

4) Notification No.24/2016-CE-(NT)-dated 01.04.2016

Logical amendments in respect of services provided by the Government etc. by way of assignment of right to use any natural resource

As per amendment in the budget 2016, a formula was prescribed wherein the CENVAT credit in respect of the services provided by the Government or a local authority or any other person by way of assignment of right to use any natural resource was allowed to be taken evenly over the number of years for which the said rights has been assigned. Further, the formula was also prescribed to arrive at the calculation. However, the same is now amended vide Notification No.24/2016-CE (NT) dated 13.04.2016 wherein the said formula is struck off and it is stated that in such cases credit in respect of the onetime charges payable in full upfront or in installments, for the service of assignment of the right to use any natural resource by the Government etc. can be simply taken evenly over the period of three years. Thereby, the complicated provision of availing credit over the long period of the life of the rights has been cut down to a reasonable period of 3 years.

Further, it is also stated that the restriction of one year for availing the credit is not applicable in these cases.

It is important to note that the restriction of availing credit over the period of 3 years is applicable only for the one-time charges payable in respect of such rights. The said restriction is not applicable for monthly/ annual recurring user charges payable by the service receiver towards the said rights. Therefore, in case of monthly/ annual user charges, credit can be taken in full immediately in the same financial year.