

CENTRAL EXCISE CIRCULAR

-COPY OF-

CIRCULAR No.883/3/2009-CX

Dated 26th February, 2009

**F.No.267/31/2008-CX-8
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Excise & Customs)
New Delhi
** ** ***

Levy of cess on sugar manufactured out of cess paid raw material/input - regarding

The Sugar Cess Act, 1982 provides that "There shall be levied and collected as a cess, for the purposes of the Sugar Development Fund Act, 1982, a duty of excise on all sugar produced by any sugar factory in India" for the development of sugar industry. References have been received from some field formations that some manufacturers purchase sugar, on which central excise duty and sugar cess is paid by sugar manufacturers. Such manufacturers use the duty paid sugar to manufacture products like Pharmaceutical grade sugar and Bura sugar. All the products, namely sugar, pharmaceutical sugar and Bura sugar fall under the same tariff classification. The manufacturers have represented that both the raw material and final product fall under the same tariff heading, and as cess has been paid on raw material viz., sugar, they are not required to pay sugar cess on products as it amounts to double taxation.

2. The matter has been examined in consultation with the Ministry of Public Distribution and Consumer Affairs. The Ministry of Public Distribution and Consumer Affairs has now **exempted the levy of cess on sugar, collected as a duty of excise, under subsection (1) of the Section 3 of Sugar Cess Act, 1982, on any sugar "manufactured from such other sugar" on which cess, leviable under sub section (1) of Section 3 of the said Act has been paid already.** The copy of the Notification S.O.102 (E) published in Gazette of India on 7th January, 2009 is enclosed herewith. However, the said exemption is available for clearances made after the date of issue of notification and past cases, if any, are required to be decided based upon the law as in force during relevant time.

3. Trade and field formations may be suitably informed.

4. Hindi version will follow.

5. Receipt of this Circular may kindly be acknowledged.

**Sd/-
(Rahul Nangare)
Under Secretary to the Government of India.**

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (Department of Food and Public Distribution)

NOTIFICATION

New Delhi, the 7th January, 2009

S.O.102(E).-In exercise of the powers conferred by sub-section (4) of Section 3 of the Sugar Cess Act, 1982 (3 of 1982), the Central Government, being satisfied that it is necessary in public interest so to do, hereby exempts the levy of cess on sugar, collected as a duty of excise, under sub-section (1) of Section 3 of the said Act, on any sugar "manufactured from such other sugar" on which cess, leviable under sub-section (1) of Section 3 of the said Act, has been paid.

[F.No.3-2(II)2007-SDF A/cs.]
ABINASH VERMA, Director

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