

**IN THE CUSTOMS, EXCISE & SERVICE TAX
APPELLATE TRIBUNAL
SOUTH ZONAL BENCH, CHENNAI**

Appeal Nos. E/41698 & 41699/2018

(Arising out of Order-in-Appeal No.170/2017 (CTA-II) dated 30.11.2017 passed by the Commissioner of Central Tax (Appeals – II), Chennai)

M/s. Hindustan Coca Cola Beverages Pvt. Ltd. Appellant

Vs.

Commissioner of GST & Central Excise
Chennai Outer

Respondent

Appearance

Shri Mrinal Bharat Ram, Advocate for the Appellant
Shri L. Nandakumar, AC (AR) for the Respondent

CORAM

Hon'ble Ms. Sulekha Beevi C.S., Member (Judicial)

Date of Hearing / Decision: **14.12.2018**

Final Order Nos. **43109-43110 / 2018**

The appellants are aggrieved by the disallowance of CENVAT credit on pest control services and site visit fee for national award bill (management consultancy) service.

2. On behalf of the appellant, Id. counsel Mrinal Bharat Ram submitted that the appellants are engaged in manufacture of aerated drinks and fruit juice. They are availing the facility of CENVAT credit on inputs and input services. They had taken premises on rent outside the factory for storing sugar which is

the input for manufacture of final product. Though the authorities below allowed the credit on renting of immovable property service in regard to the godown that was taken on rent for storing the inputs, the pest control services availed by the appellant for controlling pest in the said godown have been disallowed. He argued that it is highly necessary to keep the godown pest-free as the sugar is used as input for finished products which are used for human consumption.

2.2 With regard to site visit for national award bill, he submitted that the appellant's factory is a member of Confederation of Indian Industry (CII). The authorities below have allowed the credit on club membership fees whereas they have disallowed in respect of management consultancy service provided by CII. He adverted to the invoice issued in this regard and argued that the officials of CII had conducted site visit in regard to National Award For Food Safety 2014. This is actually in the nature of management consultancy services as the officials have given advice to appellant's factory as to the upkeep and running of the factory and also in regard to quality compliance norms. The visit having been made for giving advice in the nature of management consultancy, the same are input services for the appellant and is eligible for credit.

3. The Id. AR Shri L. Nandakumar supported the findings in the impugned order. He submitted that the pest control services are not directly linked with the activity of manufacture and

therefore the authorities below have rightly disallowed the credit. With regard to management consultancy service / site visit fees paid to CII by the appellant, he argued that the same are not input service at all. The visit has been done by the officials of CII in regard to National Award for Food Safety, 2014. Though they might have given certain advices, the same is not as per requirement or consultation by the appellant. These are not input services and the authorities have rightly disallowed the credit.

4. Heard both sides.

5.1 The first issue is with regard to disallowance of credit on pest control services. The appellant has taken the premises on rent outside the factory to store the inputs namely sugar. The pest control services have been availed by the appellant to make these premises pest free. The product stored by the appellant being sugar and is being used as input for aerated beverages which are used for human consumption, it is essential that the premises are to be kept pest free. For this reason, I am of the view that the pest control services availed by the appellant are input services and therefore the same are eligible for credit. The disallowance of credit is unjustified and requires to be set aside, which I hereby do.

5.2 The second issue is with regard to fees paid by the appellant for site visit by officials of CII. It is seen from the invoice that the site visit has been made in regard to National

Award for Food Safety, 2014. Though in the invoices it stated that these are management consultancy service, it is neither the case of the appellant that they had requested for any management consultancy and the visit is indeed in respect of assessing the appellant with regard to giving an award. This can never be considered as input services. The said credit has been rightly disallowed by the authorities below.

6. From the above discussions, the impugned order is modified to the extent of allowing credit on pest control services only. The appeal is partly allowed with consequential benefit if any in the above terms.

(Dictated and pronounced in open court)

(Sulekha Beevi C.S.)
Member (Judicial)

Rex