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

Appeal No. E/40661/2016

(Arising out of Order-in-Appeal No.261/2015 (CXA-I) dated 21.12.2015 passed by the Commissioner of Central Excise (Appeals – I), Chennai)

M/s. ITC Ltd. Appellant

Vs.

CCE, Chennai – I Respondent

Appearance

Ms. Nivedita Mehta, Advocate for the Appellant
Shri A. Cletus, Addl. Commissioner (AR) for the Respondent

CORAM

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

Date of Hearing / Decision: **24.10.2017**

Final Order No. 42434/2017

The present case arises out of show cause notice dated 25.4.2014 covering the period from April 2013 to January 2014. The show cause notice sought to deny the input service credit availed by the appellant on service tax paid on housekeeping service provided by the service providers viz. M/s. Day N Day, M/s.Updater Service and M/s. Gee Kay HR on the ground that they were not covered under the provisions of Rule 2(l) of the CENVAT Credit Rules, 2004 on the premise that the input services are not used directly or indirectly and did not have either a direct or indirect relation to the manufacture of final products of the appellant. The appellant was called upon to show cause as to why CENVAT credit to the tune of Rs.19,42,614/- should not be disallowed and recovered from the appellant along with appropriate interest and penalty under Rule 15(1) with respect to the service tax paid on housekeeping services provided by Day N Day, Updater Service and Geekay HR. The appellants submitted a reply dated 4.7.2014 to the show cause notice. After adjudication the original authority passed an order confirming the demand, interest and imposed penalty. In appeal, Commissioner (Appeals) upheld the same. Hence this appeal.

2. The ld. counsel for the appellant Ms. Nivedita Mehta submitted that the services in question are vital for keeping the factory, including the shop-floor, machines etc. clean and provides the requisite environment for carrying out the manufacturing process of paper and that the services in question are thus related to the manufacturing activity. In terms of Section 11 of the Factories Act, 1948, of keeping the factory premises neat, clean and hygienic, the manufacture of final products cannot be undertaken without using the housekeeping services. Hence housekeeping services are indispensable for the manufacture of paper and paper products.

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3. The ld. AR Shri A. Cletus reiterated the findings in the impugned order.

4. Heard both sides.

5. The issue is no longer res integra as in the appellant's own case, for the subsequent period, this Tribunal vide Final Order No. 41601 to 41602/2017 has allowed the CENVAT credit on such services. The relevant portion of the order is extracted below:-

> "I find the issue is no more res integra and stands settled by the Tribunal's decision in the case of Commissioner of Central Excise, Delhi – III Vs. Pricol Ltd. reported in 2016 (41) STR 649 (Tri. Del.) as also in the case of Easun MR Tap Changers P. Ltd. Vs. Commissioner of Central Excise, LTU, Chennai reported in 2017 (47) STR 185 (Tri. Chennai) and by the Hon'ble Madras High Court decision in the case of Commissioner of Central Excise Vs. Rane TRW Steering Systems Ltd. reported in 2015 (39) STR 13 (Mad.). Inasmuch as the issue stands decided, I set aside the impugned orders in both the cases and allow the appeals with consequential relief to the appellants".

6. Following the decision of the above stated final order, the impugned order is set aside and the appeal is allowed with consequential relief, if any.

(Dictated and pronounced in open court)

Sulekha Beevi

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

Rex

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