all activities involved in the processing of export documents though Export module mandatory.

### **3.6 Refund (REF)**

There is a provision in refund module for assessees to file refund/rebate claims and it appears in the workflow of the Superintendent who gives his comments in Scrutiny report. The refund application is forwarded, along with the scrutiny report to AC/DC for review. After approval, the AC/DC sends back the same to the Superintendent. On receipt of claim, the Superintendent creates a Case Portfolio wherever necessary for refund/rebate claim using DSR module and submits to AC/DC who creates and approves a Refund order and sends to Superintendent (Audit cell) for pre-audit/post audit as per provisions. Superintendent of the Audit Cell prepares the audit report on the refund order issued by jurisdictional AC/DC and submits it to the AC/DC (Audit) who gives his comments on the Audit Report.

### 3.6.1 Utilisation of Refund Module

The following table depicts the performance of refund module: -

Table No.5

Jurisdiction	CX		ST	
	Refund request filed through ACES	Refund request processed through ACES	Refund request filed through ACES	Refund request processed through ACES
All India data	1,40,922	88,590	15,285	112
Selected CDRs	22,394	10,875	5,530	105

Source: Figures furnished by DG (Systems).

It is observed that 1,40,922 (CX) and 15,285 (ST) refund requests were filed by the assessee through ACES since its inception to June 2014. Out of these, the department processed only 88,590 (62.86 per cent) and 112 (0.73 per cent) CX and ST refund cases respectively through Refund Module in ACES.

It is also observed that 22,394 (CX) and 10,875 (ST) refund requests were filed by the assessee through ACES in the selected CDRs since its inception to June 2014. Out of these, the department processed only 5,530 (24.69 per cent) and 105 (0.97 per cent) CX and ST refund cases respectively through Refund Module.

During the same period the department sanctioned refund in 44,683 and 2,566 cases respectively for CX and ST manually in selected Commissionerates.

A few of the illustrative cases are listed below: -

- (i) In Kolkata I Commissionerate, no refund application was filed through ACES by the assessee.
- (ii) In selected two divisions of Delhi-II (CX) Commissionerate there were 1,033 cases of refund applications processed manually by the department. However, only three refund applications were received through ACES.
- (iii) In 27 Commissionerates, though 13,215 CX and ST refund applications were filed through the module by the assessee, none of the applications was processed by the departmental users through refund module.

In response to our query to the selected Commissionerates regarding receipt and disposal of refund applications through ACES (between September 2014 to March 2015), the Bengaluru-I Commissionerate stated (January 2015) that all the assessee are presently not filing the refund application in ACES due to voluminous documents, which the assessee are not able to upload in ACES.

When we pointed this out (May 2015), the Ministry stated (October 2015) that about 1.4 lakh refund claims have been filed in ACES and out of these 0.88 lakh processed in ACES. Ministry is silent on individual cases.

Against 10.5 lakh refund claims requested by the assesses during the review period, only 1.56 lakh refund claims (i.e. 15 per cent) were received in ACES, which shows low utilisation of this module. Ministry needs to analyse the reasons for the same.

### 3.6.2 Conclusion

Preference of the assessee to claim the refund manually indicates that the assessee finds the online processes cumbersome.

There is a need to make both filing of refund applications by the assessee and action thereon by the departmental users in ACES mandatory. The Department may educate assessee about benefits of filing refund claims through ACES to ensure paperless environment and reduced interface of the assessee with the departmental officers.

Ministry in its reply stated (October 2015) that the reasons for manual filing may include lack of awareness among assessee, size of the documents to be attached (more than two MB) etc. The attachment size can be increased once DG (Systems) upgrades its infrastructure and increases the capacity. However, the recommendations of the Audit about educating the assessee and sorting out any difficulties faced by the users will be considered for implementation.

### 3.7 Claims and Intimations

ACES claims and intimations module involves electronic filing of claims, intimations and permissions by assessee and their processing by the departmental officers. These can be in the form of applications and intimations made by the assessee and some claims (Remission of duty, Cenvat Transfer and SSI exemption) that are filed. This module is available only for CX and not for ST.

