

Mico Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT

Decided On : Apr-04-2002

Reported in : (2002)(102)LC765Tri(Bang.)alore

Judge : G B Deva

Appellant : Mico

Respondent : Cce

Judgement :

1. Whether Computer hardware system which was used in ZEISS 3D CO-ORDINATE MEASURING MACHINE should be treated as eligible capital goods or not in terms of Rule 57Q is an issue to be considered herein.
2. The authorities below have taken the view that the item in question was not used directly in connection with the manufacture of the finished products. They are also of the view that this cannot be said to be a measuring, checking or testing instrument. According to them if it is a measuring, checking or testing instrument and is directly connected with the process of manufacture only then it is eligible for modvat credit.
3. Shri Rajesh Chandra Kumar drew my attention to the win--up where in the item in question has been specifically used with the ZEISS 3D CO-ORDINATE MEASURING MACHINE ferred to the detailed reply given to the show causi that since the item was used in ZEISS 3D CO MACHINE, it should be treated as

eligible capital goods in terms of Rule 57Q. He also said that it is not possible for the party to manufacture the goods in question without the aid of the Computer. He also submitted that it is a settled law that manufacture of goods should normally encompass the entire process carried on for converting raw material into finished goods. Where any particular process is so integrally connected with the ultimate production of goods that, but for that process, manufacturing or processing of goods would be commercially inexpedient, articles required in that process would fall within the expression, in the manufacture of goods. In the instant case item in question was integrally connected with the ultimate production of goods and accordingly item is eligible capital goods in terms of Rule 57Q of the Central Excise Rules. In support of his contention he referred to the decision of Tribunal in the case of CC Chandigarh v. Steel Strips Ltd., . In that case it was held that computer hardware installed with Baird Direct Reading Vacuum Emission Spectrometer for analyzing report of sample testing of raw materials being used in manufacturing process eligible to benefit of Modvat credit in terms of Rule 57Q(1) of Central Excise Rules 1944.

4. Heard Shri Narasimha Murthy learned DR for the Revenue. Considering the facts and circumstances and in view of the case law referred to above. I find that the item in question is eligible capital goods in terms of Rule 57Q. Accordingly appeal is allowed with consequential relief if any.

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