

EXPLANATORY NOTES (EXCISE)

Note: All changes come into effect immediately unless otherwise specified.

GENERAL

Enhancement of Standard Rate: - The standard rate of excise duty, which was reduced to 8% in February 2009 as a part of the Stimulus package on non-petroleum products is now being enhanced from 8% to 10% with a few exceptions. Consequent to the increase in the standard rate, rates of excise duty on certain products like Cement, Large Cars etc. are also being suitably enhanced. Chapter wise changes in excise duty rates, other than enhancement of standard rate from 8% to 10%, are given below:

Chapters 1 to 10

No change.

Chapter 11

11.1 Excise duty exemption on Tapioca Starch & Maize Starch is being withdrawn and these products will now attract excise duty at 4%. (S.No. 3 of Notification 3/2006-CE as amended by the notification 9/2010-CE dated 27.02.2010 refers)

11.2 Excise duty on potato starch is being reduced from 8% to 4 %.(S.No. 3 of Notification 3/2006-CE as amended by the notification 9/2010-CE dated 27.02.2010 refers)

Chapters 12 to 20

No change.

Chapter 21

21.1 Excise duty on Betel nut product known as 'Supari' is being fully exempted from excise duty. However, Scented Supari will continue to attract duty at applicable rates. (S.No. 27A of Notification 3/2006-CE as amended by the notification 9/2010-CE dated 27.02.2010 refers)

21.2 Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Amendment Rules, 2010 have been issued to amend Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 to effect certain technical changes in the said rules (Notification No. 8/2010-Central Excise (N.T.), dated 27.02.2010 refers).

Chapter 22 & 23

No change.

Chapter 24

24.1 The existing slab of filter cigarettes of length not exceeding 70 mm is being broken up into two slabs: *filter cigarettes of length not exceeding 60 mm*; and *filter cigarettes of length exceeding 60 mm but not exceeding 70 mm* (Clause 74 of the Finance Bill refers). Suitable rates are being prescribed for these slabs. The basic excise duty (BED) on other cigarettes is also being revised. The revised rates of excise duty including basic excise, additional excise and NCCD on cigarettes are as under:

S. No.	Description	Present Rate	Proposed Rate
	Non-filter length in mm	(Rs. per 1000)	
1.	Not exceeding 60	819	669(509 BED+70 AED+90 NCCD)
2.	Exceeding 60 but not exceeding 70	1323	1473(1218 BED+110 AED +145 NCCD)

	Filter length in mm		
3.	Not exceeding 60		669(509 BED+70 AED +90 NCCD)
4.	Exceeding 60 but not exceeding 70	819	969(809 BED+70 AED +90 NCCD)
5.	Exceeding 70 but not exceeding 75	1323	1473(1218 BED+110 HC+145 NCCD)
6.	Exceeding 75 but not exceeding 85	1759	1959(1624 BED+145 AED +190 NCCD)
7.	Others	2163	2363(1948 BED+180 HC+235 NCCD)
8.	Cigarettes of tobacco substitutes	1208	1408(1258 BED +150 NCCD)

Note: BED, AED and NCCD stands for Basic Excise Duty, Additional Excise Duty and National Calamity Contingent Duty respectively.

Effective rate of basic excise duty for cigarettes (both filter and non-filter) of length not exceeding 60 millimeters is being prescribed separately. (Notification No. 18/2010-Central Excise dated 27.02.2010 refers)

24.2 At present, cigars, cheroots and cigarillos of tobacco attract ad valorem rate of basic excise duty (BED) of 8% plus health cess of 1.6%. These rates are now being replaced with a composite rate of “10% or Rs.1227 per thousand, whichever is higher” (BED) and “1.6% or Rs.246 per thousand whichever is higher” (AED). Cigars, cheroots and cigarillos of tobacco substitutes will now attract BED of “10% or Rs.1473/1000” whichever is higher

24.3 Basic excise duty on branded unmanufactured tobacco and tobacco refuse is being increased from 42% to 50%.

24.4 Basic excise duty on chewing tobacco, preparations containing chewing tobacco, zarda, scented tobacco, snuff and its preparations, tobacco extracts and essences etc. is being increased from 50% to 60%. The rates of abatement of the commodities are also being accordingly revised. (Notification No. 9/2010-Central Excise (N.T.) dated 27.02.2010 refers).