#### 3.7.1 Utilisation of CLI Module

Audit analysed the claims and intimations to be filed through CLI module by each assessee as envisaged in SRS document.

The assessee is required to intimate serial number of the invoices and number of invoice books to Jurisdiction superintendent of CX before making

use of these invoices annually<sup>13</sup>. It implies that each assessee in business shall at least file one such intimation annually. Analysis of data of selected CDRs revealed that as on 31 March 2014, there were 91,921 registered assessees who were required to file this annual intimation.

Similarly, after registration an assessee is also required to submit list of all the records prepared or maintained by him for accounting of transactions with regard to receipt, purchase, manufacture, storage, sales or delivery of the goods including inputs and capital goods and receipt, procurement or payment of input services<sup>14</sup>. It implies that each assessee should at least file one such intimation after registration. Analysis of data of selected CDRs revealed that 9,544 new assessees were registered during 2013-14 who were required to file this one-time intimation.

However, we observed that only 35,629 claims and intimations were filed electronically during 2013-14 against minimal requirement of 1,01,465 annual and one-time intimations in the selected CDRs.

Further, the all India data of registration furnished by DG (Systems) revealed that there are 4.60 lakh CX registered assessees. If a minimum criteria of one intimation from each assessee every year is adopted, there should be at least 23 lakh CLIs from the assessees during 2009-10 to 2013-14. However, there were only 2.76 lakh CLIs received in ACES during the period 2009-10 to 2013-14. This indicates that the module was not being utilised to fulfil even statutory requirements. Further, action taken on the data furnished by assessees in CLI module by the department has not been made available. So, the actual utilisation of this module at department level can not be analysed.

### 3.7.2 Conclusion

Audit noticed that despite being a very simple module, the utilisation of CLI module by the assessee/departmental users is minimal. This indicates that the assessees were not adequately persuaded by the department to file Claims and intimations through ACES resulting in non utilisation of this module.

<sup>13</sup> As per Rule 11 (6) of the Central Excise Rules, 2002 read with Para 3.1 of Chapter 4 of the Central Board of Excise and Customs Manual of Supplementary Instructions, 2005

<sup>14</sup> As per Para 2.1 of Chapter 6 of the Central Board of Excise and Customs Manual of Supplementary Instructions, 2005

**Recommendation No.4**

Electronic filing may be made mandatory for compulsory intimations such as Invoice Books, Records maintenance and CLI module may be introduced for ST also so as to ultimately reduce the interface of the assesseees with the departmental officers.

Ministry in its reply stated (October 2015) that the utilisation of CLI module depends on the assesseees and the audit's suggestion for making e-filing of certain compulsory intimations mandatory will be examined by the Board for implementation. Extension of CLI module for ST and development of some modules needing upload of documents may be considered after upgradation of the current infrastructure.

**3.8 Reports (REP)**

Report Module is available for both CX and ST departmental user and 16 types of reports can be generated in respect of CX and 8 types of reports can be generated in respect of ST.

**3.8.1** During test check of working of Report module in the selected CDRs, we observed the following shortcomings:

- (i) There is no facility in the module to generate customised report at field level.
- (ii) The formats of the reports called for by the Board were different from those generated in the ACES. Therefore, some reports generated through ACES were not useful for further reporting and as such, these reports were being compiled manually.
- (iii) All the information required to be reported in Monthly Technical Report (MTR) remains available in ACES as all the business is to be conducted through ACES. But, the users in selected CDRs were generating MTR reports manually since the prescribed MTR format is not available in ACES. Also there is no provision to cross verify the progress being reported through MTR with data of ACES.
- (iv) The name of the LTU Commissionerates is not appearing in the reporting module of ACES.

**3.8.2** In Kolkata III Commissionerate, we observed that report on "Revenue from SSI and Non SSI and other units" for the financial year 2012-13 generated through system has revealed the following:-

Table No.6

Total No. of units	4,605
Total No. of Non SSI units	24,518
Total No of SSI duty paying units	979
Total No. of SSI units availing Exemption	0
Total No. of units paying PLA more than ₹ one crore	41
Total No. of EOU	20
Total No. of STP units	1

It is clear from the table that total number of Non SSI units 24,518 is a junk data as it is more than the total number of units (4,605) of the Commissionerate. Thus, the system is found to have many deficiencies and validation inadequacies.

