

G.S.R. (E).-In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, on being satisfied that it is necessary in the public interest so to do, hereby exempts packaged software or canned software, falling under Chapter 85 of the First Schedule to the Central Excise Tariff Act, 1985 (5 of 1986), from so much of the duty of excise leviable thereon as is equivalent to the excise duty payable on the portion of the value determined under section 4 of the said Central Excise Act, which represents the consideration paid or payable for transfer of the right to use such goods:

Provided that the transfer of the right to use shall be for commercial exploitation including the right to reproduce, distribute and sell such software and the right to use the software components for the creation of and inclusion in other information technology software products:

Provided further that the person providing the right to use shall make a declaration to this effect to the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, in respect of such transfer of the right to use for commercial exploitation:

Provided also that the person providing the right to use shall be registered under section 69 of the Finance Act, 1994 read with rule 4 of the Service Tax Rules, 1994.

Explanation. - For the purposes of this exemption, "packaged software or canned software" means software developed to meet the needs of variety of users, and which is intended for sale or capable of being sold off the shelf.

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