

Circular No. 965/08/2012-CX

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

New Delhi the 17th April, 2012

Sub: Clarification regarding admissibility of exemption under area-based Notification No. 56/2002-CE dated 14.11.2002 - reg.

Your kind attention is invited to Notification No. 56/2002-CE dated 14.11.2002 which provides for exemption from the duty of excise to specified goods cleared from industrial units in the State of Jammu & Kashmir to the extent of duty paid in cash by way of a refund mechanism, for a period of ten years from the date of publication of the notification or from the date of commencement of commercial production, whichever is later. The exemption is available to new units which have commenced commercial production on or after 14.06.2002 as well as existing units which have undertaken substantial expansion or have made new investments for employment generation on or after 14.06.2002.

2. A doubt has been raised whether in the case of existing units undertaking substantial expansion, the 10 year exemption period has to be computed from the date of commencement of initial commercial production or from the date of commencement of commercial production from the expanded capacity. Some field formations have taken a view that in the case of existing units which had commenced commercial production prior to 14.06.2002, the exemption period of ten years would be computed from the date of publication of notification, i.e., 14.11.2002, irrespective of the fact that such units had undertaken substantial expansion after 14.11.2002.

3. The matter has been examined in the Board. It is clarified that the exemption period of ten years is to be computed from the date of publication of the notification when a new unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity during the period from 14.06.2002 to 14.11.2002. However, if a new unit commences commercial production or an existing unit undertakes substantial expansion and commences commercial production from such expanded capacity after the date of publication of the notification, i.e., 14.11.2002, the ten year exemption period is to be computed from the date of commencement of commercial production in the case of new units and from the date of commencement of commercial production from the expanded capacity in the case of existing units.

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

5. Hindi version will follow.

F.No. 101/ 15/2010-CX-3

(Madan Mohan)
Under Secretary (CX-3)