When we pointed this out (December 2014), the department stated (December 2014) that the DG (Systems) was aware of this and a new MIS report module is under process.

#### **Recommendation No.5**

Provision may be inserted in ACES at field level for generation of customised reports in general and MTR in particular to minimise manual reporting and the related discrepancies in reports.

Ministry in its reply stated (October 2015) that unless completeness and correctness of data in all the modules is ensured, the report generated in ACES will not be complete. The remedy lies in encouraging and convincing the assessees for using all modules of ACES so that relevant data is captured in the system. This may also require Business Process re-engineering in certain areas of work after consultation with the trade.

Audit opines that since the ACES is under implementation for more than five years, there is a need to revisit/update the systems to make all the modules operational and also generate required MIS from ACES.

### **3.9 Dispute Settlement Resolution (DSR)**

In ACES application Dispute Case File, called as Case Portfolio, contains a brief of the issue and estimated duty involved, Source Document Number etc. The case port folio is created before issue of Demand Note, Show Cause Notice (SCN) etc. Demand Notes are created by the Superintendent. The assessee may reply to the Demand Note through ACES or manually. In case the

assessee replies manually to the demand note, the Superintendent has to capture the replies in ACES. Based on the Demand Note and replies of the assessee, if any, the Superintendent will create a draft SCN. He can also create draft SCN without issue of Demand Note. In addition to the above, the Superintendent can create Recovery request for recovery of dues from the assessee, write off request in case of any irrecoverable dues, case settlement report in case of finalisation of a case etc.

The AC/DC can approve the draft SCN. He can create Personal Hearing (PH) memo, in respect of all PH through ACES. He can also create Order in Original (OIO) in respect of all cases where OIO has been issued and forward it to the Review Cell in the Commissionerate. Once OIO is issued, the Review Cell of the Commissionerate/Chief Commissionerate (CC) may review the order. Based on the recommendations of the Review Cell, the Commissioner or the CC will pass a Review Order directing the Adjudication Officer or any other authorised officer to file an appeal against the OIO.

Aggrieved parties can appeal against an order issued by the department. If the assessee or a departmental official does not accept the order of the adjudicating authority, they would file an appeal against the OIO. The EA-2 Appeal would be created by the AC/DC and needs the approval of the Commissioner. Commissioner (Appeals) would receive the Appeals through ACES and pass Order in Appeal in it. Before issuing Order in Appeal, he would conduct a PH in the case. To fix the date and time, he is required to create PH memos through ACES. For filing an application in CESTAT against an order by Commissioner (Appeals), Commissioner will create Appeal EA -5 form in ACES.

### 3.9.1 Utilisation of DSR module

It was observed that since inception to June 2014 only 10,277 SCNs were created, 6,161 SCNs were issued and 3,785 Order-in-original issued all over India through ACES.

The following table depicts the use of DSR module in the selected commissionerates: -

Table No.7

	SCN created	SCN issued	OIO issued
Central Excise	5,737	4,013	2,938
Service Tax	297	231	96
TOTAL	6,034	4,244	3,034

Source: Figures furnished by DG (Systems).



Details of SCNs created, SCNs issued and OIOs issued manually was not made available to Audit. Hence, Audit could not work out the utilisation of DSR module in terms of overall workload.

It was observed that out of 40 selected Commissionerates, in 12 Commissionerates no SCNs were created, in 16 Commissionerates no SCNs were issued and in 26 Commissionerates no OIO issued through ACES.

It was observed that utilisation of DSR module by departmental users was very low. Even in cases where the process involved in DSR is initiated in DSR module by users, the latter stages were handled manually as is evident from difference between number of SCN created and SCN issued and SCN created and OIO issued in ACES.

### 3.9.2 Conclusion

Despite automation of DSR module, there is still compulsory requirement of manually signed documents in the absence of digital signatures of departmental officers. The system also restricts uploading of voluminous documents.

Audit feels that the design of module needs to be rechecked with inputs from officers using this Module and bottlenecks may be removed to increase acceptance.