24.5 Basic excise duty on branded homogenized or reconstituted tobacco is being increased from 50% to 60%.

24.6 Basic excise duty on items of other smoking tobacco (branded) is being increased from 34% to 40%.

24.7 Basic excise duty on smoking mixtures of pipes and cigarettes is being increased from 300% to 360%.

24.8 Basic excise duty on cut tobacco is being increased from Rs.50 per kg. to Rs.60 per kg.

24.9 Basic excise duty on manufactured tobacco other than chewing tobacco, preparations containing chewing tobacco, zarda scented tobacco, snuff and its preparations, tobacco extracts and essences etc and is being increased from 50% to 60%.

(Clause 74 of the Finance Bill 2010 refers for changes in 24.1 to 24.9 above)

24.10 The duty on other Pan Masala is being increased from 8% to 10%. (Entry no. 29A of Notification no. 3/2006-Central Excise as amended by Notification no. 9/2010- Central Excise dated 27.02.2010 refers).

24.11 Basic excise duty on branded ‘hookah’ or ‘gudaku’ tobacco is being increased from 8% to 10%. (Entry no. 33 of Notification no. 3/2006- Central Excise as amended by Notification no. 9/2010- Central Excise dated 27.02.2010 refers).

24.12 The duty on other smoking tobacco (unbranded) is being increased from 8% to 10%. (Entry no. 35 of Notification no. 3/2006- Central Excise as amended by Notification no. 9/2010- Central Excise dated 27.02.2010 refers).

24.13 The duty on other manufactured tobacco and manufactured tobacco substitutes (unbranded) is being increased from 8% to 10%. (Entry no. 40 of Notification no. 3/2006- Central Excise as amended by Notification no. 9/2010- Central Excise dated 27.02.2010 refers)

24.14 The AED on cigars, cheroots and cigarillos of tobacco is being revised from 1.6% to “1.6% or Rs.246 per thousand whichever is higher” (Entry no. 4&5 of Notification no. 6/2005- Central Excise as amended by Notification no. 8/2010- Central Excise dated 27.02.2010 refers)

24.15 Unmanufactured tobacco, bearing a brand name, falling under tariff heading 2401 of the Excise Tariff and chewing tobacco falling under tariff item 2403 99 10 of the said Tariff, manufactured with the aid of packing machine and packed in pouches have been declared as “notified goods” under Section 3A of the Central Excise Act, and, accordingly, these shall be levied to duty of excise in accordance with the provisions of the section 3A (Notification No. 10/2010-Central Excise (N.T.), dated 27.02.2010 refers). The rate of duty to be levied on these goods under Section 3A per machine per month for different denomination of Retail Sale Price (RSP) of pouches has been specified in notification No. 16/2010-Central Excise, dated 27.02.2010. Further, Chewing Tobacco and Unmanufactured Tobacco Packing Machines (Capacity Determination and Collection of Duty) Rules, 2010 are also being issued for administration of the new levy. This new levy shall be effective from 08.03.2010. (Notification No. 11/2010-Central Excise (N.T.) dated 27.02.2010 refers).

24.16 Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Amendment Rules, 2010 have been issued to amend Pan Masala Packing Machines (Capacity Determination and Collection of Duty) Rules, 2008 to effect certain technical changes in the said rules (Notification No. 8/2010-Central Excise (N.T.), dated 27.02.2010 refers).

