



COLGATE-PALMOLIVE (INDIA) LIMITED

Regd. Office :
Colgate Research Centre,
Main Street,
Hiranandani Gardens,
Powai,
Mumbai - 400 076.
Tel. : 67095050
Fax : (91 22) 25705088
www.colgatepalmolive.co.in
CIN : L24200MH1937PLC002700

March 18, 2024

The Secretary
BSE Limited
P.J. Towers, 25th floor
Dalal Street
Mumbai- 400001

Scrip Code: 500830

The Manager - Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block - G
Bandra - Kurla Complex
Bandra (East), Mumbai 400 051

Symbol: COLPAL
Series: EQ

Sub.: Clarification Sought - 'Intimation under Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015'

This is in response to your email dated February 26, 2024 in relation to our Stock Exchange Intimation dated February 06, 2024 w.r.t Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In this regard, please find enclosed herewith Assessment Order under section 73 of the GST Act.

Also, kindly note that the Company received the copy of the Assessment Order on February 2, 2024, post which the officials of the Company were internally evaluating the impact and were finalizing the further course of action in relation to this order. The unintentional delay in filing was encountered owing to the weekend and internal alignment.

We sincerely apologize for the inconvenience and would appreciate your understanding and cooperation in this matter.

You are requested to kindly take the same on record.

Thanking you,
Yours Sincerely,

For **Colgate-Palmolive (India) Limited**

Surender Sharma
Whole-time Director - Legal &
Company Secretary
DIN: 02731373
Encl a/a



अधीक्षक का कार्यालय
Office of the Superintendent
केन्द्रीय वस्तु एवं सेवा कर तथा केन्द्रीय उत्पाद शुल्क
Central GST and Central Excise
परिक्षेत्र I, --मंडल-३, वडोदरा I,
Range-I, Division-III, Vadodara-I
छठा तल, जी.एस.टी. भवन
6th Floor, GST Bhavan
रेसकोर्स, वडोदरा- 390 007
Race Course, Vadodara - 390 007
e-mail: r2division3@gmail.com



Re
2-2-24

F.No.R-I/D-III/CERA/colgate/21-22

Date: 29.12.2023

DIN-20240165TA000044854A

1910

Rajesh R Shah

अधीक्षक

केन्द्रीय वस्तु एवं सेवाकर तथा केन्द्रीय उत्पाद शुल्क
मंडल-III, वडोदरा - I

(passed by Shri Rajesh R Shah, Superintendent, CGST & CE, Range-I, Division-III, Vadodara-I)

मूलआदेशसंख्या /ORDER-IN-ORIGINAL No. : DEM/ 01 /SUPDT/R-I/DIV-III/2023-24
Date: 29.12.2023

1. जिस व्यक्ति के लिए यह आदेश जारी किया गया है उसके व्यक्तिगत उपयोग के लिए यह प्रति निः शुल्क प्रदान की जाती है।
This copy is granted free of charge for the private use of the person to whom it is issued.
2. इस आदेश से स्वयं को व्यथित महसूस करने या समझने वाला कोई भी व्यक्ति इस आदेश के विरुद्ध अपरसंयुक्त / आयुक्त (अपील), केन्द्रीय वस्तु एवं सेवा कर और केन्द्रीय उत्पाद शुल्क, प्रथम तल, जीएसटी भवन, रेसकोर्स सर्कल, वडोदरा-390007 के समक्ष अपील कर सकता है। इस तरह की अपील को फॉर्म जीएसटी APL01 के रूप में धारा 107, सीजीएसटी अधिनियम, 2017 के तहत पार्टी को इस आदेश के व्यक्तिगत रूप से सौंपे जाने की तारीख से अथवा डाक से प्राप्त होने की तारीख से तीन महीने के अंदर दाखल कर दी जानी चाहिए और अपीलकर्ता को सीजीएसटी अधिनियम, 2017 की धारा (107)(6) के तहत निर्धारित राशि पहले जमा करवानी होगी।

Any person deeming himself aggrieved by this Order may appeal against the same to the Additional/Joint Commissioner (Appeals), CENTRAL GOODS & SERVICES TAX & CENTRAL EXCISE, FIRST FLOOR, GST BHAWAN, RACE COURSE CIRCLE, VADODARA-390007. The appeal must be filed in the Form GST APL01 prescribed under Section 107, CGST Act, 2017 within three months from the date on which the order sought to be appealed against is communicated to him and the appellant must pre-deposit the amount as per section 107(6) of the CGST Act, 2017.

