

KANSAI NEROLAC PAINTS LIMITED

Authority for Advance Ruling — Maharashtra

NO.GST-ARA-18/2017-18/B- 25 Mumbai, dt. 5/4/2018

Dated 05.04.2018

Q Questions Before the Authority

- Whether accumulated credit by way of Krishi Kalyan Cess (KKC) as appeared in the Service tax return of Input Service Distributor (ISD) ON June 30, 2017 which is carried forward in the electronic credit ledger maintained by the company under CGST Act 2017, will be considered as admissible input tax-credit?

F Facts

The applicant is engaged in the manufacture and sale of paints across India and maintained an Input Service Distributor (ISD) registration at its Head Office in Mumbai. Prior to the rollout of GST, accumulated CENVAT credit of Krishi Kalyan Cess (KKC) remained unutilized in its ISD service tax return as of June 30, 2017. The applicant sought an advance ruling on whether this accumulated KKC credit could be validly carried forward as admissible Input Tax Credit (ITC) under the CGST Act, 2017.

H Ruling

Admissibility of carrying forward accumulated Krishi Kalyan Cess (KKC) credit as ITC under GST

Answered in the negative.

KKC credit cannot be treated as CENVAT credit eligible for transition under Section 140(1)

The Authority held that accumulated credit of **Krishi Kalyan Cess (KKC)** carried forward in the electronic credit ledger is **not admissible as input tax credit** under Section 140(1) of the CGST Act, 2017. The question was answered in the negative.

R Reasoning

The Authority analyzed Section 140(1) of the CGST Act, 2017, which permits the carry forward of CENVAT credit. Under Rule 3 of the CENVAT Credit Rules, 2004, credit of KKC was restricted to being utilized solely for payment of KKC and was not cross-utilizable against excise duty or service tax liabilities. Referring to judicial precedents on cesses and CBEC FAQs specifically addressing KKC and Swachh Bharat Cess, the bench concluded that **KKC is not included in the definition of CENVAT credit** for general set-off, making it **ineligible for transitional carry forward** into the GST electronic credit ledger.

P Provisions Relied On

Section 140(1) of the CGST Act, 2017

Section 161 of the Finance Act, 2016

Rule 3 of CENVAT Credit Rules, 2004

Notification No. 28/2016-Central Excise (N.T.) dated 26.05.2016



For the Practitioner

This ruling settles that **pre-GST accumulated Krishi Kalyan Cess (KKC)** cannot be transitioned or claimed as eligible ITC under the GST regime. Tax practitioners must ensure that clients do not offset CGST or IGST liabilities using transitioned KKC balances, as such cesses lapsed upon the repeal of service tax.

Source

Summary prepared from the published order, which is a scanned document. It is a reading aid and not the authority: where the two differ, the order governs. Verify every provision against the original before relying on it.

Original order: www.gstcouncil.gov.in -> [maharashtra_gst-ara-18_2017_dt_5.4.18_knpl.pdf](#)

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