



NITYA'S INSIGHT

CENVAT Alert | Utilisation of credit of Cesses by service provider

November 6, 2015

Dear Reader,

This is to update you on a recent **Notification No. 22/2015-CE (NT) dated October 29, 2015**, amending the Cenvat Credit Rules, 2004. The said Notification allows an output service provider to utilize the credit of the education cess, and senior and higher secondary education cess ('the Cesses') for payment of service tax in the following circumstances:

- Cesses paid on inputs and capital goods received in the premises of output service provider on or after June 1, 2015;
- Balance credit of 50 percent of the Cesses paid on capital goods received in Financial Year 2014-15; and
- Cesses paid on input service in respect of which invoice, bill, challan or service tax certificate is received on or after June 1, 2015

This Notification seems to be aligned with the earlier **Notification No. 12/2015-CE (NT)**, wherein the manufacturers were allowed the credit of the Cesses paid on inputs, input services and capital goods received on or after March 1, 2015. It may be noted that similar to Notification No. 12/2012, this Notification **also does not provide clarity** on utilization of credit of:

- Cesses paid on inputs, input services and capital goods received before June 1, 2015 on which credit is accrued in the month of June;
- Cesses re-credited in the books upon issue of a credit note; and
- Cesses paid under the reverse charge mechanism in June 2015, towards the liability of May 2015.

Copy of the Notification is attached for ready reference.

Trust the above is useful. Please feel free to revert in case of any clarification.

Regards,

Team NITYA



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