

“small” IS BEAUTIFUL

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While the Task Force of the Thirteenth Finance Commission in its report on GST, as well as the Department of Revenue, in its Commentary on the First Draft Paper on the proposals released by the Empowered Committee, have vehemently opposed the scheme of SSI itself and have recommended withdrawal of the SSI Exemption for the manufacturers, The Hon'ble Finance Minister in his proposals has showered benevolence to the SSI sector.

This Budget has extended great concessions to the SSI sector as under:

- Rule 4 of Cenvat Credit Rules 2004, has been amended by notification No.06/2010 – Central Excise (N.T) dated 27th Feb 2010, whereby a proviso has been inserted in Sub rule 2 (a), whereby, an eligible SSI assessee has been allowed the CENVAT Credit in respect of Capital Goods received by such SSI assessee to the extent of the Whole of the amount of Duty paid on such Capital Goods in the same financial Year, where such goods are received.
- Hitherto, irrespective of any class of assesses, Cenvat Credit on Capital Goods have been allowed only up to 50% of the Excise Duty paid on such Capital goods in the financial year pertaining to the receipt of such capital goods and the balance 50% is available only on any subsequent year. With this amendment, an SSI assessee can avail the Cenvat Credit of Capital Goods in full (100%), in the same of financial year of receipt of such capital goods.
- There is also an explanation appended to this proviso, wherein it has been clarified that, this allowance of 100% Cenvat Credit on capital good son the year of receipt is available to an assessee “who is eligible” for the SSI exemption. In other words, a manufacturer, whose aggregate value of clearances of all excisable goods for home consumption (excluding Exports/Non Excisable goods/Job work transactions) is less than Rs.400 lakhs in the preceding financial year, would be entitled for the above benefit, irrespective of the fact, whether such manufacturer avails the benefit of the SSI Notification or not.
- Another major boom to the SSI sector comes in the form of Notification No.05/2010 Central Excise (N.T) dated 27th Feb 2010, whereby, Rule 8 of Central Excise Rules 2002, has been amended by substitution of second proviso to rule 8 (1) of CER, 2002, whereby an assessee who is eligible for the SSI exemption, is allowed to pay the duty on the goods cleared by him **once in a quarter**.
- Hitherto, irrespective of any class of assesseees, the due date for the payment of duty for the goods cleared by him in a particular month is fifth day of the

succeeding month (except for the month of March, where the due date is 31st March). With this amendment, an SSI assessee, can pay the duty payable on the goods cleared by him on a quarterly basis instead of the monthly basis, whereby, he would be required to pay the duty payable on the clearances effected by him in a quarter on 5th day of the month following that quarter (6th for e payment), except for the month of March (except for the month of March, where the due date is 31st March). To put it illustratively, the due date for payment of duty for an SSI assessee would be as under:

Period of clearance	Due date for Payment
1 st April to 30 th June	5 th July (6 th for e payment)
1 st July to 30 th September	5 th October (6 th for e payment)
1 st October to 31 st December	5 th January (6 th for e payment)
1 st January to 31 st March	31 st March (31 st for e payment)

- In another significant procedural relaxation to the SSI sector, Rule 12 of the Central Excise Rules 2002, has been amended, whereby, a proviso has been inserted to Rule 12 (1) of CER 2002, whereby, an assessee who is eligible for the SSI exemption, would be required to file a **quarterly return instead of the present monthly return (ER1), on or before ten days after the close of the quarter, to which the return relates.**
- Like in the case of Rule 4 of Cenvat Credit Rules, 2004, there is also a similar explanation appended to the above amendments under Rule 8(1) and 12 (1) of CER 2002, whereby, it has been clarified that, this benefit of quarterly payment of duty as well as filing of quarterly return, would be available to an assessee "who is eligible" for the SSI exemption, irrespective of the fact, whether such manufacturer avails the benefit of the SSI Notification or not.

The above amendments come in to effect from 1st April 2010.