

# ROUTINE PROCEDURES 2015-16

## CENVAT CREDIT ELIGIBILITY OF VARIOUS SERVICES AS INPUT SERVICES

In view of the changes in the Cenvat Credit Rules; following is summary of various input services eligible and not eligible. (Of course, litigation is inevitable in many cases.)

<b>Service</b>	<b>Comment about eligibility</b>
<b>Accounting Expenses</b>	Eligible as specifically included in definition
Advertisement (may be for recruitment, tenders, sales promotion, legal etc. as no restriction)	Eligible as specifically included in definition
<b>Air travel of employees</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
Airport Service	Specifically excluded – Hence not eligible <i>except</i> for airport, construction or works contract
Architect Services	Specifically excluded – Hence not eligible except in case of construction or works contract services
<b>Auditing Service</b>	Eligible as specifically included in definition
Authorised Service Station	Specifically excluded – Hence not eligible except where motor vehicle is eligible as capital goods
<b>Banking and other financial services</b>	Eligible under 'Financing'
Beauty Treatment	Specifically excluded – Hence not eligible
Brand Ambassadors	Eligible as relating to 'sales promotion'
Business exhibition	Eligible as specifically included in definition
<b>Business Support Service</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Canteen Expenses for employees</b>	Not Eligible as specifically excluded
<b>Clearing &amp; Forwarding Agent</b>	Eligible for inputs and for final products upto place of removal (port is place of removal for export)
<b>Club Membership</b>	Specifically excluded for employee – Hence not eligible [Club membership fee of a director (who is not employee) would be eligible]
Commercial Coaching and training	Eligible as specifically included in definition
<b>Commission Agent</b>	Eligible as relating to 'sales promotion' or 'procurement of inputs'
<b>Computer networking</b>	Eligible as specifically included in definition
Consignment Agent's expenses	Eligible as consignment agent's place is 'place of removal' when sale is from depot
<b>Construction of a building or a civil structure or a part thereof</b>	Specifically excluded – Hence not eligible <i>except</i> for construction or works contract service
<b>Consulting – Engineering, management</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts,

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	audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Courier</b>	Eligible if related to modernization or repairs of factory or office, accounts, financing, procurement of inputs, sales promotion, inward and outward transportation, share registry, recruitment, legal services
Credit rating	Eligible as specifically included in definition
Customs House Agent	Eligible for procurement of inputs and also for exports as port is place of removal for export
Depot expenses	Eligible as depot is 'place of removal' when sale is from depot
<b>Erection, commissioning or installation</b>	Eligible since in relation to manufacture or provision of taxable goods/services
<b>Financing (Bank charges, Lease, Hire Purch.)</b>	Eligible as specifically included in definition
<b>Foundation or support of capital goods</b>	Specifically excluded – Hence not eligible <i>except</i> for construction or works contract service
<b>Gardening</b>	Eligible if done as a statutory requirement or if in relation to modernization or renovation of factory or office, otherwise not.
<b>General Insurance for machinery, building and transportation of inputs, capital goods and final products upto place of removal</b>	Eligible as in relation to manufacture, provision of taxable services, procurement of inputs, transportation of inputs and final products
<b>General Insurance of motor vehicles</b>	Specifically excluded – Hence not eligible except where motor vehicle is eligible as capital goods
<b>Health Insurance</b>	Insurance of employees not eligible [Insurance of a director (who is not employee) would be eligible]
<b>Hire purchase</b>	Eligible under 'Financing'
<b>Information Technology Software</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Insurance for machinery, building and transportation of inputs, capital goods and final products upto place of removal</b>	Eligible as in relation to manufacture, provision of taxable services, procurement of inputs, transportation of inputs and final products
Insurance (Life or Health)	Insurance of employees not eligible [Insurance of a director (who is not employee) would be eligible]
Intellectual Property Service	Eligible if in relation to manufacture or provision of taxable goods/services, quality control, sales promotion, computer networking
<b>Inward transport</b>	Specifically included under 'Inward transportation of inputs or capital goods'
<b>Job work</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, computer networking
<b>Labour contractor</b>	Eligible if in relation to manufacture or

