

No Credit of Krishi Kalyan cess 'KKC' Allowed Under GST : AAR



ProBus GST Alert

This alert summarizes the recent ruling passed by the Maharashtra Authority for Advance Rulings (AAR) Non-availability of carrying forward of credit with respect to KKC under GST Act has been clarified to the trade by AAR.

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The Advance Ruling Authority observed that Krishi Kalyan Cess legislatively was to be utilized only towards payment of KKC under subsumed Acts (including Service Tax) and under GST there is no levy of KKC. It also deliberated that tax and cess are distinct levies and KKC cannot be treated as excise duty or service tax for availing the CENVAT credit.

In view thereof, accumulated credit by way of Krishi Kalyan Cess (KKC) as appeared in the Service Tax return of Input Service Distributor (ISD) on June 30, 2017 which is carried forward in the electronic credit ledger maintained by the company under CGST Act 2017, will not be considered as admissible input tax-credit.

While the ruling is in the context of a particular fact related to credit of KKC credit to an ISD, it does concur with the revenue authorities view of ineligibility of transitioning of KKC credits.

Relevant citation : [2018] 93 taxmann.com 58 (AAR- MAHARASHTRA)

Please Note:

Rulings of the AAR may have limited applicability as the same would be binding only to the applicant and the jurisdictional tax authorities, basis the facts of the case submitted before the AAR. However, the AAR Ruling does help in drawing the inference and the legal interpretations of the prescribed legislative provisions.

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