

F. No. 68/1/2016- CX.I
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs

New Delhi, dated the 6th July, 2016

To,

Principal Chief Commissioner of Central Excise/ Service Tax (All),

Chief Commissioners of Central Excise/ Service Tax (All),

Principal Commissioner of Central Excise/ Service Tax (All).

Madam/Sir,

**Subject:- Scope of word 'site' appearing in Notification No. 12/2012-
Central Excise, dated 17.03.2012-reg**

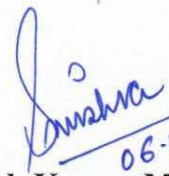
Representations have been received from the trade regarding difficulties being faced in availing of benefit of exemption applicable to goods manufactured at the site of construction for use in construction work at such site vide S.No. 186 of Notification No. 12/2012-Central Excise, dated 17.03.2012, as amended. The issue is, how should the expression "site" used and defined in the aforesaid notification be interpreted, particularly for projects which run long distances, such as construction of road, laying of pipelines or laying of railway tracks etc.

2.1 The issue has been examined in the Board. The expression site has been defined in the notification (ibid) as "any premises made available for the manufacture of goods by way of a specific mention in the contract or agreement for such construction work, provided that the goods manufactured at such premises are solely used in the said construction work only".

2.2 It is clear from the definition that the expression "site" cannot be given a restrictive meaning while interpreting the same so long as the premises under

consideration for availing benefit of exemption under S.No. 186 of Notification No. 12/2012-Central Excise, dated 17.03.2012 fulfils following conditions:-

- i. The said premises are made available to the manufacturer of goods by way of a specific mention in the contract/agreement for such construction work.
 - ii. The goods under Chapter 68 (except 6804, 6805, 6811, 6812 and 6813), for which exemption is claimed are manufactured at the said premises; and
 - iii. Such goods manufactured at the said premises are exclusively used for the construction work, as per the relevant contract or agreement.
3. It appears that in some field formations, the distance at which goods manufactured at site is used in the project, has been considered as criteria for examining the eligibility of goods for exemption. This is an extraneous criteria not flowing from the language used in the notification, particularly when the expression "site" stands explained in the notification. As explained in para 2.2 above, the eligibility criteria must flow from the plain reading of the explanation of the expression "site" in the notification.
4. In view of the above, it is hereby directed that each case may be decided taking into consideration the facts of the individual case, examined in light of the clarification given above. Circular No. 456/22/99-CX, dated 18.05.1999 is hereby rescinded.
5. Field formations and trade may be suitably informed. Difficulty experienced, if any, in implementing the circular should be brought to the notice of the Board. Hindi version would follow.


06-07-16

(Santosh Kumar Mishra)

Under Secretary to the Government of India