

17th May, 2006

NOTIFICATION No. 31 /2006-CENTRAL EXCISE

G.S.R. 292 (E).- In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), read with sub-section (3) of section 3 of the Additional Duties of Excise (Goods of Special Importance) Act, 1957 (58 of 1957) and sub-section (3) of section 3 of Additional Duties of Excise (Textile and Textile Articles) Act, 1978 (40 of 1978), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the erstwhile Ministry of Finance and Company Affairs (Department of Revenue), [No. 22/2003- Central Excise](#), dated the 31st March, 2003, G.S.R. 265 (E), dated the 31st March, 2003, namely:-

In the said notification,-

(1) in paragraph 2,-

(i) in clause (i), after the proviso, the following proviso shall be inserted, namely:-

" Provided further that the user industry may remove the capital goods temporarily within the country without payment of duty for the purposes of test, repair, calibration, refining and return thereof, after giving intimation to the said officer, subject to maintenance of proper accounts of removal and receipt of goods;"

(ii) clauses (ii) and (iv) shall be omitted;

(2) after paragraph 2, the following paragraphs shall be inserted, namely:-

"(2a) The user industry may supply or transfer goods processed, manufactured, produced or packaged to another unit in a Special Economic Zone (SEZ), or Software Technology Park (STP) unit or Electronic Hardware Technology Park (EHTP) unit or to another Export Oriented Undertaking (EOU), as the case may be, for any of the purposes specified in clauses (a) to (d) of paragraph 1, after giving intimation to the said officer and subject to maintenance of proper accounts of removal and receipt of goods and following the rewarehousing procedure;

(2b) The user industry may supply or transfer capital goods to another unit in a Special Economic Zone (SEZ) or Software Technology Park (STP) unit or Electronic Hardware Technology Park (EHTP) unit or to another Export Oriented Undertaking (EOU), as the case may be, for use within the unit after giving intimation to the said officer, subject to maintenance of proper accounts of removal and receipt of goods and following the rewarehousing procedure.";

(3) in paragraph 5, in condition (ii), for the words " in case of user industry other than those which are in existence for less than two years, they" the words "the user industry" shall be substituted;

(4) for paragraphs 10A and 10B, the following paragraphs shall be substituted, namely:-

"10A. Notwithstanding anything contained in this notification,-

(i) the exemption contained herein shall apply to spares and components up to 1.5 (one point five) percent. of Free on Board (FOB) value of manufactured articles exported by the user industry which manufactured such articles during the preceding year for the purpose of supply of such spares and components for after-sale-service during the warranty period of the exported articles to the same consignor or buyer to whom manufactured articles were exported subject to the condition that such supply is specifically stipulated in the relevant export contract;

(ii) the exemption contained herein shall also apply to procurement and supply of promotional materials like brochures, literatures, pamphlets, hoardings, catalogues and posters of products for the purpose of export promotion activities, to the extent of 1.5 (one point five) percent. of Free on Board (FOB) value of the preceding year's exports:

Provided that the export value of such spares, components and promotional materials shall not be taken into consideration for fulfilment of Net Foreign exchange Earnings (NFE) and for availing Domestic Sale Entitlement as specified in paragraph 6.8 of the Foreign Trade Policy.

10B. Notwithstanding anything contained in this notification, if the said officer is satisfied that the unit, engaged in the manufacture of textiles and textile articles has left over textile fabric or textile material, he shall allow such unit to clear such left over textile fabric or textile material into Domestic Tariff Area on payment of duty on transaction value as if the goods have been manufactured in the unit:

Provided that such clearance shall be allowed only where the said officer certifies that the textile fabric or textile material proposed to be cleared are left over and such clearance do not exceed two percent. of value or the quantity of consignments in the previous year to which such left over textile fabric or textile material relates, whichever is lower."

(F.No: DGEP/FTP/382/2006)

Note:

The principal notification No 22/2003-Central Excise, dated the 31st March, 2003 was published vide number G.S.R 265 (E), dated the 31st March, 2003 and was last amended vide notification No.28/2005-Central Excise, dated the 20th May, 2005, G.S.R. 332 (E), dated the 20th May, 2005.