

File No. 102/1/2000-CX-3

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs

Subject: Labeling or re-labeling of containers.

A doubt has been raised as to whether in respect of goods covered under heading 30.03, labeling or re-labeling of containers in order to comply with the provisions of any State or Central Act shall amount to manufacture as per note 5 of Ch. 30 of the Central Excise Tariff Act.

2. M/s German Remedies, Bombay imported medicines namely, 'actilyse' and 'magnevists' from their principals in Germany and marketed the said product in India. The Company carried out the process of stamping/affixing of stickers on the imported medicine as per the requirement of the Drug and Cosmetics Act, 1940 and cleared the goods without payment of duty. The stickers indicated the import license number, name of the Company, marketed by, product ingredients, warning and maximum retail price as required by the Drugs and Cosmetic Act, 1940. The Audit has raised objection that process carried out by the Company amounts to manufacture in terms of Chapter note 5 of Chapter 30 and, therefore, the duty is payable at the rate of 15% ad-valorem.

3. The matter has been examined in consultation with Ministry of Law in connection with an Audit Para. Ministry of Law has opined that as the law stands at present, it may be difficult to take a view that the party who is putting certain stickers on imported product, containing information for the benefit of the consumers, even if it is required by another law, is not putting a label on the containers/outer packing to make the product marketable. In view of note 5 Chapter 30 of the Central Excise Tariff Act, 1985 such an activities will, therefore, amount to manufacture.

4. The Board has accepted the view of the Law Ministry as well as the Audit objection. Necessary action may please be taken accordingly if similar cases / situations exist in other Commissionerates.

5. Receipt of the circular may please be acknowledged.

6. Hindi version follows.