When we pointed this out (June 2015), the Ministry stated (October 2015) that DG (Systems) has undertaken a study and based on the findings, the required modification will be carried out when the necessary infrastructure is put in place and the new vendor takes charge of the ACES project. The usage can improve when its usage is made mandatory.

### 3.10 Audit

The Audit Cell is responsible for planning, allocation, coordination, monitoring and evaluation of audit. Audit Cell also maintains the profile of each officer assigned to audit wing. In ACES audit module, as soon as an officer joins the Audit Wing, the Assistant Commissioner (Audit Wing) (ACAW), has to create a joining report for the officer as well as approve it duly assigning reporting officer to Audit Cell or Audit Party or Resource Pool.

An Audit Party has to be created by ACAW and it should be approved by Joint Commissioner (Audit Wing) (JCAW) in ACES.

**Audit Plan Register:** This module provides for creation of an Audit Plan Register (APR) and selection of units to be audited in current financial year from the APR by ACAW. APR can also be rescheduled. The ACAW then forwards the APR to JCAW.

Quarterly Schedule can be prepared by ACAW for an approved APR, allocating units to audit parties with start and end dates of audit and JCAW will approve the quarterly schedule.

Before the conduct of audit, the auditor who conducts audit has to create an audit plan and get it approved by JCAW. For creation of Audit Plan, the details such as Desk Review, Revenue Risk Analysis, Trend Analysis, Financial and Tax Accounting etc. needs to be filled first. After completion of audit, a Draft Audit Report (DAR) needs to be created and approved through ACES.

All DARs approved would be reviewed by the Monitoring Committee through Review DARs. The monitoring committee will then give audit scoring in respect of the DAR. On completion of audit scoring, a Final Audit Report would automatically be created.

#### Functioning of Audit Module

During examination of ACES modules, it was noticed that in certain areas the modules were simply computerised versions of procedures to exactly imitate manual systems and were very low on usability quotient. A simple task of starting audit of an identified unit involves 11 steps and requires filling of 3 to 18 different forms in each of the steps before start of actual work of Audit.

During test check of SRS document of Audit Module and view of working/functioning of Audit Module at various field formations the following observations were noticed:-

##### 3.10.1 Preparation/maintenance of Auditor's profile

As per para 3.2.2 of Central Excise Audit Manual, 2008, the Audit Cell should maintain a profile of each Auditor which should also mention the expertise, if any, of the officer.

During scrutiny of SRS document of CX and ST relating to Officer Profile Maintenance (AUD 02 and STX 17), audit noticed that there is a provision for maintaining/ amending the auditor's profile by Audit Cell Administrator and to create profile automatically by the system on the basis of the information provided in the joining report. Similarly, the officer's profile can also be deactivated at the time of officer's transfer from the audit cell automatically on the basis of relieving order. However, whether this provision was designed or not, could not be examined since the audit module was not functional. Further, during test check of working of audit module at Commissionerate level, it was noticed that neither the access was provided to the officer posted in the Audit Cell nor Audit module was found functional at Commissionerate level offices.

When we pointed this out (March 2015), the Ministry stated (October 2015) that the SRS of the audit module was prepared under the close supervision of the officials of DG Audit and after the development of the module the same was tested by the officials of DG audit and certified to be in conformity with the SRS. The users in some Commissionerates have also found it to be in conformity with the EA2000<sup>15</sup> process and further stated that in each Commissionerate, the Com. Admn. activates the Users and assigns ACES role privileges on a need basis.

### **3.10.2 Utilisation/functional of Audit Module**

On enquiry of the utilisation of this module from the selected Commissionerates, nine<sup>16</sup> Commissionerates, stated (between September 2014 and January 2015) that audit module was not activated/functional. Two Commissionerates<sup>17</sup> stated (between November 2014 and January 2015) that separate audit Commissionerates were formed with effect from 15 October 2014. Remaining 29 Commissionerates stated (between September 2014 and March 2015) that though the audit module was functional but the same was not utilised by them due to lack of proper awareness and training.

