

OFFICE OF THE COMMISSIONER OF CENTRAL EXCISE  
NO.1 WILLIAMS ROAD, CANTONMENT, TRICHIRAPPALLI-620 001.

Trade Notice No.7/2004 S Tax

Dated : 17 -3-2004.

Subject: Clarification on ambiguity in the provisions of Rule  
3(5) of the Service Tax Credit Rules, 2002 – regarding.

Board 's Service Tax Circular No. **77 / 07 / 2004-ST, dtd March 10, 2004 issued under F.No. 137/04/2004-CX-4** is communicated herewith for information, guidance and necessary action.

The contents of this Trade Notice may be brought to the knowledge of all constituent members of the Trade Associations and Chamber of Commerce.

(Issued from the C.No.IV/16/902/2004 S.Tax)

Sd/-  
(V. JAYARAMAN)  
JOINT COMMISSIONER (T).

To  
The Mailing list I / II / III

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Copy of Board's Circular No. **77 / 07 / 2004-ST, dtd 10-3-2004 issued under F.No.137/04/2004-CX-4**

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An issue has been raised seeking clarification on the ambiguity in the provisions of Rule 3(5) of the Service Tax Credit Rules, 2002 which reads that 'in case the service provider, opts not to maintain separate accounts of input service meant for consumption in relation to rendering of such output service which are chargeable to service tax as well as exempted services or non-taxable services, he shall be allowed to utilize service tax credit for payment of service tax on any output service only to the extent of an amount not exceeding thirty five percent of the amount of service tax payable on such output service'.

2. It is to clarify that input service tax credit can be utilized only to the extent of 35% of the total service tax payable on all the taxable output services.

Yours faithfully,

(MANISH MOHAN)  
Under Secretary to the Government of India