



BHARAT SANCHAR NIGAM LTD.

(Government of India Enterprise)
Office of Chief General Manager, TN Circle, Chennai – 600 002

No.TAX/30-58/Service tax/CDL/11-13/9 28.8.2012

TO:
IFAs of all SSAs
IFA, CMTS, Trichy

Sub: Final order on CESTAT, Chennai in favour of BSNL for removal of cables from the registered premises for providing output service and not returned within 180 days as required under Rule 3(5) of Cenvat Credit Rules (CCR), 2004 – reg.

Ref: CO BSNL Lr.No.1002-15/2011-12/Taxation/BSNL/284 dt. 31.7.2012.

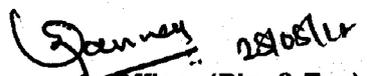
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Kindly refer to the letter cited above. Copy of the above cited letter may kindly be downloaded from the Corporate office Intranet site under Director (Finance) in EF & Taxation.

CESTAT, Chennai has passed an order in favour of BSNL which ruled that there has been no contravention of 2nd proviso to Rule 3(5) as it existed at the material time. In any case, the amended Rule 3(5) provides that if any inputs or capital goods are removed outside the premises of the provider of output service for providing such service, there is no requirement for any demand of duty or reversal of credit.

Hence, CESTAT Chennai had passed an order that Cenvat credit availed on the cable (capital goods) removed from the premises of service provider i.e. BSNL for providing the output service prior to 31.3.2008 is in accordance with Cenvat Credit Rules, 2004. There is no violation of erstwhile second proviso to Rule 3(5).

Hence, IFAs are requested to kindly bring this ruling to the notice of all concerned for information and to produce the same before adjudicating and appellate authorities as and when required in similar cases and status updated to this office.


Chief Accounts Officer (Plg. & Tax)