CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
<u>CHANDIGARH</u>

REGIONAL BENCH - COURT NO. I

Excise Appeal No. 60064 of 2017

[Arising out of Order-in-Original No. 149-151/CE/CHD-II/2016 dated 13.10.2016 passed by the Commissioner of Central Excise, Chandigarh-II]

M/s Signify Innovations India Limited **......Appellant**
(Formerly known as '**Phillips Lighting India Ltd')**
Khasra No. 470 & 479, Village Rampur Kalan,
Post Office Zirakpur, Tehsil Banur,
Distt. SAS Nagar, Punjab 140603

VERSUS

Commissioner of Central Excise and Service Tax, Chandigarh-II **......Respondent**
Plot No. 19, Central Revenue Building,
Sector 17-C, Chandigarh 160017

WITH

Excise Appeal No. 60393 of 2019

[Arising out of Order-in-Appeal No. LUD-EXCUS-001-APP-1995-18 dated 09.01.2019 passed by the Commissioner (Appeals), CGST, Chandigarh]

M/s Signify Innovations India Limited **......Appellant**
(Formerly known as '**Phillips Lighting India Ltd')**
Khasra No. 470 & 479, Village Rampur Kalan,
Post Office Zirakpur, Tehsil Banur,
Distt. SAS Nagar, Punjab 140603

VERSUS

Commissioner of Central Excise and Goods & Service Tax, Chandigarh **......Respondent**
Plot No. 19, Central Revenue Building,
Sector 17-C, Chandigarh 160017

AND

Excise Appeal No. 61194 of 2025

[Arising out of Order-in-Appeal No. CHD-EXCUS-001-LDH-APP-81-2022-23 dated 31.03.2023 passed by the Commissioner (Appeals), CGST, Chandigarh]

M/s Signify Innovations India Limited **......Appellant**
(Formerly known as '**Phillips Lighting India Ltd')**
Khasra No. 470 & 479, Village Rampur Kalan,
Post Office Zirakpur, Tehsil Banur,
Distt. SAS Nagar, Punjab 140603

VERSUS

Commissioner of Central Excise and Goods & Service Tax, Ludhiana ......**Respondent**
GST Bhawan, F Block, Rishi Nagar,
Ludhiana, Punjab 141001

APPEARANCE:

Ms. Krati Singh and Mr. Monarch Mittal, Advocates for the Appellant
Mr. Aniram Meena and Mr. Goverdhan Dass Bansal, Authorized Representatives for the Respondent

CORAM: HON'BLE MR. S. S. GARG, MEMBER (JUDICIAL)
HON'BLE MR. P. ANJANI KUMAR, MEMBER (TECHNICAL)

FINAL ORDER NO. 60391-60393/2026

DATE OF HEARING: 27.05.2026
DATE OF DECISION: 30.06.2026

S. S. GARG :

These three appeals are directed against three impugned orders, i.e. Order-in-Original No. 149-151/CE/CHD-II/2016 dated 13.10.2016 passed by the Commissioner of Central Excise, Order-in-Appeal No. LUD-EXCUS-001-APP-1995-18 dated 09.01.2019 passed by the Commissioner (Appeals) & Order-in-Appeal No. CHD-EXCUS-001-LDH-APP-81-2022-23 dated 31.03.2023 passed by the Commissioner (Appeals). Vide the said impugned orders, the learned Commissioner and Commissioner (Appeals) have upheld the demand along with interest and penalties. Since the issue involved in all three appeals is identical, therefore, all appeals are taken up together for discussion and decision. Details of the appeals are given herein below in tabular form:

