

# SSI Exemption under Central Excise

## Introduction

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Excise duty is levied on all manufacturers on manufacture of goods and will be paid on their removal. In order to protect the interest of new industries and other small scale industries, Govt. of India has come out with a notification no. 8/2003-CE to provide exemption to small scale industries in order to provide an incentive for them to grow in the economy. The following is the detailed article which explains about the notification.

## Exemption for SSI

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SSI (Small Scale Industries) is eligible for exemption from duty under Notification No. 8/2003-CE dated 1-3-2003. The SSI unit need not be registered with any authority

### Eligibility for SSI concession

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A Unit whose turnover was less than Rs 4 crores in the previous year is entitled to full exemption up to Rs 150 lakhs in the current financial year. An SSI unit can avail Cenvat credit on inputs and input services only after it starts paying duty. However, Cenvat credit of capital goods can be availed even if these were received during the period of exemption.

### Articles eligible for SSI exemption

Broadly, items generally manufactured by SSI (except in tobacco, matches and textile sector) are eligible for SSI exemption. Some items like pan masala, matches, watches, tobacco products, Power driven pumps for water not conforming to BIS, products covered under compounded levy scheme etc. are specifically excluded, even when these can be manufactured by SSI. Some items like automobiles, primary iron and steel etc. are not eligible for SSI exemption, but anyway, these are beyond the capacity of SSI units to manufacture.

### SSI unit manufacturing goods with other's brand name not eligible for exemption

Goods manufactured by an SSI unit under the brand name of others, are not eligible for SSI concession, unless the goods are manufactured in a rural area. However, SSI exemption will be available to packing material even if it bears some other brand name.

### Mode of calculation of limit of Rs 150 lakhs/Rs 400 lakhs

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While calculating limit of Rs 400/150 lakhs:

- Turnover of Exports, deemed exports, turnover of non-excisable goods, goods manufactured with other's brand name and cleared on full payment of duty, job work done under notification No. 214/86-CE, 83/94-CE and 84/94-CE, processing not amounting to manufacture and traded goods is to be excluded.

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- Value of intermediate products (when final product is exempt under notification other than SSI exemption notification), branded goods manufactured in rural area and cleared without payment of duty, export to Nepal and Bhutan and goods cleared on payment of duty is to be included.
- Value of turnover of goods exempted under notification (other than SSI exemption notification or job work exemption notification) is to be included for purpose of limit of Rs 400 lakhs, but excluded for limit of Rs 150 lakhs.

### Procedural relaxations

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SSI units eligible for SSI concession are required to pay duty on quarterly basis and file quarterly returns even if they do not avail the SSI exemption

### Turnover of all units of same manufacturer to be clubbed

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Turnover of all units belonging to a manufacturer will be clubbed for calculating SSI exemption limit.