पार्टी का नाम :-

To,

M/s Colgate Palmolive India Ltd.,
Premchand Gokaldas Banker Brother Estate-I,
Beside Raja Estate,
Padamla,
Disstt.-Vadodara,
Gujarat-391350

Registration No. AAACC4309BEM007

Brief facts of the case :

M/s Colgate Palmolive India Ltd., Premchand Gokaldas Banker Brother Estate-I, Beside Raja Estate, Padamla, Disstt.-Vadodara, Gujarat-391350 (hereinafter referred to as the 'The taxpayer' for sake of brevity) were registered with Central Excise Department with Central Excise Registration No. AAACC4309BEM007. With the introduction of GST w. e. f. 01.07.2017, they migrated to GST and are registered under Section 22 of the Central Goods and Services Act, 2017 under GSTIN No. 24AAACC4309B1ZG. The taxpayer has undertaken to comply with the provisions contained in the Central Goods and Service Tax Act, 2017 read with the Central Goods and Service Tax Rules, 2017.

2. The taxpayer, inter-alia, are engaged in manufacturing of various products under HSN no. 33061020, 96032100, 33071010, 33069000, 34013019 and providing services under HSN 00440406 & 00440249 and paying GST on the same.

3. During course of audit by CERA Audit, Ahmedabad, it is observed that the taxpayer was availing Cenvat credit in terms of the erstwhile Cenvat Credit Rules, 2004 and had balance of Cenvat Credit as on 30.06.2017 of Rs. 65,41,114/- that was availed by them under the provisions of the erstwhile Cenvat Credit Rules, 2004 as per Table 7(b) of TRAN-1 filed by the taxpayer. Further, it is observed from the TRAN-I filed on 27.12.2017 & revised on 30.11.2022 that the taxpayer has claimed CENVAT Credit amounting to Rs. 2,35,593/- pertaining to capital goods in transit in the Table 7(b) of TRAN-I whereas the table 7(b) provides transitional credit taken on such inputs or input services which were received after 1st of July, 2017 but taxes on which were paid under the existing law (Goods/Services in Transit). It does not apply to capital goods.

As the transition of capital goods credit is not provided under the sub-section, thus credit claimed is irregular. The detail of invoices is as under:-

Registration number of supplier or input service distributor	Invoice Number	Invoice Date	Description	Quantity	Value (Rs.)	Eligible Duties and Taxes (Rs.)	Date on which entered in recipients of books of account
Imported	695137004 2	26.06.2017	Rotary Valves Shaft: 2487029	14	126683 4	2,35,593	05.07.2017

4. As per Section 140(5) of CGST Act, 2017 which is reproduced as under:-

"A registered person shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the [existing law, within such time and in such manner as may be prescribed,] subject to the condition that the invoice or any other duty or tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day.

Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days:

Provided further that said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this subsection."

5. The issue of transitional credit availed in table 7(b) of FORM GST TRAN-1 in respect of invoices of capital goods in transit was communicated to the taxpayer, vide email dated 14.07.2021, 28.09.2021 & reminder email dated 04.10.2021 for clarification from the taxpayer. Accordingly, the taxpayer vide their email dated 01 & 04.10.2021 has accepted that the taxpayer has availed transitional credit on the capital goods which were in transit as on 30th June, 2017. However, while filing the TRAN-1, they erroneously included the said amount/invoice of Rs. 2,35,593/- under Section 140(5) (Table 7(b) of the TRAN-1 form) instead of Section 140(2) (table 6 of the TRAN-1 form) and it was a procedural lapse, therefore, they requested to take the same into consideration.

6. Legal provisions governing availment of Transitional Credit

Rule 117 of CGST Rules, 2017 –

- (1) *Every registered person entitled to take credit of input tax under section 140 shall, within ninety days of the appointed day, submit a declaration electronically in FORM GST TRAN-1, duly signed, on the common portal specifying therein, separately, the amount of input tax credit of eligible duties and taxes, as defined in Explanation 2 to section 140, to which he is entitled under the provisions of the said section.*
- (2) xxxx
- (3) *The amount of credit specified in the application in FORM GST TRAN-1 shall be credited to the electronic credit ledger of the applicant maintained in FORM GST PMT-2 on the common portal.*

6.1. Section 140 (5) *“A registered person shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the [existing law, within such time and in such manner as may be prescribed,] subject to the condition that the invoice or any other duty or tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day:*

Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days.

Provided further that said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this subsection.”

6.2 Legal provisions relating to recovery of wrongly availed input tax credit along with interest and penalty

6.3 Rule 121 of CGST Rules, 2017 – Recovery of credit wrongly availed –

“The amount credited under Sub-Rule (3) of Rule 117 may be verified and proceedings under Section 73 or, as the case may be Section 74 shall be initiated in respect of any credit wrongly availed, whether wholly or partly.”

6.4. Section 73. Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for any reason other than fraud or any willful-misstatement or suppression of facts.-

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded, or where input tax credit has been wrongly availed or utilised for any reason, other than the reason of fraud or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty leviable under the provisions of this Act or the rules made thereunder.

