

**CENVAT credit cannot be denied due to invoice issued in the name of head office having with centralised registration**

The CESTAT, Chennai in *M/s. Godrej & Boyce Mfg. Co. Ltd. v. Commissioner of GST & Central Excise [Excise Appeal No. 40047 of 2019 & 40072 of 2021 dated January 27, 2022]* set aside the order of the Revenue Department rejecting the CENVAT credit of the assessee. Held that, CENVAT credit cannot be denied due to the reason that the invoices were issued in the name of head offices with centralised registration. The purpose of taking centralized registration is to help the manufacturer for availment of credit as well as distribution of credit.

**Facts:**

M/s. Godrej & Boyce Mfg. Co. Ltd. ("**the Appellant**") is engaged in the manufacture of steel furniture who availed CENVAT credit on inputs, input services and capital goods.

Revenue Department ("**the Respondent**") noticed that, the Appellant availed CENVAT credit on commissioning and installation services which appeared to be ineligible in terms of Rule 2(l) of CENVAT Credit Rules, 2004 ("**the CENVAT Rules**") during the period from November 2015 to October 2016 and May 2017 to June 2017. Accordingly, Show Cause Notices ("**SCNs**") and Statements of Demands ("**SODs**") were issued to recover the ineligible credit and afterwards demand of recovery with the interest was confirmed with penalties imposed vide Order-in-Original ("**OIO**") dated June 29, 2018 passed by the Respondent.

Aggrieved by OIO, the Appellant filed before the Commissioner (Appeals), who upheld the decision of the Respondent. Hence, the Appellant has filed this appeal.

The Appellant contended that, the order was confirmed by stating that the invoice is issued in the name of their Head office at Bombay whereas the service of installation and commissioning has been rendered at Ambattur plant in Chennai. There is no such allegation in SCNs / SODs

which confirms that credit has been availed on the invoices issued in the name of their Head office situated at Mumbai.

**Issue:**

Whether CENVAT credit can be rejected merely on the ground that invoices were issued in the name of Head office whereas the services were rendered at a different location?

**Held:**

The CESTAT, Chennai in ***Excise Appeal No. 40047 of 2019 & 40072 of 2021 dated January 27, 2022*** held as under:

- Relied on its earlier judgment in Appellant's own case in ***Appeal No. E/41858/2015 dated September 8, 2016*** wherein, the Tribunal allowed the Appellant to avail CENVAT credit on input services, such as, commissioning and installation, housekeeping services, air travel services and rent-a-cab services.
- Observed that, the Respondent ought to have applied the earlier decision of the Tribunal and allowed the credit instead held that the invoice has been issued in the name of the Head office of the appellant company and that services are rendered at Ambattur plant (Chennai).
- Stated that, there is no law which restricts or prohibits the invoice being issued in the name of the Head office which has Centralized Registration. The purpose of taking centralized registration is to help the manufacturer for availment of credit as well as distribution of credit. Thus, disallowance of credit raising such an issue which is not alleged in SCNs cannot sustain.
- Set aside the OIO passed by the Respondent.
- Held that the disallowance of credit is without any legal or factual basis.

## **Relevant Provisions:**

### **Rule 2(l) of CENVAT Credit Rules**

***“Definitions. - In these rules, unless the context otherwise requires, -***

*“input service” means,-*

*(i) services provided or agreed to be provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India where service tax is paid by the manufacturer or the provider of output service being importer of goods as the person liable for paying service tax for the said taxable services and the said imported goods are his inputs or capital goods; or*

*(ii) any service used by a provider of output service for providing an output service; or*

*(iii) any service used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal,*

*and includes services used in relation to modernisation, renovation or repairs of a factory, premises of provider of output service or an office relating to such factory or premises, advertisement or sales promotion, market research, storage upto the place of removal, procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, inward transportation of inputs or capital goods and outward transportation upto the place of removal; but excludes,-*

*(A) service portion in the execution of a works contract and construction services including service listed under clause (b) of section 66E of the Finance Act (hereinafter referred as specified services) in so far as they are used for -*

*(a) construction or execution of works contract of a building or a civil structure or a part thereof; or*

*(b) laying of foundation or making of structures for support of capital goods, except for the provision of one or more of the specified services; or*

*(B) services provided by way of renting of a motor vehicle, in so far as they relate to a motor vehicle which is not a capital goods; or*

*(BA) service of general insurance business, servicing, repair and maintenance, in so far as they relate to a motor vehicle which is not a capital goods, except when used by -*

*(a) a manufacturer of a motor vehicle in respect of a motor vehicle manufactured by such person; or*

*(b) an insurance company in respect of a motor vehicle insured or reinsured by such person; or*

*(C) such as those provided in relation to outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, life insurance, health insurance and travel benefits extended to employees on vacation such as Leave or Home Travel Concession, when such services are used primarily for personal use or consumption of any employee;”*

*Explanation.- For the purpose of this clause, sales promotion includes services by way of sale of dutiable goods on commission basis.”*

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