

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:852
ANSWERED ON:24.07.2015
Utilisation of Education Cess
Baheria Shri Subhash Chandra

Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that post-merger of Education Cess (EC) and Secondary and Higher Secondary Education (SHE) cess with Central Excise and Service tax have made the cenvat credit availed on EC and SHE unutilizable and deadstock for all the manufacturers as on 28th February, 2015 and prevent them from utilising the credit on the above cess toward payment of basic excise duty; and

(b) if so, the details thereof and action taken by the Government to prevent the credit loss to the manufacturers on account of the aforesaid merger?"

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) and (b): During the post-Budget 2015-16 consideration stage, representations were received from Industry and Trade Associations regarding accumulation of CENVAT credit on account of exemption of Education Cess and Secondary and Higher Education Cess on all excisable goods. These representations were examined and in order to address the concerns of the industry and trade associations, CENVAT Credit Rules, 2004 were amended vide notification No.12/2015-Central Excise (N.T.), dated 30.04.2015 so as to:

(i) Allow the CENVAT credit of Education Cess & Secondary and Higher Education Cess on inputs or capital goods received in the factory of manufacture of final product on or after the 1st day of March, 2015 to be utilized for payment of basic excise duty.

(ii) Allow the CENVAT credit of balance 50% Education Cess & Secondary and Higher Education Cess on capital goods received in the factory of manufacture of final product in the FY 2014-15 to be utilized for payment of basic excise duty.

(iii) Allow the CENVAT credit of Education Cess & Secondary and Higher Education Cess on input services received by the manufacturer of final product on or after the 1st day of March, 2015 to be utilized for payment of basic excise duty.