(2) The proper officer shall issue the notice under sub-section (1) at least three months prior to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of such statement shall be deemed to be service of notice on such person under sub-section (1), subject to the condition that the grounds relied upon for such tax periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.

(5) The person chargeable with tax may, before service of notice under subsection (1) or, as the case may be, the statement under sub-section (3), pay the amount of tax along with interest payable thereon under section 50" >section 50 on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1) or, as the case may be, the statement under sub-section (3), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(8) Where any person chargeable with tax under sub-section (1) or sub-section (3) pays the said tax along with interest payable under section 50" within thirty days of issue of show cause notice, no penalty shall be payable and all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The proper officer shall, after considering the representation, if any, made by person chargeable with tax, determine the amount of tax, interest and a penalty equivalent to ten per cent. of tax or ten thousand rupees, whichever is higher, due from such person and issue an order.

*** (10) The proper officer shall issue the order under sub-section (9) within three years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within three years from the date of erroneous refund.*

(11) Notwithstanding anything contained in sub-section (6) or sub-section (8), penalty under sub-section (9) shall be payable where any amount of self-assessed tax or any amount collected as tax has not been paid within a period of thirty days from the due date of payment of such tax."

6.5 Penalty for certain offences: As per Section 122 (2) (a) of the CGST Act, 2017.

(a) for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher;

(b) for reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to ten thousand rupees or the tax due from such person, whichever is higher.

6.6. Section 50 of CGST Act, 2017

"(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council.

(2) The interest under sub-section (1) shall be calculated, in such manner as may be prescribed, from the day succeeding the day on which such tax was due to be paid.

(3) A taxable person who makes an undue or excess claim of input tax credit under sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council."

7. It appears that the taxpayer has contravened the provisions of Section 140 (5) of CGST Act, 2017 and Rule 117 of CGST Rules, 2017 in as much as they have availed Transitional Credit amounting to Rs. 2,35,593/- on the capital goods which were in transit as on 30th June, 2017. However, while filing the TRAN-1, they erroneously included the said amount/invoice of Rs. 2,35,593/- under Section 140(5) (Table 7(b) of the TRAN-1 form) instead of Section 140(2) (table 6 of the TRAN-1 form). The said facts were unearthed by the department only during the course of scrutiny of records of the taxpayer. Since the invoices of transitional credit on the capital goods, availed in table 7(b) of TRAN-1 were wrongly accounted under Section 140(5) of CGST Act, 2017. Thus, the taxpayer have contravened the transitional provisions under section 140(5) of CGST Act, 2017 by way of wrong availment of Cenvat Credit in table 7(b) of FORM GST TRAN-1 for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts, it appears to constitute an offence of the nature described under Section 73 of Central GST Act, 2017. Therefore, wrongly availed transit credit on capital goods amounting to Rs. 2,35,593/- is required to be demanded and recovered from the taxpayer.

Further, the interest at the appropriate rate is also required to be recovered on the amount of wrongly availed Input Tax Credit under Section 50 of the CGST Act, 2017. The taxpayer is also liable for penalty under Section 73 of Central GST Act, 2017 read with Rule 121 of CGST Rules, 2017.

8. Form GST DRC-01A dated 24.04.2023 (DIN no. 20230565TA0300777C22) was issued to M/s Colgate Palmolive India Ltd. for intimation of tax ascertained as being payable under section 74(5) of the CGST Act, 2017. The taxpayer vide their letter dated 15.05.2023 submitted that *the taxpayer has availed the ITC which is rightfully available under Section 140 (2) of CGST Act, 2017 there is no requirement to pay tax or reverse ITC, merely for the procedural laps and as a result, interest should also not be payable by the taxpayer*

From the above, it appears that the taxpayer has not paid wrongly availed Credit along with interest for erroneously availed ITC of Rs. 2,35,593/- So, the same is required to be demanded and recovered under Section 73 of CGST Act, 2017. Further, interest under Section 50 of the CGST Act, 2017 and penalty under Section 73 of CGST Act, 2017 read with Section 122 (2)(a) of the CGST Act, 2017 is liable to be invoked on the taxpayer.

9. Accordingly, show cause notice No.R-I/Div-III/CERA/Colgate/2021-22 dt.06.06.2023 was issued to M/s Colgate Palmolive India Ltd., Premchand Gokaldas Banker Brother Estate-I, Beside Raja Estate, Padamla, Disstt.-Vadodara, Gujarat-391350, to explain as to why:

- i. Transitional credit of Rs. 2,35,593/- (Rupees Two Lakhs Thirty Five Thousand Five Hundred and Ninety Three only) being the ineligible input tax credit should not be demanded and recovered/appropriated from them in terms of Section 73(1) of CGST Act, 2017;
- ii. Interest at the appropriate rate should not be demanded and recovered from them in terms of Section 50 of CGST Act, 2017 on the above said ineligible input tax credit as demanded at 9 (i) above;
- iii. Penalty should not be imposed on them under Section 73 of CGST Act, 2017 read with Section 122 (2)(a) of the CGST Act, 2017 for wrong availment of transit credit as demanded at 9(i) above;

10. Defence reply :

The taxpayer has filed reply in Form GST DRC-06 dt.06.09.2023 and paid tax of Rs.235593/-, interest of Rs.235503/- vide DRC-03 dated 06.09.2023, pertaining to transitional credit (Tran-1).