Chapter 25:

25.1 Consequent to enhancement in the standard rate of duty from 8% to 10%, the specific rates of duty on cement and cement clinker is also being revised upwards as follows:

Mini cement plant:

	Cement	Present rate	Proposed rate
1.	Cleared in packaged form,-		
	(i) of retail sale price not exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price not exceeding Rs. 3800;	Rs.145 per tonne	Rs.185 per tonne
	(ii) of retail sale price exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price exceeding Rs. 3800;	Rs. 250 per tonne	Rs.315 per tonne
2.	Cleared other than in packaged form	Rs. 170 per tonne	Rs.215 per tonne

Other than mini cement plant:

	Cement	Present rate	Proposed rate
1.	Cleared in packaged form,-		
	(i) of retail sale price not exceeding Rs. 190 per 50 kg bag or of per tonne equivalent retail sale price not exceeding Rs. 3800;	Rs. 230 per tonne	Rs.290 per tonne
	(ii) of retail sale price exceeding Rs. 190 per 50 kg bag of per tonne equivalent retail sale price exceeding Rs. 3800	8% of retail sale price	10% of retail sale price
2.	Cleared other than in packaged form	8% or Rs. 230 per tonne, whichever is higher	10% or Rs.290 per tonne whichever is higher
	Cement clinker	Rs.300 per tonne	Rs. 375 per tonne

(S.No. (i) to (v) of notification No. 10/2010- Central Excise dated 27.02.2010 refers).

Chapter 26:

No change.

Chapter 27:

27.1 A new cess to be called 'Clean Energy Cess' is being imposed on Coal, Lignite and peat (CETH 2701, 2702, & 2703) produced in India. This will come into force from the date to be notified after the enactment of the Finance Bill, 2010. (Clause 82 & 83 of the Finance Bill, 2010 read with the Tenth schedule refers)

27.2 Excise exemption on Avgas is being withdrawn and 4% excise duty is being imposed on it. (S.No.16 of the Notification No. 4/2006-CE dated the 1st March 2006 as amended vide notification no. 10/2010- Central Excise dated 27.02.2010 refers).

27.3 The rates of excise duty on Motor Spirit (commonly known as petrol) and HSD (diesel) are being increased by Re.1 per litre. The revised rates of duty on these items are as under:

Description	Intended for sale without Brand Name	Intended for sale with Brand Name
Motor Spirit	*Rs.14.35 per litre	*Rs.15.50 per litre
HSD	**Rs.4.60 per litre	**Rs.5.75 per litre

Note: ***Includes Rs.2 additional excise duty and Rs.6 special additional excise duty. ** Includes Rs.2 additional excise duty.**

(S.No.17 & 19 of the Notification No. 4/2006-CE dated the 1st March 2006 as amended vide notification No. 10/2010- Central Excise dated 27.02.2010 refers).

27.4 Sub-heading 2712 20, tariff items 2712 20 10 and 2712 20 90 have been substituted by tariff item '2712 20 00' covering the item 'Paraffin wax containing by weight less than 0.75% of oil'. Tariff item '2712 90 40' is being inserted to cover 'Paraffin wax containing by weight 0.75% of oil or more. There is no change in the duty structure.

Chapter 28 to 32.

No change.

Chapter 33

33.1 Excise duty is being exempted on security ink manufactured by Bank Note Press, Dewas (Madhya Pradesh) and supplied to Bank Note Press, Dewas, Currency Note Press, Nashik, India Security Press, Nashik, Security Printing Press, Hyderabad, Bhartiya Reserve Bank Note Mudran Limited, Mysore and Bhartiya Reserve Bank Note Mudran Limited, Salbony. (S.No. (xvii) of notification No. 10/2010- Central Excise dated 27.02.2010 refers).

33.2 Excise duty is being exempted on Fractionated/ De-terpenated Mentha oil (DTMO), De-mentholised Oil (DMO), Spearmint oil, Mentha Piperita oil and any other by products/ intermediate arising in the course of manufacture of Menthol (S.No. (xviii) Of notification No. 10/2010- Central Excise dated 27.02.2010 refers).