Appeal No.	E/60064/2017	E/60393/2019	E/61194/2025
Period	01.06.2009 to 31.03.2014 and 01.05.2014 to 31.03.2015	01.04.2015 to 31.12.2015	01.01.2016 to 30.06.2017
Impugned Order	OIO: 149-151/CE/CHD-II/2016 dated 13.10.2016	OIA: LUD-EXCUS-001-APP-1995-18 dated 09.01.2019	OIA: CHD-EXCUS-001-LDH-APP-81-2022-23 dated 31.03.2023
Show Cause Notice Date	22.04.2015, 03.06.2015, 22.07.2015	02.05.2016	23.01.2018
Demand	Rs.1,96,12,034/- under Rule 14 of CCR, 2004 read with Section 11A of the Central Excise Act, 1944	Rs.72,63,469/- under Rule 14 of CCR, 2004 read with Section 11A of the Central Excise Act, 1944	Rs.1,68,31,475/- under Rule 14 of CCR, 2004 read with Section 11A of the Central Excise Act, 1944
Interest	under Rule 14 of CCR, 2004 read with Section 11AB/11AA of the Central Excise Act, 1944	under Rule 14 of CCR, 2004 read with Section 11AB/11AA of the Central Excise Act, 1944	under Rule 14 of CCR, 2004 read with Section 11AB/11AA of the Central Excise Act, 1944
Penalty	Rs.1,15,58,758 under Rule 15(1)&(2) of CCR, 2004 read with Section 11AC of the Central Excise Act, 1944	Rs.7,26,347 under Rule 15 of CCR, 2004 read with Section 11AC(a) of the Central Excise Act, 1944	Rs.1,68,31,475 under Rule 15(1) of CCR, 2004

2. Briefly stated facts of the case are that the Appellant, situated at Mohali Punjab, are engaged in manufacture of CFL Lamps/CFL Burner/FL Tubes and Tungsten Filaments classifiable under Chapters 85 & 81 of the First Schedule to the Central Excise Tariff Act, 1985. The Appellant are registered under the centralised registration granted by the Service Tax Department to their Head Office in Chennai which is also registered as an Input Service Distributor ('ISD').

2.1 During the relevant period, the Appellant were receiving following services as 'input services' on which service tax was required to be discharged on reverse charge mechanism ('RCM') -

- Goods and Transport Agency
- Business Support Services
- Information Technology Software Service
- Technical Testing & Analysis Services
- Legal Services
- Management Maintenance or Repair Service
- Manpower Supply Services
- Sea Freight

Accordingly, the Appellant had paid the service tax and had availed the Cenvat Credit on the GAR-7 challans issued to them in respect of these input services.

2.2 The Department entertained the view that the Appellant have wrongly taken the Cenvat Credit on the ground that GAR-7 challans were issued by the ISD unit of the Appellant (Chennai), and the credit was not distributed by the ISD unit to the Appellant.

2.3 On these allegations, various Show Cause Notices were issued to the Appellant. The Appellant filed detailed replies to said Show Cause Notices and contested the allegations made in the Show Cause Notices. The Appellant asserted that they have rightly taken the Cenvat Credit of service tax paid by them vide their centralised registration.

2.4 After following the due process, the learned Commissioner vide the impugned Order-in-Original confirmed the entire proposal of demands and the learned Commissioner (Appeals) vide the impugned Orders-in-Appeal upheld the entire demands against the Appellant. Aggrieved by the said impugned orders, the Appellant have filed the present appeals before us.

3. Heard both sides and perused the material on records.

4. The learned Counsel for the appellant submits that the impugned orders are not sustainable in law and are liable to be set aside as the same have been passed without properly appreciating the facts and the law.

4.1 The learned Counsel further submits that the impugned orders confirming/upholding the demand against the Appellant have been passed on incorrect factual understanding of the issue. She also submits that the impugned orders are issued on the understanding that the service tax on the subject input services was discharged by the Chennai unit, while the services were received by the Appellant at their Mohali unit and further, the Chennai unit discharged the tax as an ISD, and since the said ISD unit did not distribute the Cenvat credit to the Mohali unit as per the Cenvat Credit Rules, the Appellant (Mohali unit) is not eligible to such credit. She further submits that in the impugned orders, there is no dispute that the input services were actually received by the Appellant in their Mohali unit; the invoices were issued to the Appellant's Mohali unit and the payment of service tax was also made by the Appellant's Mohali unit itself, and not through the ISD registration. She further refers to some of the invoices issued by the service providers which clearly mention the address of the Appellant's Mohali unit. She also submits that "Service Tax Code (Registration Number)" mentioned in the Centralised Registration Certificate of the Appellant and the "Assessee Code" mentioned on the GAR-7 challans issued for payment to the service providers show the service tax has been paid through the centralised registration. She further submits that the Appellant vide their letters dated 06.06.2014 & 18.09.2014 explained the factual matrix of the facts to the Department before the issuance of the first Show Cause Notice, but despite that the Show Cause Notices and the impugned orders have confirmed the demand against the Appellant on the basis of incorrect understanding of the facts. She further submits that service tax payments vide GAR-7 challans were not made by ISD registration but by the Appellant itself via their centralised registration in Chennai unit which is responsible to make payments and file a single consolidated return for all of its unit. She also submits that the Appellant have rightly availed the Cenvat Credit on the strength of GAR-7 challans for payment of service tax by the centralised registration. In this regard, she relies on the decision of the Tribunal in the case of **USV Pvt Ltd vs. CCE & ST, Daman [2023 (5) TMI 334 - CESTAT Ahmedabad]**.

