Pmp Auto Industries Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Mumbai

Decided On : Jun-21-1999

Reported in : (1999)(85)LC360Tri(Mum.)bai

Judge : J T J.H., G Srinivasan

Appellant : Pmp Auto Industries

Respondent : Cce

Judgement :

1. The issue for consideration in this appeal is a short one and that is whether deduction claimed on account of interest on receivables from the normal price was admissible or not.

2. The Assistant Collector denied the deduction on the ground that such interest formed part of the price of the goods and that the prices remained the same whether payment was made on any date within the general credit period from the date of delivery or thereafter also. The Collector (Appeals) upheld the logic of the Assistant Collector distinguishing the facts before him from those in -the judgments cited before him. Hence the present appeal.

3. We have heard Shri S.S. Gupta, C.A. for the appellants and Shri K.L.

Ramteke for the Revenue.

4. The present controversy stands settled in the judgment of the Supreme Court in the case of GOI v. Madras Rubber Factory Ltd. . In the previous judgment , which was later recalled, the Supreme Court in paragraph 16 had observed that in the case of MRF also the aspect of interest on receivables was taken into the compilation of the standard price. In the later order in paragraph 66 the Supreme Court held as under: 66. The case of the assessee (Madras Rubber Factory) is that where the goods are sold to up-country wholesale buyers and payments are received quite sometime later, it is indeed a case of sale on credit and, therefore, the interest charged from the date of delivery of goods till the date of realisation of the price thereof should be deducted from the value of the goods. The interest charged, it is submitted, is only in lieu of the time taken in making the payment by the up-country wholesale buyer. Since this is the amount received subsequent to the sale from the depots and does not fall within the ambit of any of the expenses held includible in Bombay Tyre International, it is clearly excludible. The claim for this deduction is, therefore, allowed.

5. Since the facts are identical, following the cited judgment, we allow this appeal with consequential relief.