Chapter 34 to 39

No change.

Chapter 40

40.1 Excise duty on latex rubber thread of tariff item 4007 00 10 is being reduced from 8% to 4% (S.No. 82 of the notification No. 4/2006-Central Excise as amended vide notification No. 10/2010-Central Excise dated 27.02.2010 refers).

40.2 Excise duty on Toy Rubber Balloons of Natural Rubber Latex falling under heading 40 is being reduced from 8% to Nil (S.No. 85A of the notification No. 4/2006-Central Excise as inserted vide Notification No. 10/2010- Central Excise dated 27.02.2010 refers).

Chapter 41-47

No change.

Chapter 48

48.1 Excise duty at 10% is being imposed on Baby and clinical diapers, which were fully exempt so far. (Relevant bill entries read with S.No. 96B of the notification No. 4/2006-Central Excise as inserted vide Notification No. 10/2010- Central Excise dated 27.02.2010 refers).

48.2 Excise duty exemption on Sanitary napkins is also being withdrawn and these goods will now attract standard rate of duty at 10% (Relevant bill entries read with S.No. 96C of the notification No. 4/2006-Central Excise as inserted vide Notification No. 10/2010- Central Excise dated 27.02.2010 refers).

48.3 Excise duty on Cartons, boxes and cases, of corrugated paper or paperboard manufactured by Standalone manufacturers is being reduced from 8% to 4% (S.No. 96E of the notification No. 4/2006-Central Excise as inserted vide Notification No. vide notification No. 10/2010-Central Excise dated 27.02.2010 refers).

Chapter 50 to 62

No change.

Chapter 63

63.1 Excise duty exemption on Mosquito nets impregnated with insecticide is being withdrawn and duty @ 4% is being imposed (S. No.3 of notification No. 5/2006- Central Excise, dated 01.03.2006 as amended vide S. No. (iv) of notification No. 11/2010-Central Excise, dated 27.02.2010 refers).

63.2 Excise duty exemption on umbrella panels is being withdrawn and duty @ 4% is being imposed. (S. No.79 of notification No. 3/2005- Central Excise, dated 24.02.2005 omitted vide notification No. 7/2010-Central Excise, dated 27.02.2010 refers).

Chapters 64 & 65

No change.

Chapter 66

66.1. Excise duty on all parts of umbrellas and sun umbrellas including umbrella panels, irrespective of their classification in the Excise Tariff, is being unified at 4% (S. No.5C of notification No. 5/2006- Central Excise, dated 01.03.2006 as inserted vide S. No. (v) of notification No. 11/2010-Central Excise, dated 27.02.2010 refers; S. No.79 of notification No. 3/2005- Central Excise, dated 24.02.2005 is being omitted notification No. 7/2010-Central Excise, dated 27.02.2010).

Chapter 67

No change.

Chapter 68

68.1. A Chapter Note is being inserted in Chapter 68 to the effect that in relation to products of headings 6802 and 6810, the process of cutting or sawing or sizing or polishing of stone blocks or any other process, for converting of blocks into slabs or tiles, shall amount to “manufacture” (clause 73 of Finance Bill, 2010 refers). Accordingly, the slabs or tiles classifiable under CETH 6802 or 6810 manufactured out of blocks of natural stone or agglomerated artificial are now excisable. However, marble slabs and tiles classifiable under chapter 25 and marble tiles falling under chapter 68 attract the same specific rate of Rs. 30 per square metre (S. No. 2 of Notification 4/2006-C.E., dated 1st March 2006 refers) and as such finishing processes like cutting, sawing, polishing etc. on duty paid slabs or tiles of marble will (if not resulting in change of classification) not attract any further excise duty.

