

KERALA STATE ELECTRICITY BOARD

ABSTRACT

Obtaining clarification from the Member (Service Tax) and Director General, Service Tax, Central Board of Excise and Customs, New Delhi- Whether giving permission to use the pole of KSEB to private cable TV operators attract provisions of Finance Act, 1994-Orders issue

CORPORATE OFFICE (FINANCE WING)

B O (MF)No.3244/2008 (Annual Accounts/Service Tax/08-09) Dt. TVPM 30.12.2008

Read :- Note No. Annual Accounts/Service Tax/2008 dated 23.12.2008 of the Financial Adviser KSE Board.

ORDER

The Central Excise and Service Tax Authorities had issued several show cause notices to Account Rendering Units in connection with the pole rent collected from Cable TV Operators and alleged that the collection of pole rent come under the purview of Business Auxiliary Support Service and is liable to pay Tax under Finance Act 1994.

It was suggested by M/s CENTAB, Tax consultants, Kochi for obtaining a clarification from the Member (Service Tax) and Director General, Central Board of Excise and Customs, New Delhi, whether giving permission to use the pole would amount to service attracting provisions of Finance Act 1994. Now the Board has decided to take up the matter to obtain clarification from the Member (Service Tax) And Director General in the context that in all cases the Board has taken a stand that the Board has collected only "Maintenance Charge" and not the pole rent as alleged by the Central Excise and Service Tax Authorities.

In the above circumstances, the Financial Adviser KSE. Board vide note read above had remarked that the Board may execute an agreement with the Cable TV Operators to the effect that the Cable TV Operators shall remit the Service Tax liability, if any, based on the clarification from the Central Board of Excise and

Customs and that a Bank Guarantee for the probable liability be obtained from the Cable TV Operators. Having examined the matter in detail, the Board hereby accords sanction to:-

- (1) the Chief Engineers, Distribution to direct the Account Rendering Units under their control to execute an agreement with Cable TV Operators to the effect that probable liabilities of Service Tax, if any, will be met by the Cable TV Operators and to obtain Bank Guarantee for the probable amount from the Cable TV Operators.
- (2) to take up the application to the Central Board of Excise and Customs, New Delhi vetted by M/s CENTAB, Tax Consultants, Kochi and to authorize Secretary, KSEB to take up the matter with the CENTAB, Kochi.

(By Order of the Board)

Sd/-

(M. Subair)
SECRETARY

To All Chief Engineers, KSE Board
All ARU Officers

Copy to:

The Financial Adviser.

The Chief Internal Auditor.

The Director, MIS and SPIO.

All Deputy Chief Engineers

All Regional Audit Officers.

TA to Chairman/Member (Transmission& Distribution) /Member

(Generation)

PA to Member (Finance)/Senior CA to Secretary.

The Fair Copy Superintendent/Library/Stock File

Forwarded/By Order

Sd/-

Assistant Finance Officer