

Service Tax Travel agent used for visit to job workers is input service CESTAT

The Appellants are engaged in the manufacture of safety razor blades falling under Chapter heading 82. The appellant transported semi-finished naked blades and packaging materials on payment of duty to their job workers in Himachal Pradesh and at Hyderabad and the said job workers process/pack the said goods and manufacture the final product on behalf of the appellant and clear the same on payment of duty which is further transported to various depots owned by the appellant.

Prior to the manufacture of final product from the job worker's premises, the appellant sent technical personnel and accounting personnel to the job workers premises for upkeep and maintenance of plant and machinery installed by them and for that appellant pay service tax on the travel agents services availed for travelling to the job worker's premises.

The service tax so borne was availed as credit by the appellant.

Revenue did not agree and the credit was denied. The matter travelled to the Tribunal which remanded the matter for a fresh decision in the light of the Board circular dated 23.08.2007 and High Court judgment in Ambuja Cements.

On remand, nothing much changed and, therefore, the appellant is once again before the CESTAT.

The appellant submitted that the expenses incurred on travel agency service are in connection with the business of the manufacture and, therefore, the manufacturer is entitled to claim CENVAT Credit of input services. It is also informed that the issue involved is squarely covered by the decision of this Tribunal - 2012-TIOL-632-CESTAT-MUM in case of the appellant itself for the earlier period.

The CESTAT observed -

"4. I have gone through the judgments of the case wherein this Tribunal in the appellant's case allowed the appeal of the appellant and it has been held that the appellant is entitled to CENVAT Credit on the services of travel agent which was used by the appellant for travelling technicians and accountant for visiting the job workers as per Rule 2(l) of CENVAT Credit Rules, 2004.

"On perusal of the records, I find that the issue has been covered by the decision of Hon'ble Bombay High Court in the case of Ultra tech Cement Ltd. - 2010-TIOL-745-HC-MUM-ST wherein the Hon'ble High Court held that any service availed for the business of manufacturing of final product, the assessee is entitled for input service credit, therefore, the issue is no more res integra.""

The appeal was allowed with consequential relief.