Chapter 69

69.1. S. No. 13 of notification No. 5/2006- Central Excise, dated 01.03.2006 prescribing concessional excise duty rate of 8% on ceramic tiles, manufactured in a factory not using electricity for firing the kiln, is being omitted. Consequently, all ceramic tiles, whether manufactured by using electricity for firing the kiln or not, will attract a single excise duty rate of 10% with cenvat credit. (S. No.13 of notification No. 5/2006- Central Excise, dated 01.03.2006 as omitted vide S. No. (vii) of notification No. 11/2010-Central Excise, dated 27.02.2010 refers)

Chapter 70

70.1. S. No. 20 of notification No. 5/2006- Central Excise, dated 01.03.2006 prescribing concessional excise duty rate of 4% on rough ophthalmic blanks, for manufacture of optical lenses is being omitted as such blanks already attract a ‘nil’ excise duty vide S. No.10 of notification No. 10/2006-Central Excise, dated 01.03.2006 (S. No.20 of notification No. 5/2006- Central Excise, dated 01.03.2006 as omitted vide S. No. (xi) of notification No. 11/2010-Central Excise, dated 27.02.2010 refers)

Chapter 71

71.1. Gold bars, other than tola bars, manufactured in a factory starting from the stage of gold ore or concentrate and bearing manufacturer’s engraved serial number & weight expressed in metric units, will be levied excise duty at the rate of Rs.280 per 10gm, with full Cenvat credit facility. Primary gold including in bar form manufactured or refined with the aid of power from any form of gold shall continue to be exempt. (S. No.21A of notification No. 5/2006- Central Excise, dated 01.03.2006 as inserted vide S. No. (xii) of notification No. 11/2010-Central Excise, dated 27.02.2010 refers).

71.2. Excise duty rates applicable to the DTA (Domestic Tariff Area) clearances of plain gold and silver jewellery manufactured by an EOU (Export Oriented Unit) have been increased, in case of gold jewellery, from Rs.500 per 10gm to Rs.750 per 10gm, and in case of silver jewellery, from Rs.1000 per Kg to Rs.1500 per Kg (S. No.8 and 10 of notification No. 23/2003- Central Excise, dated 31.03.2003 as substituted vide S. No. (iv) & (v) of notification No. 5/2010-Central Excise, dated 27.02.2010, respectively, refers).

71.3 Excise duty is being exempted on Circulation Coins, Blanks, Weights & Measures Standards and scrap generated in manufacture of Blanks by IGM Mumbai, IGM Kolkata, IGM Hyderabad and IGM Noida (Notification No. 3 /2010- Central Excise dated 27.02.2010 refers).

Chapter 72

No change.

Chapter 73

73.1 Excise duty on Open Top Sanitary (OTS) Cans is being increased from 4% to 10% (S.No. 31A of the notification No. 5/2006-Central Excise as amended vide notification No.11 /2010-Central Excise dated 27.02.2010 refers).

Chapters 74 & 75

No change.

Chapter 76

76.1 Chapter Note 2 is being inserted in Chapter 76 to declare the process of drawing or redrawing of aluminium tubes and pipes as amounting to “manufacture” (clause 73 of Finance Bill, 2010 refers).

Chapter 77 to 83

No change.

Chapter 84

84.1 Nil duty of excise on specified plantation machinery, which was valid up to 1.5.09, is being reintroduced from 27.2.10 up to 31.3.11. (Proviso in the preamble of the notification No. 06/2006-CE as substituted by notification No. 12/2010-CE dated 27.02.2010 refers.)

84.2 Excise duty exemption on specified items intended to be used for the installation of a cold storage, cold room or refrigerated vehicle, for the preservation, storage, transport of agricultural produce is being extended to other sectors like apiary, horticulture, dairy, poultry, aquatic and marine produce and meat and their processing. (S. No. 5 of notification No. 6/2006-CE amended vide notification No. 5/2010-CE dated 27.02.2010 refers).

