

SUB: New rates of excise duty leviable
on medicines and toilet preparations
containing alcohol or narcotic drugs
or narcotics.

CIRCULAR

No.MTP 112002/51/X

Mumbai, 17th March, 2003.

The Government of India, Ministry of Finance has vide its notification No.2/2003-M&TP dated 1.3.2003 revised excise duty on medicinal preparations in Allopathic, Ayurvedic, Unani, Homeopathic or other indigenous system of medicines and toilet preparations containing alcohol or narcotic drugs or narcotics has been communicated to all the Superintendents through respective Divisional Dy.Commissioners of State Excise under this office endorsement of even number dated 4.3.2003.

2. The Government of India, Ministry of Finance, had proposed certain changes in excise duty on different medicinal & toilet preparations in the Finance Bill 2000 - but the date of implementation of this notification was not published at that time. Now the Govt.of India has published with implementation of these changes vide its notification No.1/2003-M&TP dated 1.3.2003.

3. The Govt. of India has also revised the rates of excise duty on medicinal preparations containing self generated alcohol which are not capable of being consumed as an alcoholic beverages, all medicines containing alcohol which are prepared by distillation or to which alcohol has been added and the homeopathic preparations containing alcohol. The rate of new excise duty on following

medicinal and toilet preparations are as below:

TABLE

Sr. No.	Item No.	Description of dutiable goods	Rate of Duty
1.	2.	3.	4.
1	1	Allopathic Medicinal Preparations (i) Medicinal preparations containing alcohol which are not capable of being consumed as ordinary alcoholic beverages- (a) Patent or proprietary medicines (b) Others (ii) Medicinal preparations containing alcohol which are capable of being consumed as ordinary alcoholic beverages- (a) Medicinal preparations which contain known active ingredients in therapeutic quantities (b) Others (iii) Medicinal preparations not containing alcohol but containing narcotic drug or narcotic.	Sixteen per cent ad valorem Sixteen per cent ad valorem Sixteen per cent ad valorem Sixteen per cent ad valorem
2	2	Medicinal preparations in Ayurvedic, Unani or other indigenous systems of medicine, containing self-generated alcohol which are not capable of being consumed as ordinary alcoholic beverages.	Nil
3	3	Medicinal preparations in ayurvedic, Unani or other indigenous systems of medicine, not containing alcohol but containing narcotic drug or narcotic.	Sixteen per cent ad valorem
4	4	Toilet preparations containing alcohol or narcotic drug or narcotic	Sixteen per cent
5	5	Medicinal preparations containing self generated alcohol which are not capable of being consumed as an alcohol beverages.	Four per cent ad valorem
6	6	All medicines containing alcohol which are prepared by distillation or to which alcohol has been added	Six per cent ad valorem
7	7	Homeopathic preparations containing alcohol	Four per cent ad valorem

The above rates are applicable from 1.3.2003 and as such difference to excise duty is recoverable on the above mentioned medicinal and toilet preparations, at the new rates mentioned therein.

4. On Ayurvedic/homeopathic preparations at Sr.No.5 to 7, previous rate of excise duty was on the per litre of pure alcohol content in the medicines. Now, this factor has changed and all these 3 preparations has also been brought under the duty structure on advalorem basis.

5. In case of Homeopathic/allopathic/ayurvedic preparations (Sr.No.1, 2, 3, 5, 6, 7), the excise duty shall be recoverable on the ad valorem basis i.e. on the price list approved by the Superintendent/Officer incharge, which shall be verifiable from invoices/bill. In case of toilet preparations at Sr.No.4, the present basis of calculation of duty on ad valorem price is now changed to retail sale price mentioned on the label of the product minus 40% abatement i.e. 60% of retail sale price is assessable value on which excise duty is 16%.

6. With immediate effect, the system of removing the duty paid goods through the method of self-assessment is introduced. Every manufacturing unit liable to pay excise duty shall open current account in the name of the Excise Department. The manufacturer shall maintain a minimum credit balance in this account as per the average excise duty paid by them in every month in the last six months or Rs. one lakh whichever is lower. Every manufacturer who maintains the current account with a minimum credit balance will thereafter be eligible to remove the goods after depositing excise duty to the extent of excise duty in credit over and above the minimum balance maintained by them in the current account. Before the manufacturer is permitted to go for the self-assessment method of removing duty paid goods, he shall do the following -

i) Every licensee shall get the assessable price for excise duty and the excise duty payable on every product approved from the appropriate excise authority before the beginning of self assessment, removal of goods.

ii) He shall then notify the name of the officer with the permission of the Excise Department, this officer will be held responsible for removing the excise paid goods. Such an officer will be authorised by the factory manager who will be responsible for the action of the authorised officer in respect of any duty shortfalls which may be detected in audit and for which the manufacturer will be liable to pay the interest or penalty as the case may be for short payment of excise duty.

iii) The authorised officer shall at the end of every day, maintain all the authorised records in electronic or manual format. Where the records are maintained in electronic format, the manufacturer shall take a print copy of the transactions and paste it on the approved registers.

iv) All registers shall be signed by the authorised officer. At the end of the day, these transactions has to reflect the correct stock of raw material, finished goods, production, goods removed, excise duty paid, etc.

v) Every authorised officer shall submit such daily returns or monthly returns as per the Medicinal & Toilet Preparation Rules and as prescribed in by the Superintendent State Excise, from time to time.

vi) Every authorised officer authorised by the manufacturer shall regularly submit returns to the Excise Department and also make available records maintained by them in the approved formats to the authorised Excise officer for inspection as may be require from time to time.

7. With the introduction of self-assessment payment of excise duty and removal of duty paid goods under the signature of the authorised officer of the licensee, compulsory 100% audit of the excise records shall be carried out by the authorised Excise officer authorised by the Superintendent State Excise from time to time but in any case shall not be less than two times every month.

8. Every inspection of the Excise Inspector shall be appropriately recorded in the visiting book maintained by the licensee and contain the details of the records inspected and also specific note regarding inspection carried out by them with reference to raw material, stock, consumption, production, duty paid and satisfaction of the inspecting officers that the duty has been correctly calculated and paid as prescribed by the Supdt. State Excise on the dutiable goods.

9. Every Supdt State Excise shall visit every unit at least once in a year and be satisfied that the appropriate records are maintained by the licensee and the excise duty is paid by the licensee in time as per the rates prescribed by the Govt. at the appropriate time.

10. New rates of excise duty are made applicable from 1.3.2003. Wherever there is necessity of recovery of differential amount of excise duty, the amount may be adjusted from the current account of the unit.

11. These changes should be brought to the notice of all concerned licensees by the Superintendent. This circular comes into effect with immediate effect. All Superintendents should acknowledge the receipt of this circular.

(A. Ramkrishnan)

Commissioner of State Excise,
Maharashtra State, Mumbai.

To,

1. All Collectors, W.cs.
2. All Divisional Dy. Commissioners of State Excise.
3. All Superintendents of State Excise.
4. All Dy. Commissioners of State Excise in this office.
5. All Sub-Inspectors of State Excise, I/c. of M&TP units.
6. P.A. to Commissioner.
7. Record Section with 5 spare copies.

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8. The Supdt. Should issue the copies of the circular to all the licensees in this District

