

INDIRECT TAXES UPDATE – 91

EXCISE

Installing new plant and machinery at a distant plot cannot be construed as expansion of existing unit for the purpose of area-based exemption from excise duty

Notification Nos. 49/2003 and 50/2003 both dated 10.06.2003 provide area based exemption from the excise duty.

Circular No. 960/03/2012-CX dated 17.02.2012 clarified that exemption would continue to be available for the residual period of exemption, if an exempted unit acquires adjacent plot of land and installs new plant and machinery on such land. Such an expansion was considered as akin to expansion by way of installing new plant and machinery **inside** the existing plot/premises.

It has been further clarified that term 'adjacent' used in the above mentioned circular would **not** include a plot which is at some distance away from the exempted unit.

In other words exemption would continue to be available **only** when the exempted unit undertakes expansion by acquiring the adjoining plot with **at least one common boundary** with the exempted (existing) unit and the same is merged to make it one unit.

[Circular No.968/02/2013-CX dated 01.04.2013]

Source: www.cbec.gov.in

Disclaimer

Information published in the newsletter are taken from publicly available sources and believed to be accurate. The Indirect Taxes Committee of ICAI takes no responsibility of accuracy and reliability of information published in the newsletter. No part of this newsletter may be reproduced, stored in a retrieval system, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise without the permission of ICAI.

Feedback

The Indirect Taxes Update is an endeavour of the Indirect Taxes Committee to apprise the readers about the amendments made in various central indirect tax laws vide significant notifications, circulars etc. We welcome your feedback on the Update and its contents.

Please email idthc@icai.org for feedback.

You can also write to:

Secretary
Indirect Taxes Committee
The Institute of Chartered Accountants of India
ICAI Bhawan A-29, Sector -62, NOIDA (U.P.) India