

What's New

News Flash



October 2015

CBEC allows service providers to utilise CENVAT credit of education cess and secondary and higher education cess against output service tax liability in specified cases

Amendment made by the notification

The Central Board of Excise and Customs has issued notification no. 22/2015-Central Excise (N.T.) dated 29 October, 2015 on eligibility for utilisation of CENVAT credit of education cess (EC)/secondary higher education cess (SHEC) against output service tax liability by a service provider. The notification allows utilisation of EC/SHEC credit balance against the output service tax liability in the following instances:

- CENVAT credit of EC/ SHEC paid on inputs/ capital goods received in the premises of the services provider after 31 May, 2015
- 50% balance credit of EC/ SHEC paid on capital goods received in financial year 2014-15
- EC/ SHEC paid on input services where the invoice, etc. is received after 31 May, 2015

PwC Comments

While this is a welcome amendment, various issues in this regard are still unaddressed by the Board, e.g., eligibility for utilisation of accumulated balance (as CENVAT credit, PLA balance or advance payment) of EC and SHEC as on 1 March, 2015 for manufacturers, and as on 1 June, 2015 for service providers.

The Board should make necessary amendments to the CENVAT Credit Rules so as to allow the taxpayers to utilise the EC/SHEC against excise/service tax liability in all cases.

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