

केन्द्राय उत्पाद शुल्क एवं सेवा कर आयुक्तालय
तृतीय तल, एनेक्सी भवन, केन्द्रीय राजस्व भवन, बीरचंद पटेल पथ, पटना।

व्यापार सूचना- 03/2014-15

दिनांक:- 02.09.2014

व्यापार, उद्योग एवं सम्बंधित प्रतिष्ठान का ध्यान वित्त मंत्रालय, राजस्व विभाग, केन्द्रीय उत्पाद एवं सीमा शुल्क बोर्ड, नई दिल्ली, द्वारा निम्न बिषय पर दिनांक 10.07.2014 संचिका सं. F. No. 334/15/2014-TRU से जारी किये गये परिपत्र सं. 178/04/2014-ST, दिनांक 10.07.2014 की ओर आकर्षित किया जाता है।

Attention of the trade is invited to Circular No. 178/04/2014-ST, Dated 10th July, 2014 issued vide F.No. 334/15/2014-TRU by the Technical Officer, Government of India, Ministry of Finance, Department of Revenue, Tax Research Unit, New Delhi regarding Manner of distribution of common input service credit under rule 7(d) of the Cenvat Credit Rules, 2004.

परिपत्र की बिषयवस्तु नीचे दी गई है:-

The contents of the aforesaid circular are reproduced below:-

Subject: Manner of distribution of common input service credit under rule 7(d) of the Cenvat Credit Rules, 2004 -- regarding.

Doubts have been raised regarding the manner and extent of the distribution of common input service credit in terms of amended rule 7 [especially rule 7(d)] of the Cenvat Credit Rules, 2004 (CCR). Rule 7 provides for the mechanism of distribution of common input service credit by the Input Service Distributor to its manufacturing units or to units providing output services. An amendment was carried out vide Notification no. 05/2014-CE (N.T.) dated 24th February, 2014, amending inter-alia rule 7(d) providing for distribution of common input service credit among all units in their turnover ratio of the relevant period. Rule 7(d), after the amendment, reads as under:

'Credit of service tax attributable to service used by more than one unit shall be distributed pro rata on the basis of the turnover of such units during the relevant period to the total turnover of all its units, which are operational in the current year, during the said relevant period'

2. These doubts have arisen with respect to the meaning of the words 'such unit' used in rule 7(d). It has been stated in the representations that due to the use of the term 'such unit', the distribution of the credit would be restricted to only those units where the services are used. It has been interpreted by the trade that in view of the amended rule 7(d) of the CCR, the credit available for distribution would get reduced by the proportion of the turnover of those units where the services are not used.

3. Rule 7 was amended to simplify the method of distribution. Prior to this amendment there were a few issues raised by the trade regarding distribution of credit under rule 7 such as determining the turnover of each unit for each month and distributing by following the nexus of the input services with the units to which such services relate. The amendment in the said rule was carried out to address these issues. The amended rule 7(d) seeks to allow distribution of input service credit to all units in the ratio of their turnover of the previous year. To make the intent of the amended rule clear, illustration of the method of distribution to be followed is given below.

4. An Input Service Distributor (ISD) has a total of 4 units namely 'A', 'B', 'C' and 'D', which are operational in the current year. The credit of input service pertaining to more than one unit shall be distributed as follows:

$$\text{Distribution to 'A'} = \frac{X}{Y} * Z$$

X = Turnover of unit 'A' during the relevant period

Y = Total turnover of all its unit i.e. 'A'+ 'B'+ 'C'+ 'D' during the relevant period

Z = Total credit of service tax attributable to services used by more than one unit
Similarly the credit shall be distributed to the other units 'B', 'C' and 'D'.

Illustration:

An ISD has a common input service credit of Rs. 12000 pertaining to more than one unit. The ISD has 4 units namely 'A', 'B', 'C' and 'D' which are operational in the current year.

Unit	Turnover in the previous year (in Rs.)
A (Manufacturing excisable goods)	25,00,000
B (Manufacturing excisable and exempted goods)	30,00,000
C (providing exclusively exempted service)	15,00,000
D (providing taxable and exempted service)	30,00,000
Total	1,00,00,000

The common input service relates to units 'A', 'B' and 'C', the distribution will be as under:

- (i) Distribution to 'A' = $12000 * \frac{2500000}{10000000}$
= 3000
- (ii) Distribution to 'B' = $12000 * \frac{3000000}{10000000}$
= 3600
- (iii) Distribution to 'C' = $12000 * \frac{1500000}{10000000}$
= 1800
- (iv) Distribution to 'D' = $12000 * \frac{3000000}{10000000}$
= 3600

The distribution for the purpose of rule 7(d), will be done in this ratio in all cases, irrespective of whether such common input services were used in all the units or in some of the units.

5. केन्द्रीय उत्पाद शुल्क एवं सेवाकर आयुक्तालय, पटना, के क्षेत्राधिकार में आनेवाले सभी व्यापार समितियों/वाणिज्य मंडलों/आर.ए.सी. के सदस्यों) संगठित एवं लघु उद्योग, (से अनुरोध है की इस व्यापार सूचना के विषयवस्तु की ओर अपने घटक सदस्यों और अन्य सभी सम्बंधित का ध्यान आकृष्ट करें।

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०५/०९/१५

उपआयुक्त (तक)

केन्द्रीय उत्पाद शुल्क एवं सेवा कर,
पटना

सं.सं. IV (39) 38-तक/सी.सी.ई.पैट/2014/ 1049-1109

दिनांक:- 04/9/14

1. मुख्य आयुक्त, केन्द्रीय उत्पाद शुल्क एवं सेवा कर, पटना ।
2. आयुक्त (अपील), केन्द्रीय उत्पाद शुल्क एवं सेवा कर, पटना ।
3. डाक सूची 1,2,3, के अनुसार
4. अधीक्षक, सिस्टम केन्द्रीय उत्पाद शुल्क एवं सेवा कर, पटना
5. गार्ड फाइल
6. नोटिस बोर्ड ।

रक्षक ०६१

०५/०९/१५

अधीक्षक (तक)

केन्द्रीय उत्पाद शुल्क एवं सेवा कर,
पटना