IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
SOUTH ZONAL BENCH AT CHENNAI

Appeal No. E/40796/2018

(Arising out of Order-in-Appeal No. MAD-CEX-000-APP-016-2018 dated 29.01.2018 passed by the Commissioner of G.S.T. & Central Excise (Appeals), Madurai)

M/s. Seshasayee Paper and Boards Ltd., : Appellant
Elanthaikulam Village,
Singamparai P.O., Mukkudal Via.,
Tirunelveli District – 627 601

Versus

The Commissioner of G.S.T. & Central Excise, : Respondent
Madurai Commissionerate

Appearance:-
Shri. M. N. Bharathi, Advocate
for the Appellant
Shri. R. Subramaniyan, AC (AR)
for the Respondent

CORAM:
Hon'ble Shri P. Dinesha, Member (Judicial)

Date of Hearing/Decision: **30.08.2018**

Final Order No. 42949 / 2018

The appellant is engaged in the manufacture of paper and is availing CENVAT Credit of duty paid on inputs, input services and capital goods. It was noticed that they had availed input service credit of the service tax paid on telephone bills which was in the name of their President and service tax paid for Manpower Supply utilized for staff canteen.

2. After due process of law, the lower adjudicating authority vide Order-in-Original dated 01.02.2017 disallowed the impugned input service tax credit, confirmed the demand of interest on the wrongly availed input service Credit and also imposed penalties. Thereafter, an appeal was preferred by the assessee before the Commissioner of G.S.T. & Central Excise (Appeals), Madurai, who vide impugned Order-in-Appeal No. 16/2018 dated 29.01.2018 allowed input service credit to the tune of Rs. 4210/- and modified the Order passed by the lower adjudicating authority to that extent only. Being aggrieved by the disallowance of credit on canteen services as also the imposition of penalty, the assessee is in appeal before this forum.

3. Today when the matter came up for hearing, Ld. Advocate Shri. M. N. Bharathi appeared on behalf of the assessee and Ld. AC (AR) Shri. R. Subramaniyan appeared on behalf of the Revenue.

4. During the course of hearing, Ld. Advocate invited our attention to a recent decision of this Bench of the Tribunal in the

case of ***M/s. IP Rings Ltd. Vs. Commissioner of Central Tax, GST & CE, Chennai Outer in Final Order No. 41936/2018 dated 03.07.2018*** wherein, Manpower Supply Services used for housekeeping and canteen being integrally connected to the manufacturing activity, were held to be eligible input services.

5. *Per contra,* Ld. AR supported the findings of the lower authorities.

6.1 From a reading of the Order of this Bench in the case of *M/s. IP Rings Ltd. (supra),* I find that this Bench after considering the rival contentions, has ruled as under :

> *" 5. The issue for consideration is whether the appellants are eligible for credit on Manpower Supply Services used for services of housekeeping and canteen as well as cleaning of toilets. I find that these services are integrally connected to the manufacturing activity and very much essential to keep the factory premises, office of factory, etc., in a clean and hygienic manner. The denial of credit on such services is unjustified and requires to be set aside, which I hereby do.*
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> *6. In the result, the impugned order is set aside. The appeal is allowed, with consequential reliefs, if any. "*

6.2 I find that there being no change with regard to facts the above ruling squarely applies to this case *vis-à-vis* the present case on hand. Moreover, the Revenue was unable to produce any Orders/judgements contrary to or distinguishing the above Order of this Bench *(supra).* Going therefore by the ratio laid down in the above case, I am of the view that the impugned Order is unsustainable for which reason I set aside the same.

7. The appeal is therefore allowed with consequential benefits, if any, as per law.

(Operative part of the order was pronounced in open Court)

(P Dinesha)
Member (Judicial)

Sdd