CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHANDIGARH

REGIONAL BENCH - COURT NO. I

Excise Appeal No. 60189 of 2021

[Arising out of Order-in-Original No. GST-GGM-PR.COM/CB/01-03/2020-21 dated 12.02.2021 passed by the Pr. Commissioner, GST Commissionerate, Gurugram]

M/s Maruti Suzuki India Ltd ......**Appellant**
Palam-Gurgaon Raod, Gurgaon - 122015

VERSUS

Commissioner of CE & ST, Gurugram ......**Respondent**
Plot No. 36-37, Sector 32, Gurugram

APPEARANCE:

Present for the Appellant: Ms. Krati Singh, Advocate

Present for the Respondent: Mr. H. S. Brar, Authorized Representative

CORAM: HON'BLE MR. ASHOK JINDAL, MEMBER (JUDICIAL)

FINAL ORDER NO. 60893/2021

DATE OF HEARING: 07.09.2021
DATE OF DECISION: 07.09.2021

PER ASHOK JINDAL:

The appellant is in appeal against the impugned order wherein cenvat credit on event management service has been denied for the period June 2012 to June 2017 on the ground that the same does not cover under Rule 2(l) of the Cenvat Credit Rules, 2004 as input service.

2. The brief facts of the case are that the appellant is a manufacturer of motor vehicles and parts thereof and paying excise

duty on all clearances. The appellant is availing various kinds of input services as well as event management service. In this case, the dispute is with regard to availment of cenvat credit on two types of event management services, namely Skill Competition between dealers and employees and other business events services like Vishwakaram Puja, inauguration of production line etc. The reason for denial of cenvat credit is that these services are not related to manufacturing activity or sales promotion of the appellant, therefore, they are not entitled to cenvat credit. A show cause notice was also issued and the same was adjudicated by way of denial of cenvat credit for the said services, therefore, recoveries were proposed to be made along with interest and penalty was also imposed. Aggrieved from the said order, the appellant is before me.

3.1 The ld. Counsel Ms. Krati Singh, Advocate appearing on behalf of the appellant submits that Skill Competition between dealers and employees is a big event with regard to sale promotion of the appellant's product as by that competition, they award the best dealer who has done effective sale of the appellant and to the employees who achieved the sale targets by this event, the other dealers/employees would also be motivated to promote the sale of the product of the appellant. Therefore, the said event is directly/indirectly related to the sales promotion activity of the appellant, therefore, they are entitled to cenvat credit for the same.

3.2 With regard to other business events services, it is her submission that for Vishwakarma Puja organized by the appellant was attended by the workers related manufacturing activity. Vishwakarma Puja is must because without worshiping the tools, the workers will not work. They worship the tools and pray for good running of the factory. Further, when the new pipe line of the product starts, an event is being organized. That activity is directly related to the manufacturing of the new product through new pipe line. In these circumstances, they are entitled for cenvat credit which formed the integral part as input service.

4. The ld. AR reiterates the findings of the impugned order.

5. Heard the parties, considered the submissions.

6. The facts of the case are not in dispute that cenvat credit has been denied only on two types of services - (a) Skill Competition between dealers and employees and (b) other business events services.

(a) Skill Competition between dealers and employees – The said competition is an event which shows the sale skill of the employees as well as the dealers. The skills of the employees shows that how they participate in bringing more production of the product and the skills of the dealers shows that how they increased the sale of the product. Therefore, the said service is an integral part of manufacturing as well as sale activity, which is conducted by the appellant. In these circumstances, the said service do qualify as input service in terms of Rule 2(l) of the Cenvat Credit Rules, 2004. Accordingly, the appellant is entitled to cenvat credit for the said service.

(b) Other business events services – Vishwakarma Puja and inauguration of new pipe line are basically two others business events services for which cenvat credit was sought to be denied. In fact, Vishwakarma Puja is a big festival for the workers who work on machines and they pray to the God for good running of their machines by doing Vishwakarma Puja. Further, when a new pipe line starts, a puja is performed for good running of this pipe line. In these circumstances, these two pujas are also integral part of manufacturing activity. Therefore, for these services also, the appellant is entitled for cenvat credit.

7. In view of the above discussion, I hold that the appellant has rightly taken the cenvat credit for above discussed services. Therefore, I do not find any merit in the impugned order qua denial of cenvat credit on the above services and the same is set aside.

The appeal is allowed with consequential relief, if any.

(Dictated and pronounced in the open court)

(ASHOK JINDAL)
MEMBER (JUDICIAL)

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