



# Central Board of Indirect Taxes & Customs

Department of Revenue, Ministry of Finance, Government of India

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dated 19-10-2000**F.No. 268/37/2000-CX.8**Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs**Subject : Levability of Additional Excise Duty (Textile and Textile Articles) Act, 1978 in respect of DTA clearances of yarns made by 100% EOUs.**

I am directed to state that representations have been received in the Board seeking clarifications as to whether Additional Excise Duty under Textile and Textile Articles Act, 1978 (hereafter referred to as AED (T&TA)) is leviable or not on cotton / man made yarns manufactured and cleared into DTA by a 100% EOU using indigenous raw materials. It has been represented that some field formations are demanding additional duty under the above mentioned Act on goods manufactured and cleared into DTA though there is specific exemption for such goods vide notification no. 55/91-CE dated 25.7.1991 and hence no Additional Duty will be attracted.

2. The matter has been examined. It is observed that as per proviso to Section 3(1) of the Central Excise Act, 1944, goods produced in a 100% EOU and allowed to be sold in India are liable to excise duty which is equal to the aggregate of duties of customs leviable on like goods when imported into India. On import of textile yarns, apart from basic Customs duty, goods will also be subject to Additional duty of customs (countervailing duty) which will be equivalent to total duties leviable as duty of excise on like goods produced in the country. (This CV duty will thus include basic Central Excise Duty under Central Excise Act + Additional duty of excise under T & TA Act).

3. Notification No. 8/97-CE dated 1.3.1997, as amended by Notification no. 11/2000-CE dated 1.3.2000, provides that the excise duty payable by a 100% EOU under Central Excise Act in respect of the finished goods manufactured exclusively from indigenous raw material and cleared into the DTA would be restricted to the "aggregate of the duties of excise leviable under the said section 3 of the Central Excise Act or under any other law for the time being in force, on like goods produced or manufactured in India other than in a hundred percent export oriented undertaking or a free trade zone". In other words, such yarns produced and cleared from 100% EOUs to DTA are required to suffer under Central Excise Act itself, by virtue of this exemption, duty which is equal to Basic Excise duty on yarn + AED (T&TA) leviable on yarn produced.

4. Since over and above the duty leviable under Central Excise Act, goods produced in a 100% EOU and cleared into DTA would also be leviable to Additional Excise duty under Textile & Textile Articles Act, Notification no. 55/91-CE dated 25.5.1991 was issued which exempted all excisable goods produced or manufactured in a 100% EOU from the whole of duty of excise leviable thereon under AED (T&TA). Thus, effect of Notification no. 9/97-CE as amended and 55/91-CE is to restrict the yarn stage duty to Basic duty under Central Excise Act + AED leviable under Textiles & Textiles Articles Act.

5. The amendment to the Notification No. 8/97-CE dated 1.3.1997, as mentioned in para 2 above, wherein "or under any other law for the time being in force" has been inserted, is significant and brings parity in the excise duties payable on a 100% EOU on yarns produced exclusively from indigenous materials on their domestic clearances and a domestic manufacturer manufacturing similar goods from indigenous materials.

6. Thus, it is clarified that w.e.f. 1.3.2000, AED (T&TA) would also be leviable on yarns manufactured by a 100% EOU from indigenous raw materials and cleared into DTA, in addition to the Basic duties under Central Excise Act. Wherever such AED (T&TA) are not being collected, suitable steps for recovery may be taken expeditiously.

7. Field Formations may be suitably informed.

8. Hindi version will follow.

S K Sinha

Under Secretary to the Government of India

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