When we pointed this out (May 2015), the Ministry stated (October 2015) that awareness and training of Audit Commissionerates and audit cell officers on the new functionality has been conducted at Delhi. The detailed audit process has been circulated to all Commissionerates. The DGS Chennai unit has performed handholding to many Audit Commissionerates through concall / service desk.

Despite Ministry's claim that audit module is functional, duly certified by the DG (Audit) and the training was imparted to the staff, the selected 40 Commissionerates stated that either the audit module was not active/functional or the same was not utilised by them due to lack of proper awareness and training.

### **3.10.3 Conclusion**

Audit analysis indicates that non-utilisation of this module can be attributed to design elements which try to emulate complete manual procedures in the electronic form.

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<sup>15</sup> Excise Audit (EA) 2000 is the audit based on the scrutiny of business records of the assessee.

<sup>16</sup> Ahmedabad-II, Ahmedabad (ST), Bolpur, Delhi-II (CX), Delhi (LTU), Guwahati, Jaipur-I, Kolkata-I (ST) and Surat-II

<sup>17</sup> Delhi-II (ST) and Vadadora-II

The Department may consider structural redesign of module by providing for automatic import of information from other modules, (e.g. information on assesseees) which will help the audit party to prepare desk review online, making it simple and user friendly.

### **3.11 General conclusion on modules**

Audit opines that only three modules viz. ACL, Registration and Returns modules are being used to a certain extent.

#### ***Recommendation No.6***

In view of completion of more than five years of implementation of ACES and a very low/partial utilisation of PRA, EXP, REF, CLI, DSR and AUD modules by department/assesseees, the Department may review the usage of all modules, and take action to identify and remove bottlenecks to make the system user friendly and result oriented.

Ministry in its reply stated (October 2015) that as regards usage of the modules, since the usage of many modules have not been made mandatory by Board, there has not been full usage of these modules. After necessary modifications are carried out in the modules, and necessary infrastructure is in place, the usage of the modules will have to be made mandatory by Board, so that the system can function effectively and efficiently.

## Chapter-4: Awareness and Evaluation

### 4.1 Training

To impart training to the human resources for working on ACES, the DG (System) jointly with NACEN (National Academy of Central Excise and Narcotics) were required to undertake training of trainers (TOT) programme for officers of the six initial pilot locations. These trainers in turn were required to train the other officers. Besides, for the benefit of the departmental officers and the assessees, DG (System) has developed a Learning Management Software (LMS) which was a self learning application to be hosted on the website and can also be made available in CDs.

We enquired from the 40 selected Commissionerates regarding the emphasis on training by the department for effective implementation of ACES. On the basis of replies received, the following were noticed:-

- (i) In six Commissionerate<sup>18</sup>, no training was imparted
- (ii) In 26 Commissionerates<sup>19</sup>, 458 training programmes were conducted during December 2009 to June 2014 and out of 8,306 number of officials entitled for ACES training, training was imparted to only 3,280 officials (39.49 per cent).
- (iii) Remaining eight Commissionerates did not provide information.

Non-conducting of trainings for the departmental users is one of the main reasons for skewed utilisation of ACES.

### 4.2 Seminars/workshops

Though conducting of Seminars/Workshops on regular basis was considered as one of the important tool to sensitize the assessee/departmental users to increase their skills in the usage of ACES in addition to imparting training, we observed that neither DG (System) nor the department tapped this important area of orienting the users in ACES.

Test check of selected Commissionerates revealed that during the period December 2009 to June 2014, only 82 Seminars were conducted by nine

<sup>18</sup> Delhi (LTU), Delhi-II (ST), Kolkata-III, Mumbai (LTU), Raipur and Ranchi

<sup>19</sup> Ahmedabad (ST), Allahabad, Bengaluru-I, Bengaluru (LTU), Bengaluru (ST), Bhopal, Bhubaneswar-II, Chandigarh-I, Chennai (LTU), Coimbatore, Delhi-II (CX), Guwahati, Hyderabad-II, Hyderabad IV, Indore, Jaipur-I, Kanpur, Cochin, Kolkata-I, Ludhiana, Mumbai-I (CX), Patna, Puducherry, Rohtak, Surat-II and Visakhapatnam-I

Commissionerates<sup>20</sup>. Further, in 18 Commissionerates<sup>21</sup> no seminars/workshops were conducted whereas 13 Commissionerates<sup>22</sup> did not provide information despite our request.