84.3 Excise duty on replaceable kits of all domestic water filters except those operating on reverse osmosis technology is being reduced from 8% to 4% (S. No. 8C of notification No. 6/2006-CE substituted vide notification No. 12/2010-CE dated 27.02.2010 refers).

Chapter 85

85.1 An excise duty @ 4% is being imposed on specified IT products like microprocessor other than motherboards, floppy disc drives, CD-Rom drive etc when these items are meant for external use with a computer or laptop as a plug-in device. However, these items meant primarily for use inside the CPU housing/laptop body would continue to be exempt from excise duty. (S. No. 17 of notification No. 6/2006-CE substituted vide notification No. 12/2010-CE dated 27.02.2010 refers).

85.2 Excise duty exemption on parts, components and accessories of mobile handsets including cellular phones is being extended to parts of two accessories namely, battery chargers and hands-free headphones of these devices. (S. No. 31 of notification No. 6/2006-CE amended vide notification No. 12/2010-CE dated 27.02.2010 refers).

85.3 Packaged software or canned software, is at present exempted from so much of the excise duty, as is equivalent to the duty payable on the portion of the value of Packaged software determined under section 4 of the Central Excise Act, or the rules made thereunder, which represents the consideration paid or payable for transfer of the right to use such goods provided that the transfer of the right to use shall be for commercial exploitation. The condition of commercial exploitation is being removed. Consequently, the exemption would be available on packaged software in all cases. (Notification 17/2010-Central Excise dated 27.02.2010 refers).

85.4 Excise duty exemption is being provided on goods supplied to mega power projects from which supply of power has been tied up through tariff based competitive bidding or a mega power project awarded to a

developer on the basis of such bidding subject to specified conditions. (S. No. 91B of notification No. 6/2006-CE inserted vide notification No. 12/2010-CE dated 27.02.2010 refers).

85.5 Excise duty exemption on specified list of goods used for the manufacture of rotor blades for wind operated electricity generators is being extended to some items. (List 6 of notification No. 6/2006-CE amended vide notification No. 12/2010-CE dated 27.02.2010 refers).

85.6 Excise duty exemption is being provided on specified goods required for initial setting up of solar power generation project or facility. (Notification No. 15/2010-CE dated 27.02.2010 refers).

Chapter 86

No change.

Chapter 87

87.1. Excise duty at the rate of 4% is being imposed on all electrically operated vehicles, including two and three wheeled electric motor vehicles and battery operated cars. The concessional rate of 4% would apply to all electric vehicles including electric motor-assisted cycle rickshaw even if the batteries for such vehicles are recharged using solar power (S. No.35 of notification No. 6/2006- Central Excise, dated 01.03.2006 as substituted vide S. No. (xiv) of notification No. 12/2010-Central Excise, dated 27.02.2010 dated 27.02.2010 refers).

87.2. The following parts, irrespective of their classification in the Excise Tariff, for use in manufacture of an electrically operated vehicle shall attract a excise duty of 4% on end-use basis, namely:- (i) Battery Pack (ii) Battery Charger (iii) AC or DC Motor (iv) AC or DC Motor Controller. The concessional duty rate of 4% shall remain in force till 31st March, 2013. Consequent to this, the full excise duty exemption available to specified parts of battery operated cars is being withdrawn (S. No.35A of notification No. 6/2006- Central Excise, dated 01.03.2006 as inserted vide S. No. (xv) of notification No. 12/2010-Central Excise, dated 27.02.2010 refers; S. No.35B of notification No. 6/2006- Central Excise, dated 01.03.2006 omitted vide S. No.(xvi) of notification No. 12/2010-Central Excise, dated 27.02.2010 refers).

87.3. Ad-valorem component of excise duty on large cars, SUVs, etc. and their chassis is being increased from 20% to 22%. There is no change in the specific component of Rs. 15000 and the same will continue to be levied as applicable. (S. No.41 & 41A of notification No. 6/2006- Central Excise, dated 01.03.2006 as substituted vide S. No. (xix) & (xx) of notification No. 12/2010-Central Excise, dated 27.02.2010 refers).

