



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

**Notification No. 20/2007-Central Excise**

Dated 25th April, 2007

G.S.R.(E).- In exercise of the powers conferred by Sub-Section (1) of Section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the goods specified in the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986) other than those mentioned in the Annexure and cleared from a unit located in the States of Assam or Tripura or Meghalaya or Mizoram or Manipur or Nagaland or Arunachal Pradesh or Sikkim, as the case may be, from so much of the duty of excise leviable thereon under the said Act as is equivalent to the amount of duty paid by the manufacturer of goods other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2004.

2. In cases where all the goods produced by a manufacturer are eligible for exemption under this Notification, the exemption contained in this Notification shall be available subject to the condition that, the manufacturer first utilises whole of the CENVAT credit available to him on the last day of the month under consideration for payment of duty on goods cleared during such month and pays only the balance amount in cash.

3. The exemption contained in this Notification shall be given effect to in the following manner, namely :-

- (a) the manufacturer shall submit a statement of the duty paid other than the amount of duty paid by utilisation of CENVAT credit under the CENVAT Credit Rules, 2004, to the Assistant Commissioner or the Deputy Commissioner of Central Excise, as the case may be, by the 7th of the next month in which the duty has been paid other than the amount of duty paid by utilization of CENVAT credit under the CENVAT Credit Rules, 2004;
- (b) the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, after such verification, as may be deemed necessary, shall refund the amount of duty paid other than the amount of duty paid by utilisation of CENVAT credit under the CENVAT Credit Rules, 2004, during the month under consideration to the manufacturer by the 15th of the next month;

Provided that in cases, where the exemption contained in this Notification is not applicable to some of the goods produced by a manufacturer, such refund shall not exceed the amount of duty paid less the amount of the CENVAT Credit availed of, in respect of the duty paid on the inputs used in or in relation to the manufacture of goods cleared under this Notification;

- (c) if there is likely to be any delay in the verification, Assistant Commissioner of Central Excise or the Deputy Commissioner of Central excise, as the case may be, shall refund the amount on provisional basis by the 15th of the next month to the month under consideration and thereafter may adjust the amount of refund by such amount as may be necessary in the subsequent refunds admissible to the manufacturer.

4. Notwithstanding anything contained in paragraph 3,-

- (a) the manufacturer at his own option, may take credit of the amount of duty paid during the month under consideration, other than by way of utilisation of CENVAT credit under the CENVAT Credit Rules, 2004, in his account current, maintained in terms of Part V of the Excise Manual of Supplementary Instruction issued by the Central Board of Excise and Customs. Such amount credited in the account current may be utilised by the manufacturer for payment of duty, in the manner specified under rule 8 of the Central Excise Rules, 2004, in subsequent months, and such payment should be deemed to be payment in cash:

Provided that where the exemption contained in this Notification is not applicable to some of the goods produced by a manufacturer, the amount of such credit shall not exceed the amount of duty paid less the amount of the CENVAT Credit availed of, in respect of the duty paid on the inputs used in or in relation to the manufacture of goods cleared under this Notification.;

- (b) the credit of duty paid during the month under consideration, other than by way of utilisation of CENVAT credit under the CENVAT Credit Rules, 2004, may be taken by the manufacturer in his account current, by the 7th day of the month following the month under consideration;
- (c) a manufacturer who intends to avail the option under clause (a), shall exercise his option in writing for availing such option before effecting the first clearance in any financial year and such option shall be effective from the date of exercise of the option and shall not be withdrawn during the remaining part of the financial year:

Provided that, for the financial year 2007-08, a manufacturer can exercise his option on or before the 31st day of May, 2007.

- (d) the manufacturer shall submit a statement of the duty paid, other than by way of utilization of CENVAT credit under the CENVAT Credit Rules, 2004, along with the refund amount which he has taken credit and the calculation particulars of such credit taken, to the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, by the 7th day of the next month to the month under consideration;
- (e) the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, after such verification, as may be deemed necessary, shall determine the amount correctly refundable to the manufacturer and intimate the same to the manufacturer by the 15th day of the next month to the month under consideration. In case the credit taken by the manufacturer is in excess of the amount determined, the manufacturer shall, within five days from the receipt of the said intimation, reverse the said excess credit from the said account current maintained by him. In case, the credit taken by the manufacturer is less than the amount of refund determined, the manufacturer shall be eligible to take credit of the balance amount;
- (f) in case the manufacturer fails to comply with the provisions of clause (a) to (e), he shall forfeit the option, to take credit of the amount of duty paid during the month under consideration, other than by way of utilisation of CENVAT credit under the CENVAT Credit Rules, 2004, in his account current on his own, as provided for in clauses (a) and (c);
- (g) the amount of the credit availed irregularly or availed of in excess of the amount determined correctly refundable under clause (e) and not reversed by the manufacturer within the period specified in that clause, shall be recoverable as if it is a recovery of duty of excise erroneously refunded. In case such irregular or excess credit is utilised for payment of excise duty on clearances of excisable goods, the said goods should be considered to have been cleared without payment of duty to the extent of utilisation of such irregular or excess credit.

Explanation. - For the purposes of this Notification, duty paid, by utilisation of the amount credited in the account current, shall be taken as payment of duty by way other than utilisation of CENVAT credit under the CENVAT Credit Rules, 2004.

5. The exemption contained in this Notification shall apply only to the following kind of units, namely :-

- (a) New Industrial units which commence commercial production on or after the 1st day of April, 2007 but not later than 31st day of March, 2017;
- (b) Industrial units existing before the 1st day of April, 2007 but which have undertaken substantial expansion by way of increase by not less than 25% in the value of fixed capital investment in plant and machinery for the purposes of expansion of capacity/modernization and diversification and have commenced commercial production from such expanded capacity on or after the 1st day of April, 2007 but not later than 31st day of March, 2017.

6. The exemption contained in this Notification shall apply to any of the said units for a period not exceeding ten years from the date of publication of this Notification or from the date of commercial production whichever is later.

7. The exemption contained in this Notification shall not apply to such goods which have been subjected to only one or more of the following processes, namely, preservation during storage, cleaning operations, packing or repacking of such goods in a unit container or labeling or re-labelling of containers, sorting, declaration or alteration of retail sale price and have not been subjected to any other process or processes amounting to manufacture in the States of Assam or Tripura or Meghalaya or Mizoram or Manipur or Nagaland or Arunachal Pradesh or Sikkim.

*Sd/-*

(S. BAJAJ)

Under Secretary to the Government of India

(F.No.354/18/2007-TRU)

#### **Annexure**

- (i) Goods falling under Chapter 24 of the First Schedule of the Central Excise Tariff Act, 1985;
- (ii) Pan masala falling under Chapter 21 of the First Schedule of the Central Excise Tariff Act, 1985;
- (iii) Plastic carry bags of less than 20 microns as specified by the Ministry of Environment and Forests Notification No. S.O.705 (E), dated the 2nd of September, 1999 and S.O. 698(E) dated the 17th of June, 2003;
- (iv) Goods falling under Chapter 27 of the First Schedule of the Central Excise Tariff Act, 1985 and which are produced by petroleum oil or gas refineries.