

SSI Units -- Notification No 8/2003

The term SSI is not defined in the Central excise Act. The meaning of SSI can be understood as per notification No. 8/2003 dated 1-3-2003.

- ◆ As per the notification a unit is said to SSI where the previous year turnover is less than Rs. 4 crores. (400 lakhs)
- ◆ All industries irrespective of their investment or number of employees are eligible for concession if its previous turnover is less than Rs. 4 crores. (400 lakhs)

Concession for SSI-

- ◆ First 150 lakhs turnover No duty
- ◆ First 150 lakhs turnover means turnover starting from April 1st of financial year
- ◆ Balance turnover Normal duty
- ◆ No cenvat credit on first 150 lakhs turnover
- ◆ Balance turnover cenvat credit can be availed

Goods Eligible for SSI concession

- ◆ SSI exemption is available only if the goods covered under notification.
- ◆ Many of goods manufactured by SSI are eligible for the concession.

However, some items are not eligible for example goods like

- ◆ Pan masala, matches, watches, some textile products,
- ◆ Tobacco products, Automobiles, primary iron and steel etc.

Other Concessions for SSI units

- ◆ Quarterly return
- ◆ No registration till crossing 150 Lakhs
- ◆ Duty payment Quarterly instead of monthly (Except for March). This facility is available even whether it do not want avail SSI benefit. The facility available for whole financial year, ie even it crosses 400 lakhs in the current year.
- ◆ Full 100 % Cenvat credit availability on Capital goods in the first year
- ◆ One Consolidated entry in PLA for all day removals
- ◆ SSI premises inspection with Prior Approval of C/CC
- ◆ Audit Once in 2 to 5 years
- ◆ Exemption for payment of duty if goods manufactured under brand name of others in rural area.

Obligation of SSI

- ◆ To file a declaration with Superintendent when turnover crosses 90 lakhs
- ◆ Registration and maintenance of records when turnover crosses 150 lakhs

Clubbing provisions of SSI

When calculating the limits of 150 lakhs and 400 lakhs, the following will be clubbed.

- ◆ Turnover of the all products manufactured by assessee
- ◆ Turnover of all the factories / Units of Assessee
- ◆ Turnover of factory used by more than one manufacturer in a financial year
- ◆ Turnover of Clearance in the name of bogus /dummy/sham units
- ◆ Turnover of two units where there is substantial funding between two units.
- ◆ Turnover of two units when change of ownership takes place during the previous year

No Clubbing of Turnover of

- ◆ Turnover of units of relatives
- ◆ Turnover of same management units
- ◆ Units having Separate registration
- ◆ Units having Separate Assessment
- ◆ Units having Common Partners/Common Directors

SSI Other Provisions

◆Availment of concession of duty is not mandatory it is purely optional

Assessee who does not want to avail benefit should intimate to AC

He should inform in writing to Assistant Commissioner with a copy to Superintendent of Central Excise, the following

◆Name and address of manufacturer

◆Location / locations of factory / factories

◆Description of specified goods produced

◆Date from which option under the SSI exemption notification has been exercised.

◆Aggregate value of clearances of specified goods

◆The option is available any time during the year,

◆Once option once availed cannot be withdrawn during the financial year.

Reversal of Cenvat Credit on stock, WIP and final product when availing benefit subsequent year is required.

Simultaneous availment of Cenvat and SSI exemption not permissible –

CBE&C has issued instructions that if a manufacturer manufactures various products, he has to avail Cenvat for all items or opt for exemption from Cenvat for all products. It is not permissible to avail Cenvat for some items and avail SSI exemption for other products. - CBE&C Circular F. No. 22/46/86-TRU dated 8-9-1986 - reiterated in Circular Nos. 9/93-CX.8 dated 24-8-1993 and 361/77/97-CX dated 3-12-1997.

Calculation of turnover for limits

◆The calculation mode for Rs. 150 and 400 lakhs is same except few items.

Exclusions from total turnover

The following shall not be considered/be excluded from the turnover calculation

◆Export Turnover Other than exports to Nepal and Bhutan

◆Clearance to SEZ/STP/EHTP/EOU/FTZ/EPZ/United Nations organisation

◆Export under bond through merchant exporter

◆Turnover of Goods Which are exempt from duty

◆Turnover of Goods Which are Charged to Nil rate of duty

◆Turnover of Non Excisable Goods ie which are not included in tariff

Turnover of Goods manufactured with other's brand name in urban area (Exclude for 400 lakhs calculation and include for payment of duty in 150 lakhs)

◆ Turnover of Goods of packing material manufactured with other's brand name

◆ Turnover of Inputs/Capital goods bought by assessee and cleared as such

◆Job work turnover exempt under notification 214/86 ,83/94 and 84/94

◆ Goods may be exempt under some other notification, i.e. other than SSI exemption notification Final product of such goods

◆ Value of intermediate products manufactured while producing final products which are eligible for SSI exemption

◆Job work of test, repairs, reconditioning, processing etc which is not a manufacture.

◆Packing material manufactured under brand name of others such as plastic bottles, and Plastic containers. Notification No 4/2010 dated 27.02.2010.

Inclusions

The following shall be taken in to account while calculating the turnover

◆Exports to Nepal and Bhutan

◆Goods manufactured with other's brand name in rural area (Includable in for 400 lakhs limits and exclude for 150 lakhs .SSI need not pay duty on these goods)

◆Goods may be exempt under some other notification, i.e. other than SSI exemption notification Intermediate product of such goods