87.4. Excise duty on self-loading or self-unloading trailers and semi-trailers for agricultural purposes (Tariff Item 8716 20 00) is being fully exempted (S. No.53A of notification No. 6/2006- Central Excise, dated 01.03.2006 as inserted vide S. No. (xxxiii) of notification No. 12/2010-Central Excise, dated 27.02.2010 refers).

87.5. "Parts, components and assemblies of automobiles", falling under any chapter, are notified for assessment of duty with reference to their retail sale price under Section 4A of the Central Excise Act, 1944, vide S. No.108 of notification No.49/2008-CE (N.T.), dated 24.12.08. The current entry against S. No. 108 is now being substituted with "Parts, components and assemblies of *vehicles (including chassis fitted with engines) falling under Chapter 87 excluding vehicles falling under headings 8712, 8713, 8715 and 8716*". (S. No.108 of notification No. 49/2008-CE (N.T.), dated 24.12.08 as substituted vide S. No. (iii) of notification No. 9/2010-Central Excise (N.T.), dated 27.02.2010 refers).

Chapters 88 & 89

No change.

Chapter 90

90.1 Excise duty of 10% is being imposed on goggles other than those used for correcting vision. (S. No. 27 of notification No. 10/2006-CE amended vide notification No. 13/2010-CE dated 27.02.2010 and S. No. 57 of

notification No. 6/2006-CE amended vide notification No. 12/2010-CE dated 27.02.2010 refers). Sunglasses or Goggles meant for correcting vision will continue to attract 4% concessional duty while spectacles continue to be exempt.

90.2 Specified list of medical equipment and other goods, and their parts and accessories attracting concessional 4% / nil excise duty respectively is being omitted. (S. No. 26 of notification No. 10/2006-CE omitted vide notification No. 13/2010-CE dated 27.02.2010 and S. No. 60 of notification No. 6/2006-CE omitted vide notification No. 12/2010-CE dated 27.02.2010 refers).

90.3 Specified list of medical equipment and other goods, and their parts and accessories attracting nil excise duty is being omitted. (S. No. 61, S. No. 62 to S. No. 64 of notification No. 6/2006-CE omitted vide notification No. 12/2010-CE dated 27.02.2010 refers).

90.4 An excise duty @ 4% is being imposed on blood glucose monitoring system (Glucometer) and test strips. (S. No. 65 of notification No. 6/2006-CE amended vide notification No. 12/2010-CE dated 27.02.2010 refers).

90.5 An excise duty @ 4% is being imposed on patent ductus arteriosus/ atrial septal defect occlusion devices. (S. No. 68A of notification No. 6/2006-CE amended vide notification No. 12/2010-CE dated 27.02.2010 refers).

Chapters 91 to 93

No change.

Chapter 94

94.1 Excise duty on products wholly made of quilted textile materials falling under heading 9404 of the first schedule of the Central Excise Tariff Act, 1985 is being exempted. (S. No. 71A of notification No. 6/2006-CE inserted vide notification No. 12/2010-CE dated 27.02.2010 refers).

94.2 Excise duty on LED lights/ lighting fixtures falling under heading 9406 of the first schedule of the Central Excise Tariff Act, 1985 is being reduced from 8% to 4%. (S. No. 71B of notification No. 6/2006-CE inserted vide notification No. 12/2010-CE dated 27.02.2010 refers).

