



MEDICINAL & TOILET PREPARATION ACT, 1955 AND RULES THEREUNDER 1976

INTRODUCTION

- Alcohol has always been a fascinating friend of the mankind.
- Drinking alcohol for pleasure's sake is an abuse.
- Use of alcohol for preparation of medicines is necessity.
- Alcohol used either for drinking or manufacture of perfumes is subjected to higher duties than that of used in medicine preparation.
- Affordability of alcohol is to be controlled.
- This is the reason to take this Act in existence.
- The Excise Duties Act came in force in 1955.
- For excise duty to be an effective alcohol control measure, duty increases need to increase annually in relation to inflation and income.
- It has found that increasing the level of a minimum price per unit leads to steep reductions in alcohol consumption and related harms.

What is an Excise?

- An **excise** or **excise tax** is an inland tax.
- It is different from Customs duties.
- In other words, an excise is considered an indirect tax.

- In common terminology (but not necessarily in law), an excise is distinguished from a sales tax or VAT in three ways:
- (i) an excise typically applies to a narrower range of products;
- (ii) an excise is typically heavier, accounting for a higher fraction of the retail price of the targeted products; and
- (iii) an excise is typically a per unit tax, costing a specific amount for a volume or unit of the item purchased, whereas a sales tax or VAT is an ad valorem tax and proportional to the price of the good.
- In India, an excise is described as an indirect tax levied and collected on the goods manufactured in India.
- The Act is extended throughout India.
- The Excise Duties Act is sometimes referred as “Sin tax”

Types of Excise duty

- Basic
- Additional
- Special

Excisable Goods

The term 'excisable goods' means the goods which are specified in the first schedule and the second schedule to the Central Excise Tariff Act, 1985, as being subject to a duty of excise

Objectives of Act

- Levy and collection of duties
- Curb all irregularities of previous Act

Definitions under the Act

Alcohol- alcohol means ethyl alcohol of any strength and purity having chemical composition C_2H_6OH

Dutiable goods- it includes the medicinal and toilet preparations specified in the schedule as being subject to the duties of excise levied under this Act

Medicinal Preparation- It includes the drugs used as a remedy or prescription prepared for internal or external use of human being or animals and all substances intended to be used for or in treatment, mitigation or prevention of disease in human being or animals

Toilet Preparation- the preparation intended to be used in the toilet of human body or in perfuming apparel of any description, or any substances intended to cleanse, improve or alter the complexion, skin, hair or teeth, and includes deodorants and perfumes

Bonded Manufactory- it means the premises or any part of the premises approved and licensed for the manufacture and storage of medicinal and toilet preparations containing alcohol, opium, Indian hemp, and other narcotic drugs or narcotics on which duty has not been paid.

Non-Bonded Manufactory- it means the premises or any part of the premises approved and licensed for the manufacture and storage of medicinal and toilet preparations containing alcohol opium, Indian hemp, and other narcotic drugs or narcotics on which duty has been paid.

Denaturated Spirit or Denatured alcohol- it means alcohol of any strength which has been rendered unfit for human consumption by the addition of substances approved by the central Govt. or by the State Govt. with the approval of the Central Govt.

Spirit Store- it is the part of the bonded or non- bonded manufactory used for the storage of alcohol, opium, Indian hemp, and other narcotic drugs or narcotics purchased free of duty or at prescribed rates of duty specified in the Schedule to the Act.

Restricted Preparation- These are medicinal preparations which are considered as capable of being misused as ordinary alcoholic beverages

Unrestricted Preparation- These are medicinal preparations which are considered to be not capable of being, misused as ordinary alcoholic beverages

Standard preparations- It includes:

- A pharmacopoeial preparation in which the amount of any of the various ingredients is below the minimum i.e. requirement
- A proprietary medicines, not conforming to the formula displayed on the label

Manufacture

There are two modes of manufacture of medicinal and toilet preparation containing alcohol,

- Manufacture in bond; and
- Manufacture outside bond


In first case, alcohol on which duty has not been paid shall be used under the excise supervision and in the case of manufacture outside bond, only the alcohol on which duty has already been paid shall be used.

Licensing procedure

- For the preparation containing alcohol and narcotic substances
- Obtained from narcotic commissioner
- Applied with prescribed fee and format

Details required:

- Name and address of applicant
- Place/site of the bonded laboratory
- If applicant is a firm then name and address of partners
- If applicant is a company then name address of directors, managers and managing agents and reg. no. of company.

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- Amount of capital proposed.
 - Number and full description of vats, stills and other apparatus and machinery.
 - Maximum quantity of alcohol remain at one time in the form of finished and unfinished preparations
 - Approximate date of starting production
 - Statement indicating that excise officer required full time or part time
 - Site and elevation plant of laboratory building
 - Incase of firm copy of partnership deed
 - Incase of company list of directors managers, copies of memorandum of association, articles of association and latest balance sheet
 - On receiving application licensing authority verify
 - Qualification and experience of technical staff
 - Equipments
 - Suitability of proposed building
 - Soundness of applicant financial position
 - Approximate date of starting production
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1. Qualification and experience of technical staff
2. Equipments
3. Suitability of proposed building
4. Soundness of applicant financial position

Differences in payment of fees	
Manufacture in bond	Manufacture outside bond
Consumption of alcohol < 4000 liter/ year-- -Rs. 100	Consumption of alcohol is 125 liter/ year--- Rs. 10.
Consumption of alcohol ≥ 4000 liter/ year-- -Rs. 200	Consumption of alcohol is 126-499 liter/ year---Rs. 25
Self generating alcohol by distillation in Ayurvedic & Unani medicines---Rs.25	Consumption of alcohol < 4000 liter/ year-- -Rs. 100
	Self generating alcohol by distillation in Ayurvedic & Unani medicines---Rs.25

Manufacture in bond

Without payment of duty rectified spirit is issued with sufficient securities and bond.