4.2 The learned Counsel further submits that the impugned orders have wrongly held that the Appellant are required to distribute the credit via ISD route. She also submits that in the present case, the invoices have been issued directly to the Appellant and only the payment of service tax on services received by the Appellant has been made by the Head Office and there are no input services received by the Head Office which are common for its manufacturing units, and hence, in the present transaction, there is no mandate for the Head Office to be registered as ISD.

4.3 The learned Counsel further submits that in the present case, the impugned orders have not disputed that the subject input services were actually received by the Appellant and that the amount of credit was available to the Appellant; the dispute is only pertaining to the fact that credit availed on GAR-7 challans issued by the Head Office of the Appellant is not proper; the Appellant ought to have received and paid the tax from its ISD registration and thereupon should have distributed the credit to the Appellant as per the Cenvat Credit Rules. With regard to this issue, she submits that this issue has been considered by this Tribunal in the case of **M/s Luminous Power Technologies Pvt Ltd vs. CGST, Shimla [2025 (5) TMI 56 – CESTAT Chandigarh]** wherein the Tribunal has set aside the demand by holding that the Cenvat Credit has rightly been taken by the assessee through the centralised registration. She also submits that w.e.f. 01.04.2005, an assessee had an option to be centrally registered as per Rule 4(2) & Rule 4(3) of the Service Tax Rules, and further, vide Notification No. 29/2006-ST dated 02.11.2006, the scheme of centralised registration was also extended to taxpayers, who are service recipients and are liable to pay service tax under the Act. She also submits that as per Rule 3 of the Cenvat Credit Rules, an assessee is entitled to take credit of any input service received by the manufacturer of final product or by the provider of output services. She also refers to Rule 9 of the Cenvat Credit Rules which prescribes the requisite documents which are required for availment of credit, and as per Rule 9(1)(e) of the Cenvat Credit Rules, a challan evidencing payment of service tax by the service recipient as person liable to pay service tax, is an admissible document for claiming credit. She further submits that it is a settled position of law that service tax payment challan is a valid document for availment of Cenvat Credit. In this regard, she places reliance on the following case-laws:

- **Faurecia Automotive Seating India Pvt. Ltd. vs. Commissioner of Central Excise, Delhi-III [2025-TIOL-100-CESTAT-CHD]**
- **USV Pvt. Ltd.** *(supra)*
- **Cargill India Pvt. Ltd. vs. Commissioner of Central Excise, Customs and Service Tax [2016 (45) S.T.R. 124 (Tri.-Bang.)]**
- **DSM Sinochem Pharmaceuticals India Pvt. Ltd. vs. C.C.E., Chandigarh [2016-TIOL-2789-CESTAT-CHD]**
- **Commissioner of Central Excise, Goa, vs. Essel Pro-pack Ltd. [2007 (9) TMI 43 - CESTAT, Mumbai] (affirmed in 2015 (5) TMI 529 - Bombay High Court)**

4.4 The learned Counsel further submits that without prejudice to other arguments, non-availment of credit by way of distribution by the ISD Office is a procedural lapse and therefore, the Cenvat Credit cannot be denied in the present case; it is a settled position of law that Cenvat Credit is substantive right of the taxpayer, which cannot be denied on the basis of procedural infirmities. For this submission, she relies on the following case-laws:

