

**Telco Ltd. Vs. Cce**

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**SooperKanoon Citation :** [sooperkanoon.com/38914](http://sooperkanoon.com/38914)

**Court :** Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

**Decided On :** Apr-29-2005

**Judge :** S Kang, Vice

**Appellant :** Telco Ltd.

**Respondent :** Cce

**Judgement :**

2. Common issue is involved in these appeals, hence are being taken up together. Appellants are challenging the denial of MODVAT credit in respect of the following accessories : The appellants of the ae not challenging the denial of MODVAT credit in respect following items : 3. The contention of the appellants in respect of Assembly Wheel Cover, which is used to cover Spare wheel it that it an accessory and its value is included in the assessable value of the Vehicle. The appellants also claimed chasis record bag and, Key Ring on the same ground.

4. The contention of the Revenue is that these are not accessories. The accessory is that can contribute to be effectiveness of equipment conveyance and to enhance in functioning of the product. The goods in question such as Assembly wheel cover, Key ring, Chassis record bag is noting do for enhancement of performance of the vehicle.

5. As the appellants are claiming the benefit of MODVAT credit in respect of the above items as accessories as provided under Rule 57B of the Central Excise Rules, the appellants are not able to show how thee items are used in

enhancement of the performance of the motor vehicle.

Therefore, the benefit of MODVAT credit as input is rightly denied in the impugned order. The impugned order in this regard is upheld.<sup>6</sup> In respect of Hand tools, the contention of the appellants is that these are tools supplied with the Vehicle and these are used for changing the wheel etc. The learned SDR pointed out that MODVAT credit in respect of Hydraulic Jack and Tool Kit have already been allowed in the impugned order. Therefore, the other hand tools are not entitled for the benefit of MODVAT credit unless until their description is properly explained by the appellants.

7. I have perused the impugned order whereby the credit in respect of tool kit is already been allowed by the Commissioner (Appeals). The appellants are not able to show what are the hand tool for which they are asking credit as accessories. In these circumstances, I find no merit in the arguments of the appellants that the credit in respect of hand tool and tool bag is available. Therefore, Tool bag and hand tools are not entitled for the benefit of MODVAT credit.

8. In respect of the Carpet, which is being cleared, with the Vehicle and the assessable value of the same is included in the assessable value of the vehicle. I find that the Tribunal in the case of Collector of Central Excise, v. Swaraj Mazda, reported in 1993 (68) ELT 258 (Tribunal) held that Floor mats specifically designed for use in particular types are entitled for the benefit of MODVAT credit. In these circumstances, the credit in respect of Carpet which is being supplied with the vehicle and the value of which is included in the assessable value is entitled for the benefit of MODVAT credit. Appeals in this regard are allowed.

9. The appeals in respect of MODVAT credit on Carpets are allowed; otherwise, the appeals are dismissed. Taking into facts and circumstance of the case as the appellants only claimed the benefit of MODVAT credit in respect of the inputs; they are not liable for any penal action. The penalty imposed on the appellants is set aside.

Appeals are disposed of as indicated above.