



**OFFICE OF THE COMMISSIONER  
CENTRAL EXCISE & SERVICE TAX COMMISSIONERATE  
CHANDIGARH –I**

PLOT No. 19, SECTOR 17-C, CHANDIGARH

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**व्यापार सूचना सं. 08/2012/C.E TRADE NOTICE NO. 08/2012/C.E**

**विषय/SUB: - Availability of benefit of exemption on goods on which an excise duty has been imposed after the expiry of sunset clause under area based exemption scheme –Reg.**

1) उपर्युक्त विषय पर केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड, राजस्व विभाग, वित्त मंत्रालय, भारत सरकार की फा.सं. **332/23/2011-TRU** से जारी पत्र, दिनांक **26.04.2012**, की प्रति व्यापार एवं क्षेत्रीय संगठन को सूचना एवं मार्गदर्शन हेतु इसके साथ संलग्न की जाती है। उक्त पत्र स्वतः स्पष्ट है।

1) A copy of letter dated **26.04.2012** from F. No. **332/23/2011-TRU** issued by the Central Board of Excise and Customs, Department of Revenue, Ministry of Finance, Government of India, on the above subject matter, is enclosed herewith for information and guidance for the trade and field formation. The said letter is self – explanatory.

2) सभी व्यापार संघ/वाणिज्य मण्डल एवं क्षेत्रीय सलाहकार समिति/ लोक शिकायत निवारण समिति के सदस्यों से अनुरोध किया जाता है कि वे इस व्यापार सूचना की अंतर्वस्तु को अपने सदस्यों /संघटकों की सूचना एवं आवश्यक कार्यवाही हेतु उनके ध्यान में लाएँ / प्रचार करें।

2) All the Trade Associations / Chambers of Commerce and the members of the RAC/PGRC are requested to bring/publicize the contents of this Trade Notice amongst their Members/Constituents for their information and necessary action.

Sd/-  
(04.05.2012)  
[S.J. SINGH]  
COMMISSIONER

संलग्नक Encl. यथोपरि As above.

फा.सं. F.No.IV(16) Tech/Trade Notice/50/2012

दिनांक Dated: 04/05/ 2012

Sd/-  
(04.05.2012)  
Superintendent (Tech.)

**F.No. 332/23/2011-TRU**  
**Government of India**  
**Ministry of Finance**  
**Department of Revenue**  
**Tax Research Unit**

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Room No. 1461, North Block,  
New Delhi, dated the 26<sup>th</sup> April, 2012

To

All Directors General  
All Chief Commissioners of Central Excise and Customs  
All Chief Commissioners of Central Excise

Sir/Madam,

Subject: **Availability of benefit of exemption on goods on which an excise duty has been imposed after the expiry of sunset clause under area based exemption scheme -Reg.**

Board has received representations from trade and Industry seeking clarification on the issue of availability of excise duty exemption benefit under Notification No. 49/2003-CE and Notification No. 50/2003-CE both dated 10.06.2003 to new units or substantially expanded units which commenced commercial production on or before the sunset date of 31.03.2010 but did not claim exemption at the time of commencement as the goods earlier attracted nil rate of duty or were optionally exempt at that time. The issue has arisen because excise duty has either been imposed or made mandatory on goods manufactured by these units subsequent to the sunset date.

2. The matter has been examined. According to the condition of the notification, the manufacturer who intends to avail of the exemption shall exercise his option in writing before effecting first clearances and such option shall be effective from the date of its exercise. Although the units in question are admittedly eligible for exemption because they were either set up or undertook substantial expansion within the prescribed time limit, some field formations have denied them the benefit of exemption on the ground that they exercised the option after the sunset date and not at the time of commencement of commercial production. There is nothing in the language of the above provisions which lends support to this interpretation. The sunset clause is relevant only for the purposes of eligibility and the eligibility criteria that a unit has to fulfill for availing the benefit of exemption under the said notification are that a new unit should be set up or an existing unit should undertake substantial expansion and these units commence commercial production not later than the 31<sup>st</sup> day of March, 2010. It is therefore clarified that so

long as the units are able to establish with documentary evidence which the field formations may verify that they meet the eligibility criteria, the benefit of exemption would be available to goods on which an excise duty or mandatory excise duty levy has been imposed subsequently.

3. As regards the requirement for a manufacturer to exercise his option for availing the benefit of these notifications, the relevant provision nowhere stipulates that such an option must be exercised before the sunset clause. Therefore it is also clarified that an eligible unit can exercise the option even after the sunset clause for the purpose of availing the benefit of the aforesaid exemption. For the goods on which an excise duty or a mandatory excise duty levy was imposed w.e.f. 01.03.2011, the benefit of exemption would be available to an eligible unit during the month of March, 2011 but for the period from the date on which the option was exercised till 31<sup>st</sup> March, 2011. It may be noted, however, that the ten-year period for such units would also be computed from the date of commencement of commercial production from new or expanded capacity as prescribed in the notification and not from the date on which option has been exercised.

4. I am directed to say that the above position may be brought to the notice of Commissioners under your charge so that pending disputes, if any, may be decided accordingly after due verification of the eligibility of such units.

Yours sincerely

(Vivek Johri)  
Joint Secretary (TRU)