### 4.3 Working of ACES

Thin Client was the main connectivity hardware for operation of ACES. On test check of records of selected CDRs, we observed following shortcomings:-

As per the information furnished by DG (System) in March 2015, the hardware were installed in 1168 out of 1210 field formations. Further, it is also observed that in 205 out of 1168 field formations, the hardware were installed but the same was not utilised.

When we pointed this out (August 2015), the Ministry stated (October 2015) that DG (System) has submitted a proposal to the Ministry for new infrastructure including PCs and LAN/WAN to all the formations under Board, which is expected to solve the infrastructural related problems being faced by the field formations.

### 4.4 Evaluation on man hour saving

The ACES was implemented from November 2009 onwards and rolling out of ACES aims at the saving of man hours of the departmental users which would be utilised for alternate purpose. However, test check of records in the selected CDRs, revealed that neither DG (System) nor Commissionerates made any study on the aspect of saving of man hours if any, so far. During test check of the functioning of ACES in the selected CDRs, we observed that only the Registration, Return and ACL Modules are operational and as such most of the work is being done manually and not through ACES.

When we pointed this out (between September 2014 and March 2015), Mumbai (LTU) and Pune-I Commissionerates stated (between December 2014 and January 2015) that no man hours/time were saved. Chennai (LTU) stated (November 2014) that the work load has increased due to duplication of work in all modules and lot of man hour was lost due to poor connectivity of ACES.

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<sup>20</sup> Bengaluru (ST), Bhubneswar-II, Chandigarh-I, Chennai (LTU), Coimbatore, Cochin, Kolhapur Puducherry and Pune-I

<sup>21</sup> Ahmedabad (ST), Bhopal, Delhi-II (CX), Delhi (LTU), Delhi-II (ST), Guwahati, Hyderabad II, Hyderabad-IV, Indore, Kanpur, Kolkata-III, Ludhiana, Mumbai-I (CX), Mumbai (LTU), Patna, Raipur, Ranchi and Rohtak

<sup>22</sup> Ahmedabad-II, Allahabad, Bengaluru-I, Bengaluru (LTU), Bolpur, Chennai-I (ST), Jaipur-I, Kolkata-II, Kolkata-I (ST), Mumbai-I (ST), Surat-II, Vadodara-II, and Visakhapatnam-I

When we pointed this out (August 2015), the Ministry stated (October 2015) that they agree with the audit for undertaking periodic survey to improve the performance of ACES.

#### 4.5 Feedbacks

##### 4.5.1 Departmental Users

A questionnaire was designed to obtain the feedback of the departmental users on various aspects viz. work load reduction as compared to manual system, user-friendliness of various features of ACES, sufficiency of user training, specific areas where difficulties exist in working, availability and quality of user guidance literature, and overall satisfaction level etc. The questionnaires were issued to 420 departmental users in the selected CDRs and 269 responded. One hundred thirty five (50 per cent) out of the 269 departmental users expressed low level of satisfaction about ACES citing following reasons:-

- (i) No noticeable time saving over manual system.
- (ii) Electronic procedures not user friendly
- (iii) Difficulties in performing routine tasks which were otherwise conveniently handled in manual system.
- (iv) Very slow speed of operation
- (v) Frequent connectivity problems with connection drop outs.
- (vi) User guide does not address specific routine issues faced by departmental users.

##### 4.5.2 Assesseees

A questionnaire was designed to obtain an independent opinion of registered assesseees about the effectiveness of ACES in reducing physical interface with the department, increasing transparency, providing user friendly environment, using paper-less methods for paper based submissions/returns etc. The questionnaires were issued to 543 assesseees in the selected CDRs and feedback was received from 279 assesseees. *The assesseees generally opined that ACES is user-friendly system which succeeded in reducing physical interface with department and increasing transparency to some extent.* However, the following specific instances have been noticed from the feedback:-

- a) One assessee in Bengaluru stated that ACES did not reduce the interaction with the department.