Legislative, Procedural & Miscellaneous changes

M.1 Central Excise Act, 1944:

- (i) An Explanation is being inserted in sub-section (2B) to Section 11A of the Central Excise Act, 1944 to clarify that penalty shall not be imposed in case duty short paid and interest thereon is paid before service of show cause notice.
- (ii) Section 32 of the Central Excise Act, 1944, dealing with Settlement Commission is being amended so as to restore certain provisions as they obtained prior to the enactment of the Finance Bill, 2007. Accordingly, the prohibition on filing of applications for the settlement of cases where an assessee admits short-levy for goods in respect of which he has not maintained proper records (i.e. cases of mis-declaration, clandestine removal etc.) is being removed. Similarly, the restriction that an assessee may seek only one-time settlement is also being relaxed. The Commission is being empowered to extend the time limit of nine months for disposal of applications by another three months, for reasons to be recorded in writing.

The above changes will come into effect on enactment of the Finance Bill. (Clause 57, 58 and 59 of the Finance Bill 2010 refers).

M.2. Central Excise Rules, 2002: The Central Excise Rules, 2002 are being amended to provide for :

- (i) Dispensing with the pre-authentication of invoices;
- (ii) Payment of Central Excise Duty on quarterly basis by the unit which are eligible for availment of exemption under Notification No. 8/2003-Central Excise; and
- (iii) Filing of return by such units on 10th of the month following the end of quarter

The facilities of quarterly payment and quarterly return will be available to the eligible unit even if it is not availing of the SSI exemption in the current financial year. These facilities will be available to such eligible units for whole of the financial year. ***These changes will come into effect from 1st April 2010.***
(Notification no. 5/2010-Central Excise (N.T.) dated 27.02.2010 refers)

M3. CENVAT Credit Rules, 2004:

(i) CENVAT Credit Rules are being amended to :

- (a) allow credit of Cenvat duty paid on Capital Goods in the year of receipt itself to the manufacturers eligible to avail of the exemption under notification no. 8/2003-Central Excise dated 01.03.2003;
- (b) allow accelerated reduction in cenvat credit required to be reversed on clearance of used computers and computer peripherals;
- (c) allow availment of credit on jigs, fixtures, moulds and dies sent to a vendor;
allow cenvat credit on inputs used in the manufacture of goods supplied to mega power projects from which power has been tied up through tariff based competitive bidding or the project has been awarded through tariff based competitive bidding
- (d) create parity in penal provisions for wrong availment of credit in respect of goods and services
(Notification No. 6/2010-CE (N.T.) dated 27.02.2010 refers)

(ii) Central Excise Rules 1944, Cenvat Credit Rules 2001, Cenvat Credit Rules 2002 and Cenvat Credit Rules 2004 are being amended retrospectively from 1st September 1996 to 31st March 2008 to provide for reversal of credit or payment of equivalent amount attributable to the inputs used in or in relation to the excisable goods on which no central excise duty is payable. These changes will take effect on enactment of the Finance Bill 2010. The provisions would apply only to such manufacturers where the disputes are pending as on the day the Finance Bill 2010 is enacted.

M.4. SSI Exemption: Brand name exception under notification no. 8/2003-Central Excise dated 01.03.2003, presently available to packing materials bearing a brand name of another person is being extended to such plastic containers and plastic bottles also, provided the same are used as packing material by the person whose brand name such containers or bottles bear. (Notification No. 4/2010 dated 27.02.2010 refers)

Explanatory Notes on changes in levies Medicinal & Toilet Preparation Act

M&TP 1. Section 3 of the M & TP (Excise Duties) Act, 1955 is being amended to exclude goods manufactured in a special economic zone. (Clause 84 of Finance Bill 2010 refers). This change will come into effect on enactment of Finance Bill 2010.

M&TP 2. Excise duty on medicinal and toilet preparations covered under M & TP (Excise Duties) Act, 1955, is being reduced from 16% to 10% ad valorem.(Notification No.1 /2010- M&TP, dated 27.02.2010 refers).

M&TP 3. The rate of abatement on toilet preparations covered under M & TP (Excise Duties) Act, 1955, in being revised from 40% to 35%. (Notification No.2 /2010- M&TP dated 27.02.2010 refers).