Bonded laboratory:

Ideal requirements

1. Spirit store
2. Room for manufacturing of medicinal preparations.
3. Room for storage of finished preparations.
4. Room for manufacturing and storage of Toilet preparations

5. Accommodations for excise officer with furniture.



1. Obtaining the spirit
2. Verification and storage of received spirit
3. Issue of spirit from spirit store to manufacturing
4. Wastage of spirit in manufacture.
5. Storage of finished product.
6. Issue of alcoholic preparations from bonded laboratory.
7. Exemptions

Manufacture outside bond

With payment of duty

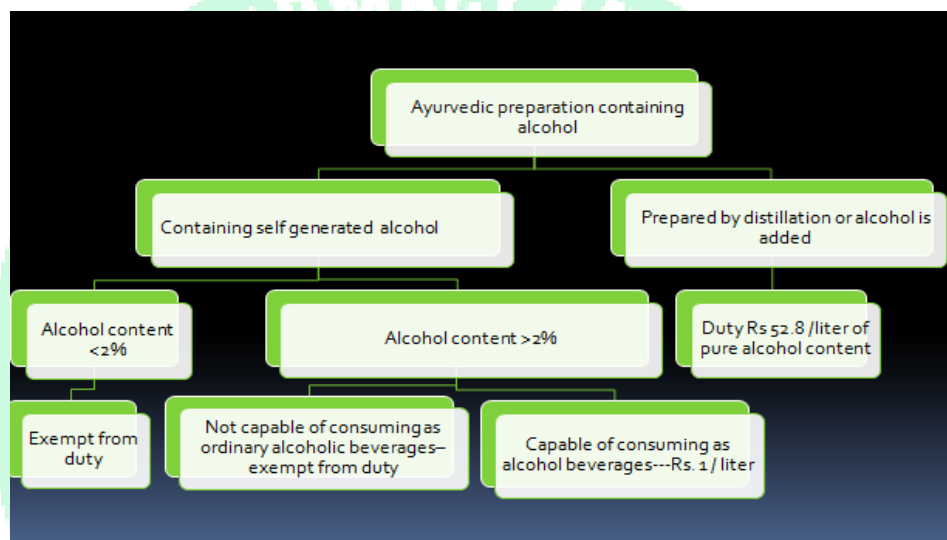
- Non –bonded laboratory:
 - A spirit store
 - A finished good store
 - A laboratory

Manufacturing:

1. Obtaining the spirit

2. Manufacture, storage and sale
3. Sampling
4. Returns
5. Employees
6. Inspection

Manufacture Of Ayurvedic, Homeopathic And Patent And Proprietary Preparations



Warehousing Of Alcoholic Preparations

- To store alcoholic preparation on which duty has not been paid.
- License can be issued by payment of fees Rs.25 with bond and security.
- Duty will be paid at the time of removal of goods from warehouse.
- All goods should be weighed, gauged and assessed the duty and recorded.
- No goods can be issued without payment of duty except export from India or transfer to another bonded warehouse.
- Movement of goods between two warehouse should be done by bond and security of twice amount of duty.

- Goods can be stored for maximum period of 3 years.

Inter State Transport

- Transport only after payment of duty.
 - If transport in bonded laboratory then exempted from duty.

Export under bond	Export outside the bond
Without payment of duty	With payment of duty
Exporter apply in triplicate to excise officer	Exporter apply in duplicate to excise officer
Exporter should mention the means export either by land, sea, air or post	Export should give 48 hour notice before exporting date
Exporter Should give separate application for different means of export	Exporter should present entire consignment to excise officer
	Excise officer take samples and send for analysis on the basis of it permit for export
All goods should contain serial no., owners name & mark, total qty of dutiable goods, alcoholic strength, name & address of consignee, gross wt of each package	All goods should contain serial no., owners name & mark, total qty of dutiable goods, alcoholic strength, name & address of consignee, gross wt of each package
Excise officer puts his official seal on each package	Excise officer puts his official seal on each package
Excise officer return the duplicate copy of application to exporter	Excise officer return the duplicate copy of application to exporter

Power, Duties And Responsibility Of Excise Officer

Powers:

1. Inspection
2. Entry, search and seizure
3. Detention of person.
4. Suspension-revoke of license.
5. Summons/ notices.

6. Prosecutions.
7. Disposal of seized article/ arrested persons.
8. Power to arrest
9. Power to make rules.

Duties:

1. Checking the qualifications and experience of technical staff, equipments, suitability of building and applicants financial position.
2. Visit the premises at regular intervals
3. Countersign on indent to get alcohol from distillery

Responsibility

1. Correct collection of duty and penalty
2. Articles seized should handed over to officer in charge of police station
3. Articles seized should be disposed speedily.
4. Persons arrested should be forwarded without delay to excise officer who is empowered to produce against magistrate.