- b) Two assessees in Bengaluru stated that though the software is user friendly, its utility for service sector unit is very limited viz. for filing of returns only but there too, available log-in time is very short. While submitting the returns, at times, the system throws 'time-out' message and due to this, all the required details are to be re-entered which leads to wastage of time.
- c) One assessee in Bengaluru stated that the ACES does not work on the Internet Explorer 9.0 version and throws error code 500.
- d) Two assessees in Bengaluru opined that the cycle time of entering challan details in different pages can be reduced. Further the assessee had opined that the facility of help centres is not sufficient.
- e) Six assessees in Mumbai opined that though ACES was user-friendly, there were issues with connectivity and speed while uploading returns in ACES.
- f) Six assessees in Panipat stated that data had to be punched manually and copy paste was not possible and also stated that they are facing problems due to slow running and time out after a few minutes. Sometimes server of ACES does not accept the information after showing error.

The general opinion of the assessees is that ACES is user friendly though some assessees expressed problems regarding connectivity and time taken to use ACES.

Ministry in its reply stated (October 2015) that constant efforts have been made to improve the status based on the user feedback.

#### **4.6 Conclusions**

(i) During the study for identifying areas hampering working of ACES, it was a general observation that the training imparted to departmental users is insufficient and unstructured. Moreover, it appeared that the assessees were not fully aware of all the facilities of ACES and that they use ACES primarily for mandatory tasks.

(ii) We observed in the selected CDRs that even after more than five years after roll out of ACES, post implementation review of ACES was not carried out to assess the effectiveness and efficacy of the development process of the system and its actual usage either at DG (System) or Commissionerate level though it is an important mission mode e-Government Project.



The Ministry in its reply stated (October 2015) that periodical review meetings on ACES are held by the DGS, at regional and national level, where the efficacy of the system and improvements to be made are discussed and remedial measures decided.

**Recommendation No.7**

Department may make a strategic plan to provide need based and structured training to employees and to conduct awareness seminars for assessees and periodically review the same.

The Ministry in its reply stated (October 2015) that the Board agrees with the recommendation of the Audit to widen the coverage of the training programme.

New Delhi

Dated: 23 November 2015



(HIMABINDU MUDUMBAI)

Principal Director (Service Tax)

