



Vasudev Mehta

Issue : Whether Penalty recovered from suppliers against poor quality of materials by adjustment in the ledger account of the supplier fall under the definition of 'declared service' and taxable under Finance Act 1994? Held : No  
Brief Facts of the Case : The appellant is engaged in the manufacture of cement clinker and cement and obtains raw materials and inputs from various suppliers. An audit was carried out by the department and it was noticed by the audit team that tax liability against "declared services" had not been discharged by the appellant. A show cause notice dated 17.10.2017 was, accordingly, issued to the appellant alleging that for the period from 01.07.2012 to 31.03.2017 the appellant recovered penalty from raw material suppliers against poor quality of materials by.....