- **Commissioner of Central Excise vs. Dashion Ltd. [2016 (41) S.T.R. 884 (Guj.)]**
- **M/s Luminous Power Technologies Pvt Ltd** *(supra)*
- **Unifrax India Ltd vs. C.C.E. & S.T.- Bhavnagar [2023 (10) TMI 955- CESTAT Ahmedabad]**
- **Iffco Tokio Insurance Services Ltd. vs. Commissioner of ST, Delhi-IV, CGST, Gurugram [2025 (1) TMI 429- CESTAT Chandigarh]**
- **Bharat Sanchar Nigam Ltd. vs. The Commissioner of Central Excise and Service Tax, Chandigarh-I [2024 (1) TMI 583-CETAT Chandigarh]**
- **Spice Digital Ltd. vs. Commissioner of Central Excise, Chandigarh [2023 (5) TMI 196- CESTAT Chandigarh]**
- **3M India Limited vs. Commissioner of Central Excise (LTU), Bangalore [2023 TIOL-1173-CESTAT-BANG]**
- **Commissioner of Central Excise Service Tax and Customs Bengaluru-II vs. Hinduja Global Solutions Ltd. [2022 (61) G.S.T.L. 417 (Kar.)]**
- **Commissioner of Central Excise vs. M/s. Pricol Ltd. [2021 (48) G.S.T.L. 235 (Mad.)]**
- **Circular No. 1063/2/2018-CX dated 16.02.2018**

4.5 As regards the invocation of extended period is concerned, the learned Counsel submits that the Appellant have not suppressed any material facts from the Department and they have been regularly filing the statutory returns and before the issuance of Show Cause Notice, they also informed the Department vide their letters dated 06.06.2014 & 18.09.2014 about the manner in which the credit was being availed by them on the disputed input services. She further submits that in the present case, the demand has been raised on the basis of the audit and it is a settled position of law that suppression cannot be alleged when the demand is proposed as per the audit. In this regard, she relies on the following case-laws:

- **M/s Shahabad Co Op Sugar Mills Ltd vs. Commissioner of CE & ST, Panchkula [2026 (5) TMI 710 - CESTAT Chandigarh]**
- **NHK Spring India Ltd vs. Commissioner of Central Excise, Goods & Service Tax, Gurugram [2026 (4) TMI 1822 - CESTAT Chandigarh]**

4.6 As regards the interest and the penalty, the learned Counsel submits that when the demand itself is not sustainable in law, the question of interest and penalty does not arise.

5. On the other hand, the learned Authorized Representative for the department reiterates the findings of the impugned orders.

6. After considering the submissions made by both the parties and perusal of the material on record, we find that the only issue involved in the present case is whether the Appellant, who are situated in Mohali and have a centralised registration with the Service Tax Department to their Head Office in Chennai, have rightly taken the Cenvat Credit on various input services on which the Appellant had paid the service tax under RCM.

7. Further, we find that it is not disputed that the input services were actually received by the Appellant in their Mohali unit and the invoices were made in the name of Mohali unit but the payment of service tax was paid by the Appellant (Mohali unit) through their centralised registration which is permitted as per the Cenvat Credit Rules. Further, we find that the Department has, in fact, not understood the whole transaction and has issued the Show Cause Notices merely on the basis that once the Head Office of the

Appellant is also registered as 'ISD', then they should have distributed the Cenvat Credit to the Appellant.

8. Further, we also find that in the present case, distribution through ISD is not required because the input services are not availed by all the units which are common, whereas, in the present case, impugned input services are availed only by Mohali unit of the Appellant and the payment of service tax was rightly made through the centralised registration and in the centralised registration issued to the Head Office, Chennai, the name of the Appellant (i.e. Mohali unit) is also mentioned.

9. Further, we find that the service tax payment vide GAR-7 challans were not made by ISD registration but by the Appellant vide its centralised registration of the Chennai unit, and the Cenvat Credit was availed on the strength of GAR-7 challans, which is correct and proper in law.

