

## **Circular No. 960/03/2012 - CX**

**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs**

New Delhi, the 17th February, 2012

**Sub : Clarification regarding admissibility of exemption under area-based Notifications No. 49/2003-CE and 50/2003-CE, both dated 10.06.2003 in specific situations - reg.**

Your kind attention is invited to Notifications No. 49/2003-CE and 50/2003-CE, both dated 10.06.2003 which provide full exemption from excise duties to specified goods cleared from industrial units in the states of Uttaranchal and Himachal Pradesh for a period of ten years from the date of commencement of commercial production. The exemption is available to new units set up or existing units which have undergone substantial expansion in terms of the said Notifications and commence commercial production before the cut-off date, that is, on or before 31.3.2010

2. References have been received from field formations as well as from trade and industry seeking clarification regarding admissibility of benefit under area-based exemption Notifications No. 49/2003-CE and 50/2003-CE, both dated 10.06.2003, in the following situations:

When there is a change in the ownership of a Unit already availing of the benefit of an area-based exemption Notification;

When a Unit availing of the exemption physically shifts to a new location within the areas specified in the exemption Notification; and

When a Unit availing of the exemption under an area-based Notification expands by acquiring a plot of land adjacent to its existing premises and installing new plant/machinery on such land.

3. The above issues have been examined by the Board. As the exemption is extended to a 'Unit', any change in its ownership would not jeopardize the admissibility of exemption for the remaining part of the ten year exemption period subject to the condition that the new owner exercises his option in writing to avail of the benefit of the exemption Notification before effecting the first clearance.

4. So far as the case of an eligible unit physically shifting to a new location is concerned, it is clarified that the exemption in such cases should be available for the residual period of exemption. However, the cases of relocated units should be examined on a case - to- case basis and the exemption should be allowed to continue subject to certain safeguards like establishing through proper inventorisation and certification by a Chartered Engineer that the unit has relocated its plant, machinery, equipment, manpower etc. and relocation to areas specified in the relevant Notification only and not across States and/or Notifications.

5. In the context of expansion of a Unit by acquiring an adjacent plot of land and installing new plant and machinery on such land, attention is invited to Board's Circular No. 939/29/2010-CX dated 22.12.2010 wherein it was, inter alia, clarified that any growth in the production/output of a unit by installing fresh plant and machinery would be eligible for exemption under these area-based Notifications. The situation of expansion of an eligible unit by acquiring an adjacent plot of land and installing new plant and machinery on such land, is akin to expansion by way of installing new plant and machinery inside the existing plot/premises. It is, therefore, clarified that in such cases, the exemption should continue to be available for the residual period of exemption.

6. Trade, industry and field formations may be suitably informed.

7. Hindi version will follow.

**F. No. 110/03 /2011-CX-3**

**(Madan Mohan)**  
**Under Secretary (CX-3)**