Countersigned

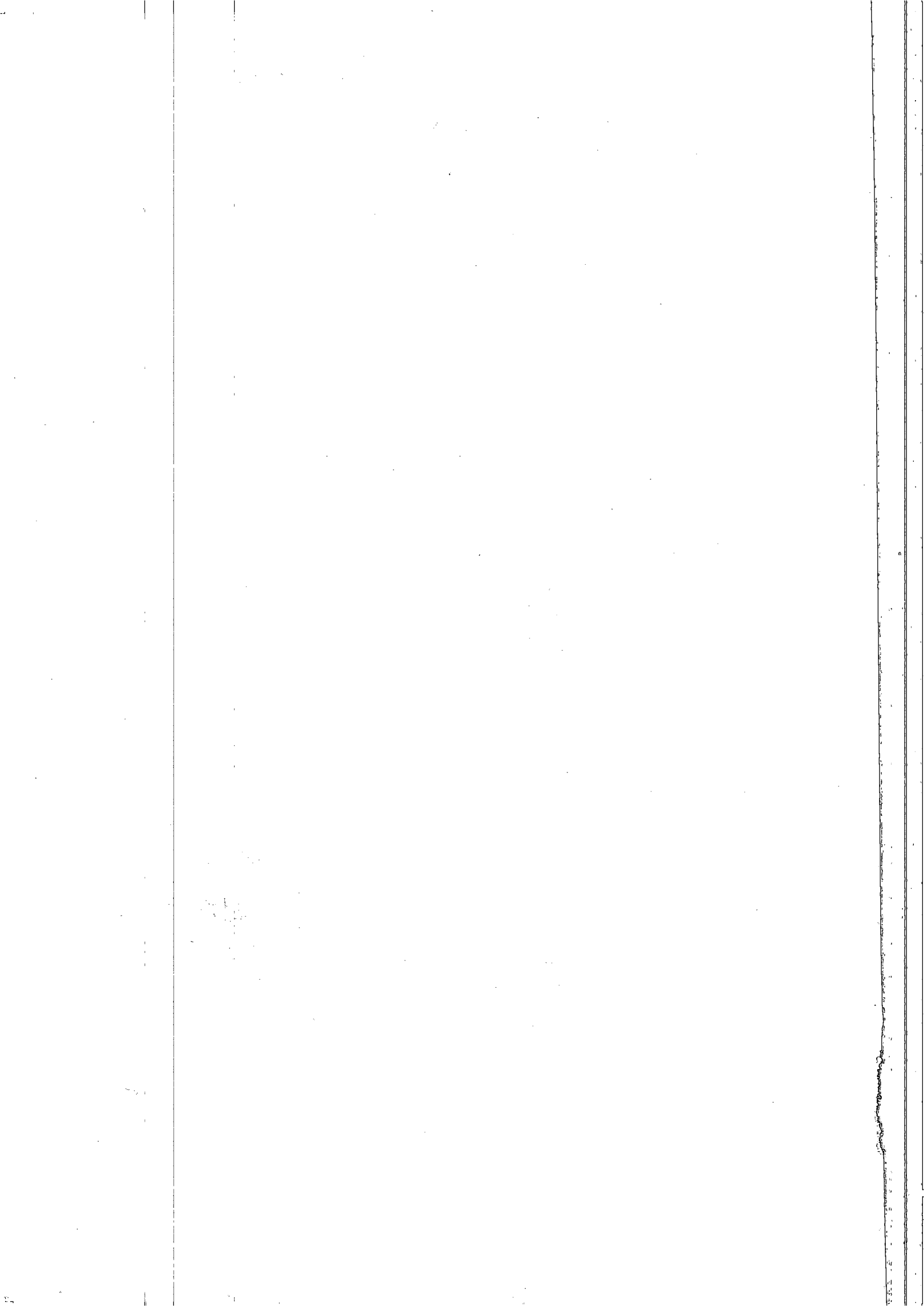


New Delhi

Dated: 23 November 2015

(SHASHI KANT SHARMA)

Comptroller and Auditor General of India



## Abbreviations

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ACES	Automation of Central Excise and Service Tax
AC	Assistant Commissioner
ACAW	Assistant Commissioner Audit Wing
ACL	Access Control Logic
ADC	Additional Commissioner
APR	Audit Plan Register
AWDR	Assessee-wise detailed report
AUD	Audit
BPR	Business Process Re-engineering
CBEC	Central Board of Excise and Customs
CC	Chief Commissioner
CDR	Commissionerate, division and range
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CLI	Claims and Intimations
Com. Admn.	Commissionerate Administration
COW	Certificate of warehousing
CX	Central Excise
DAR	Draft Audit Report
DC	Deputy Commissioner
DG	Director General
DGS	Director General, Systems
DG (Systems)	Directorate General, Systems and Data Management
DSR	Dispute Settlement Resolution
EOU	Export Oriented Unit
EXP	Export
HQ	Headquarters
HR	Human Resources
IP	Internet Protocol
ID	Identification
IT	Information Technology
JC	Joint Commissioner
JCAW	Joint Commissioner Audit Wing

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LAN	Local Area Network
LMS	Learning Management Software
LTU	Large taxpayer unit
MIS	Management Information System
MTR	Monthly Technical Report
NACEN	National Academy of Central Excise and Narcotics
NOC	Nodal Operation Centre
OIO	Order in original
PC	Personal Computer
PH	Personal Hearing
PRA	Provisional Assessment
PV	Physical Verification
P&V	Personnel and Vigilance
RC	Registration Certificate
REG	Registration
REF	Refund
REP	Report
RET	Returns
RnC	Review and Correction
SCN	Show Cause Notice
SI	System Integrator
SRS	Software Requirement Specification
SSI	Small Scale Industry
SSOID	Single sign-on ID
ST	Service Tax
STP	Software Technology Park
TCS	Tata Consultancy Services
TOT	Training of trainers
WAN	Wide Area Network

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