

Circular No. 1031/19/2016-CX dated 14.06.2016

Clarification with regard to scope of levy of excise duty on readymade garments and made articles of textiles sold by a retail outlet

On various representations being received with regard to levy of excise duty on readymade garments and made up articles of textiles which are sold by a retail store which merely affixes the retail sale price on such goods which are purchased by it from the open market. CBEC clarified that levy of excise duty is restricted only to the goods that are sold under a brand name and retail sale price of such goods is Rs.1000/- or more.

From the above circular, it can be inferred that retailer is not liable to pay excise duty in the following cases –

- Where the retail sale price of goods sold under brand name is less than Rs.1000/-
- Small Scale Industry (SSI) i.e., aggregate value of clearances for home consumption by such person is less than Rs.1.5 crore in a year subject to the condition that aggregate value of clearances in the previous financial year was less than Rs.4 crore.

Further, clarified that mere affixing of his name on the goods sold by a retail outlet cannot be treated as branded goods and hence, no excise duty is leviable on such goods sold.