

## **CIRCULAR NO 176/2/2014-ST.**

Dated: January 20, 2014

**Subject: Clarification regarding issue of Discharge Certificate under VCES and availment of CENVAT credit - regarding.**

Trade and Industry has sought clarification as to whether the first installment of tax dues paid under Voluntary Compliance Encouragement Scheme (VCES), 2013 would be available as Cenvat Credit immediately after payment or Cenvat credit can be availed only after payment of tax dues in full and receipt of Acknowledgement of Discharge in form VCES-3.

2. The issue has been examined. As per VCES, under Section 108 (2) of the Finance Act, 2013, a declaration made under Section 107 (1) shall become conclusive only upon issuance of acknowledgement of discharge under Section 107 (7). Further, in terms of Rule 7 of the Service Tax VCES Rules 2013, the acknowledgement of discharge in form VCES-3 shall be issued within a period of 7 working days from the date of furnishing of details of payment of tax dues in full along with interest, if any, by the declarant.

3. It would be in the interest of VCES declarants to make payment of the entire service tax dues at the earliest and obtain the discharge certificate within 7 days of furnishing the details of payment. As already clarified in the answer to question No.22 of FAQ issued by CBEC dated 08.08.2013, eligibility of CENVAT credit would be governed by the CENVAT Credit Rules, 2004.

4. Chief Commissioners are also advised that upon payment of the tax dues in full, along with interest, if any, they should ensure that discharge certificate is issued promptly and not later than the stipulated period of seven days.

**F. No. B1/19/2013-TRU (Pt)**

**(S. Jayaprasam)**  
**Technical Officer, TRU**