

GOVERNMENT OF INDIA

MINISTRY OF POWER

RAJYA SABHA

QUESTION NO 21.12.2009

ANSWERED ON

SERVICE TAX ON POWER TRANSMISSION FIRMS .

3503

SHRI DHARAM PAL SABHARWAL

Will the Minister of COALCOALPOWER be pleased to state :-

- (a) whether Government is considering a proposal to keep power transmission out of service tax net;
- (b) if so, the details in this regard;
- (c) whether any norms have been issued by the Central Electricity Regulatory Authority (CERA) to reimburse service tax to power transmission firms; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF POWER

(SHRI BHARATSINH SOLANKI)

(a) & (b) :As per the information provided by Ministry of Finance, the issue regarding levy of service tax on power transmission is pending decision before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT). Based on the stay order of the CESTAT in the matter of Madhya Pradesh Power Transmission Company Limited Versus Commissioner of Central Excise, Bhopal [(reported in 2008) 15 Service Tax Today 222 (New Delhi – CESTAT)] protective show cause notices have been issued to power transmission companies demanding service tax.

(c) & (d) :Power Grid Corporation of India Ltd. (PGCIL) through Petition No.62/2009 filed with Central Electricity Regulatory Commission (CERC) has sought permission to bill and recover from the respondents the service tax for the period 01.05.2006 to 30.09.2008, together with education cess, interest, penalty, if any, chargeable in terms of Section 64 of the Finance Act, 1994. The CERC has adjourned the matter sine die with liberty to the petitioner to approach the CERC if so required, after a decision of the Tax authorities.