

CBEC Clarification regarding expansion of an eligible unit by acquiring adjacent plot of land

Circular No. 968/02/2013-CX

F. No. 101/09/2012-CX3

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs

New Delhi, the 1st April, 2013

To,

All Chief Commissioners of Central Excise & Customs,

All Chief Commissioners of Central Excise,

All Director Generals

Sir/Madam

Sub.:- Clarification regarding admissibility of exemption under area-based Notifications No. 49/2003-Central Excise and 50/2003-Central Excise, both dated 10.06.2003 – reg.

Your kind attention is invited to Board's **circular No. 960/03/2012-CX dated 17.02.2012** issued from **F.No. 110/03/2011-CX3** wherein admissibility of exemption under Notification **Nos 49/2003-CE** and **50/2003-CE**, both dated 10.06.2003, in certain specified situations was clarified. In **para 5 of the said circular**, it was clarified that expansion of an eligible unit by acquiring an adjacent plot of land and installing new plant and machinery on such land, is akin to expansion by way of installing new plant and machinery inside the existing plot/premises and that in such cases, the exemption should continue to be available for the residual period of exemption.

2. Representations have been received from the Trade seeking further clarifications as to whether the term 'adjacent' used in the said clarification would also include a plot which is not immediately adjoining the existing plot but at some distance away from the existing plot.

3. The matter has been examined. **Para 5 of the aforesaid circular dated 17.02.2012** is meant for a situation where the expansion is done by acquiring the adjoining plot with at least one

common boundary which merges with the existing plot/premises to make it one unit. Installing of new plant and machinery in a plot which is away from the existing plot is not akin to the situation mentioned in para 5 of the said circular. Installation of plant and machinery on such a plot would tantamount to setting up another unit by the manufacturer, the eligibility of exemption of which is independent of the eligibility of exemption to the existing unit.

4. For the removal of doubts, it is therefore clarified that the clarification in para 5 of the circular N. 960/03/2012-CX dated 17.02.2012 is meant for the units which undertake expansion by acquiring the adjoining plot with at least one common boundary with the existing plot and merge it with the existing plot/premises to make it one unit.

5. Trade, industry and field formations may be suitably informed.

6. Hindi version is enclosed.

Yours faithfully,

(Madan Mohan)

OSD (CX 3)