10. Further, we find that the identical issue has been considered by this Tribunal in the case of **M/s Luminous Power Technologies Pvt Ltd** *(supra)*, wherein the Tribunal, after considering the various decisions on the identical issue, has held as under:

> **"7.** Heard both sides and perused the records of the case. The issue involved is in a brief compass. The Head Office of the appellant is centrally registered to receive service and to pay service tax under RCM on GTA Services; the Head Office accordingly paid the service tax in respect of all the branches and distributed the credit to the respective branches; Revenue seeks to deny the CENVAT credit on the ground that the Head Office of the appellant is not registered as an ISD. We find that learned Counsel for the appellants relies on the decision of Hon'ble High Court of Gujarat in the case of

Dashion Ltd (supra); and that the Department has accepted the judgment. We find that Hon'ble High Court of Gujarat held as follows:

> *6. The first objection of the Department therefore that the credit from one unit was utilized for the purpose of duty liability of other unit without pro rata distribution by the input service distributor therefore would not survive in view of no previous restriction of this nature flowing from Rule 7 of the Rules of 2004. In fact, the Tribunal has seen entire situation as a Revenue neutral, since as pointed out by the assessee, it had availed only 20% of the credit for payment of service tax and the balance was paid in cash.*
>
> *7. The second objection of the Revenue as noted was with respect of non-registration of the unit as input service distributor. It is true that the Government had framed Rules of 2005 for registration of input service distributors, who would have to make application to the jurisdictional Superintendent of Central Excise in terms of Rule 3 thereof. Sub-rule (2) of Rule 3 further required any provider of taxable service whose aggregate value of taxable service exceeds certain limit to make an application for registration within the time prescribed. However, there is nothing in the said Rules of 2005 or in the Rules of 2004 which would automatically and without any additional reasons disentitle an input service distributor from availing Cenvat credit unless and until such registration was applied and granted. It was in this background that the Tribunal viewed the requirement as curable. Particularly when it was found that full records were maintained and the irregularity, if at all, was procedural and when it was further found that the records were available for the Revenue to verify the correctness, the Tribunal, in our opinion, rightly did not disentitle the assessee from the entire Cenvat credit availed for payment of duty. Question No. 1 therefore shall have to be answered in favour of the respondent and against the assessee.*
>
> *8. Coming to the question of penalty, right from the show cause notice stage till the final disposal of the show cause notice proceedings, we find little evidence to support the allegations of willful misstatement, suppression, fraud or collusion on the*

part of the assessee. In fact, perusal of the show cause notice would show that the entire basis of the Revenue was wrongfully availment of the credit. Mere wrongfully availment without element of mens rea and that too for the purpose of evading payment of duty would not be sufficient to impose penalty. The adjudicating authority, without any basis or evidence, merely mechanically recorded that the assessee had, by reason of willful misstatement, suppression of fact or in contravention of the provisions of the Rules, evaded payment of central excise duty. He was not even sure whether this was a case of willful misstatement or suppression of fact or contravention of provisions of the Rules.

8. We are of the considered opinion that the impugned case before us is squarely covered by the above judgment; therefore, we hold that the appellants have correctly availed the CENVAT credit on GTA services, distributed by their Head Office even though their Head Office is not registered as an ISD. Accordingly, the appeal is allowed."

11. We also hold that in the present case, the service tax has been correctly paid by the Appellant through their centralised registration and the Cenvat Credit availed by the Appellant on the basis of GAR-7 challan, which is a legal document as per Rule 9(1)(e) of the Cenvat Credit Rules, evidencing payment of service tax by the Appellant.

12. The findings in the impugned orders, that the Appellant are not eligible to avail the credit on input service on the basis of GAR-7 challan issued by the Head Office, are not sustainable in law because the service tax payment challan is a valid document for availment of credit in view of the decisions cited above.

13. In view of our discussion above and by following the ratios of the above cited decisions, we are of the considered view that the impugned orders are not sustainable in law and are liable to be set

aside and accordingly, we do so by allowing all three appeals with consequential relief, if any, as per law.

(Order pronounced in the open court on 30.06.2026)

(S. S. GARG)
MEMBER (JUDICIAL)

(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

RA_Saifi