



सत्यमेव जयते

कार्यालय प्रधानआयुक्त,
तकनीकी शाखा (मुख्यालय)
माल एवं सेवाकर, दिल्ली (उत्तर), केंद्रीय राजस्व भवन,
इंद्रप्रस्थ इस्टेट, नई दिल्ली -110002



C.No. IV(16)530/CGST/Delhi North/Tech/Trade Notice & office order/2020

दिनांक:- 08.2024

TRADE NOTICE No. 14/2024-25

Attention of the Trade & Industries, Field Formations and Departmental Officers is invited to the Circular No. 219/13/2024 dated 26.06.2024 issued by the Central Board of Indirect Taxes & Customs (CBIC) regarding "Clarification on availability of input tax credit on ducts and manholes used in network of optical fiber cables (OFCs) in terms of section 17(5) of the CGST Act, 2017".

2. Representations have been received from Cellular Operators Association of India (COAI) submitting that input tax credit (ITC) is being denied by some tax authorities on ducts and manholes used in network of optical fiber cables (OFCs) on the ground that the same is blocked as per section 17(5) of the Central Goods & Services Tax Act, 2017 (herein after referred to as the 'CGST Act'), being in nature of immovable property (other than Plant and Machinery). It has been requested to issue clarification in respect of availability of ITC on ducts and manholes used in network of optical fiber cables (OFCs), so as to prevent unwarranted litigation in the telecommunication sector across the country.
3. In order to ensure uniformity in the implementation of the provisions of law across the field formations, the Board, in exercise of its powers conferred by section 168 (1) of the CGST Act, hereby clarifies the issue as below.

Issue	Clarification
Whether the input tax credit on the ducts and manholes used in network of optical fiber cables (OFCs) for providing telecommunication services is barred in terms of clauses (c) and (d) of sub-section (5) of section 17 of the CGST Act, read with Explanation to section 17 of CGST Act?	<ol style="list-style-type: none">1. Sub-section (5) 17 of the CGST Act provides that input tax credit shall not be available, inter alia, in respect of the following:<ol style="list-style-type: none">i. works contract services when supplied for construction of an immovable property (other than plant and machinery) except where it is an input service for further supply of works contract service; orii. goods or services or both received by a taxable person for construction of an immovable property (other than plant or machinery) on his own account including when such goods or services or both are used in the course or furtherance of business.2. Explanation in section 17 of CGST Act provides that the expression "plant and machinery" means apparatus, equipment, and machinery fixed to earth by foundation or structural support that are used for making outward supply of goods or services or both and includes such foundation and structural supports but excludes land, building or any other civil structures; telecommunication towers; and

pipelines laid outside the factory premises.

3. Ducts and manholes are basic components for the optical fiber cable (OFC) network used in providing telecommunication services. The OFC network is generally laid with the use of PVC ducts/sheaths in which OFCs are housed and service/connectivity manholes, which serve as nodes of the network, and are necessary for not only laying of optical fiber cable but also their upkeep and maintenance. In view of the Explanation in section 17 of the CGST Act, it appears that ducts and manholes are covered under the definition of "plant and machinery" as they are used as part of the OFC network for making outward supply of transmission of telecommunication signals from one point to another. Moreover, ducts and manholes used in network of optical fiber cables (OFCs) have not been specifically excluded from the definition of "plant and machinery" in the Explanation to section 17 of CGST Act, as they are neither in nature of land, building or civil structures nor are in nature of telecommunication towers or pipelines laid outside the factory premises.
4. Accordingly, it is clarified that availment of input tax credit is not restricted in respect of such ducts and manhole used in network of optical fiber cables (OFCs), either under clause (c) or under clause (d) of sub-section (5) of section 17 of CGST Act.

4. Difficulty, if any, in the implementation of the above instructions may please be brought to the notice of this Commissionerate/undersigned at email ID commr-cexdell@nic.in.
5. This issues with the approval of the Commissioner of CGST, Delhi North.


Additional Commissioner (Tech)
CGST Delhi North

To:

The members of RAC/Trade Associations/Chambers of Commerce in Delhi.

Copy to :-

1. PS to Principal Chief Commissioner, Central Tax, Delhi Zone.
2. PS to Principal Commissioner/Commissioner, Central Tax, Delhi East, Delhi South, Delhi East, Delhi West.
3. AC (Systems) for getting it uploaded on Commissionerate's website.
4. All Divisional ACs/DCs of CGST Delhi North Commissionerate.
5. All the officers and staff of CGST Delhi North Commissionerate.
6. Notice Board/Guard File.