



Small Scale Industry (SSI) Exemption under Central Excise

1. **Introduction-**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** dated 1-Mar-2003 to provide exemption to small scale industries in order to provide an incentive for them to grow in the economy.

2. **Eligibility for SSI Concession-**Units having turnover up to Rs. 400 lakhs in the previous financial year and manufacturing goods specified in the SSI exemption notification are eligible for exemption from duty up to turnover of Rs. 150 lakhs in the current financial year. It means excise duty would be payable on the turnover over & above Rs. 150 Lacs.
Further, if the entity had started up the business in Current Year, then it is entitled for the benefit of the said notification for the current year as its previous year clearances are Nil (even with the fact that the company has not started the operations).

3. **Non applicability of SSI Exemption-**
 - SSI Exemption is not applicable to the manufacturers of the following products -
 - Tea/Coffee
 - Ice-Cream
 - Pan Masala, Unbranded Chewing Tobacco
 - Sandalwood Oil
 - Matches
 - Photographic Plates & Films
 - Stainless Steel & Aluminium Circles
 - Refined Copper & Copper alloys
 - Tractors, Motor Vehicles, Cars, Chassis, Motorcycles & Mopeds
 - Watches
 - Revolvers, Pistols & Firearms
 - Travel Sets for personal toilets
 - Ceramic Tiles other than those subjected to the process of printing & decorating
 - Power Driver Pumps for water not conforming to Bureau of Indian Standards (BIS)
 - Products covered under compounded levy scheme

 - Goods manufactured by an SSI Unit under the **Brand Name** of others, are not eligible for SSI Concession, Unless the goods are manufactured in Rural area.
However, SSI exemption will be available in the following cases-
 - Goods manufactured in Rural areas
 - Raw materials used by manufacturers
 - Packing Material, Account books, Registers, Writing pads etc.
 - Manufacture of components/parts of any machinery/equipment for use as original equipment in the factory



- Goods bearing the brand name of KVIC/NSIC/SSIDC etc.
 - "House Mark" in respect of medicinal preparations
(**Note-** Brand name or Trade name is defined in explanation to notification as any mark, symbol, monogram, label, signature or inventor word or writing which may or may not be registered. This Brand or Trade name must indicate a connection in the trade between the goods & the person using such mark or name.)
4. **Clubbing of Clearances-** The basic idea behind this is to curtail the creation of dummy units for availing the benefits of the notification for each such units. This limit will be calculated by taking into account the clearances in respect of one manufacturer from one or more factories or from a factory by one or more manufacturers.
5. **Availability of Cenvat Credit-**
- **Cenvat Credit on Inputs-** If the unit is availing the benefits of Notification No. 8/2003 (i.e. Full Exemption till 150 Lacs), Cenvat Credit will not be available till the turnover exceeds Rs. 150 Lacs. Once the limit exceeds Credit on Inputs will be available.
 - **Cenvat Credit on Capital Goods-**
 - SSI units can avail the Cenvat Credit on Capital Goods for the 100% amount of duty paid in the year of receipt of such goods (unlike other than SSI units who are allowed 50% Credit during the year of receipt).
 - However, this Credit can be utilized only after clearances exceeds Rs. 150 Lacs.
6. **Calculation of Limit of Rs. 150 Lacs-** Following Items will be excluded while calculating the aggregate value not exceeding Rs. 150 Lacs-
- Clearances exempt from whole of the excise duty under any other notification
 - Clearances bearing the Brand name or Trade name of another person which are ineligible for the grant of this exemption.
 - Clearance of intermediate goods/goods captively consumed in case the final product is eligible for SSI Exemption
 - Export clearances
7. **Calculation of Limit of Rs. 400 Lacs-** Following Items will be excluded while calculating the aggregate value not exceeding Rs. 400 Lacs-
- Clearances to FTZ/ SEZ/ 100% EOU/ HTP/ STP/ UNO/ International organization
 - Clearances bearing the Brand name or Trade name of another person which are ineligible for the grant of this exemption.
 - Clearance of intermediate goods/goods captively consumed in case the final product is eligible for SSI Exemption
 - Clearances exempt under specific job work notifications, viz. Notification No. 214/86-CE dated 25-Mar-1986, No. 83/94-CE dated 11-Apr-1994 or No. 84/94-CE dated 11-Apr-1994.
 - Export Clearances



8. Registration-

- SSI Units whose turnover is \leq Rs. 150 Lacs are exempted from registration. Once the limit exceeds, the unit shall compulsorily get registered with Central Excise authorities.
- SSI Units whose turnover is more than specified limit (at present Rs. 90 Lacs) but less than exemption limit (i.e. Rs. 150 Lacs) have to file a declaration in prescribed form.

9. Filing of Returns- Assesseees are required to file **quarterly** return in **ER3** on/before **10th** of the following month from the end of the relevant quarter.

10. Due date for Payment-

- Once the turnover exceeds the exemption limit, SSI units are liable to pay ED.
- Due date for payment of duty is **5th** of the following month from the end of relevant quarter (**6th in case of e-payment**) for clearances during **Apr-Feb**, and **31st March** for clearances during **Mar**.
- SSI units (whether claiming benefit of exemption or not) are liable to pay ED on quarterly basis. Further, this relaxation is available for the entire financial year even if the SSI unit crosses the limit of Rs. 400 Lacs during the current year.