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	provision of service or modernization or repairs of factory or office, accounts, financing, procurement of inputs, sales promotion, inward and outward transportation, share registry, recruitment, legal services
Leasing	Covered under 'Financing'
<b>Legal Consultancy</b>	Specifically included under 'legal services'
Life Insurance	Insurance of employees not eligible [Insurance of a director (who is not employee) would be eligible]
<b>Maintenance and repairs</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, <b>except</b> of motor vehicles
Mandap Keeper	Eligible if in relation to recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Manpower recruitment and supply</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, recruitment, storage, quality control, accounts, sales promotion, financing, computer networking
Market Research	Eligible as specifically included in definition
<b>Mobile phones (even if in name of employees, if endorsed in favour of employer and reimbursed by employer)</b>	Eligible if related to modernization or repairs of factory or office, accounts, financing, procurement of inputs, sales promotion, inward and outward transportation, share registry, recruitment, legal services <b>but</b> not for personal use of employees
<b>Motor Vehicle Expenses</b>	Presently credit on all motor vehicles is not available except to a few specified service providers. This is being liberalised and credit on motor vehicles, other than those falling under tariff heading 8702, 8703, 8704, 8711 and their chassis, will be allowed. The credit of service tax paid on their hiring, insurance and repair will also be allowed.
Outdoor catering	Not eligible when given to employee – should be eligible if for sales promotion, training, auditing, legal services, security or to directors who are not employees
<b>Outward transportation</b>	Outward transportation upto the place of removal (port is place of removal for export)
Personal Insurance of employees	Not eligible
<b>Port Service</b>	Specifically excluded – Hence not eligible <b>except</b> for port, construction or works contract
<b>Procurement Expenses</b>	Eligible under 'Procurement of inputs'
<b>Quality Control</b>	Eligible as specifically included in definition
Real Estate Agent service	May not be eligible
Recruitment	Eligible as specifically included in definition
<b>Renovation of factory or office building</b>	Renovation of a factory, premises of provider of output service or an office relating to such factory or premises are eligible

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Renting of a cab	Specifically excluded – Hence not eligible except where motor vehicle is eligible as capital goods
<b>Renting of immovable property</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Repairs of factory or office building</b>	Repairs of a factory, premises of provider of output service or an office relating to such factory or premises are eligible
<b>Repairs of vehicles</b>	Specifically excluded – Hence not eligible except where motor vehicle is eligible as capital goods
Residential Colony/quarters Expenses	Not eligible except security and legal services
Residential Complex	Specifically excluded – Hence not eligible <i>except</i> for construction or works contract service
<b>Sales Promotion Expenses</b>	Eligible as specifically included in definition
<b>Security at factory, offices, godown, residential colonies</b>	Eligible as specifically included in definition as ‘Security’ (no restriction where used)
Share registry	Eligible as specifically included in definition
Showroom Expenses	Eligible as ‘sale promotion’
<b>Software</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, financing, computer networking
<b>Storage of inputs and final products</b>	Eligible as specifically included in definition as ‘Storage upto place of removal’
Supply of tangible goods	Specifically excluded – Hence not eligible except where motor vehicle is eligible as capital goods
Supply of tangible goods for use service	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
<b>Telephones and telephones at residence of employees</b>	Eligible if related to modernization or repairs of factory or office, accounts, financing, procurement of inputs, sales promotion, inward and outward transportation, share registry, recruitment, legal services <b>but</b> not for personal use of employees
<b>Training</b>	Eligible as specifically included in definition
Transport charges for transport of employees	Not eligible as specifically excluded
<b>Travel by air, road or water except by motor vehicle</b>	Eligible if in relation to manufacture or provision of taxable goods/services, modernization or repairs of factory or office, storage, quality control, recruitment, accounts, audit, sales promotion, procurement of inputs, legal services, financing, computer networking
Works Contract Service	Specifically excluded – Hence not eligible

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	provided for services specifically excluded under clause A of 2(l) <i>except</i> for construction or works contract service if the service is used for other purpose shall i.e. finishing services , repair, alteration, or restoration , these should be eligible.
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