11. Personal Hearing :

Personal hearing was given on 11.09.2023, 03.11.2023. The taxpayer vide email dated 23.11.2023 has stated that the demand raised in the scn has been discharged along with interest and submitted copy of DRC-03. Requested to issue the closure order.

12. Discussion and Findings :

12.1 I have carefully gone through the impugned Show Cause Notice (SCN) and defence reply and submissions made by the taxpayer.

12.2 I find the issues mainly alleged in the show cause notice that whether the availment of transitional credit amounting to Rs.2,35,593/- pertaining to capital goods in transit in the table 7(b) of Tran-1 is correct or not and applicable interest and payment of penalty thereon;

13. I find that taxpayer has claimed transitional credit amounting to Rs.2,35,593/- pertaining to capital goods in transit in the Table 7(b) of TRAN-I. The details are as under :-

Registration number of supplier or input service distributor	Invoice Number	Invoice Date	Description	Quantity	Value (Rs.)	Eligible Duties and Taxes (Rs.)	Date on which entered in recipients of books of account
Imported	6951370042	26.06.2017	Rotary Valves Shaft: 2487029	14	1266834	2,35,593	05.07.2017

13.1 As per Section 140(5) of CGST Act, 2017 which is reproduced as under: -

"A registered person shall be entitled to take, in his electronic credit ledger, credit of eligible duties and taxes in respect of inputs or input services received on or after the appointed day but the duty or tax in respect of which has been paid by the supplier under the [existing law, within such time and in such manner as may be prescribed,] subject to the condition that the invoice or any other duty or tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day"

Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days.

Provided further that said registered person shall furnish a statement, in such manner as may be prescribed, in respect of credit that has been taken under this subsection."

13.2 I find that the table 7(b) provides transitional credit taken on such inputs or input services which were received after 1st of July, 2017 but taxes on which were paid under the existing law (Goods/Services in Transit) and it does not apply to capital goods. I find that the transition of capital goods credit is not provided under the sub-section, thus credit claimed by the taxpayer is irregular and not in accordance with Section 140(5) of CGST Act, 2017 read with rule 117 of CGST Rules, 2017.

14. In view of the above discussion and findings, the transitional credit of Rs.2,35,593/- wrongly availed by them is required to be demanded and recovered from the taxpayer under Section 73(1) of CGST Act, 2017 along with applicable interest under Section 50 of the CGST Act, 2017 read with Section 140(5) of the CGST Act, 2017 read with Rule 121 of CGST Rules, 2017 and penalty under section 73(1) of CGST Act, 2017 and read with Section 122(2)(a) of CGST Act, 2017.

Further I find that the taxpayer has agreed and discharged transitional credit of Rs.2,35,593/- along with interest of Rs.2,35,503/- vide DRC-03 dated 06.09.2023 ((Debit e.no.DC2409230013131). I find that the taxpayer has discharged the entire tax liability of Rs.2,35,593/- under section 73(1) of the CGST Act, 2017 along with interest under Section 50 of the CGST Act, 2017. Therefore I appropriate the same against the confirmed transitional credit.

However, taxpayer has not paid penalty. Therefore I impose the penalty under section 73(1) of the CGST Act, 2017 read with Section 122(2)(a) of CGST Act, 2017.

15. In view of the above findings, in terms of section 73(9) of CGST Act, 2017, I pass the following order:

- i) I confirm the demand and order to recover transitional credit of Rs.2,35,593/- from the taxpayer under Section 73 (1) of the CGST Act, 2017
Since the taxpayer has paid Rs.2,35,593/- (dated 06.09.2023 Debit e.no.DC2409230013131) and the same is appropriated against the demand at (i) above.

- ii) Since the taxpayer had paid interest of Rs.2,35,503/- vide DRC-03 dated 06.09.2023 (Debit c.no.DC2409230013131), I drop the recovery of interest from the taxpayer, under Section 50(1) of the CGST Act, 2017 against the demand raised at (i) above;
- iii) I impose the penalty of Rs.23,559/- upon taxpayer against the demand at sr.no.(i) under Section 73(1) of the CGST Act, 2017 read with Section 122(2)(a) of CGST Act, 2017.

This order is issued without prejudice to any other action that may be taken against the tax payer under CGST Act, 2017 and the rules framed there under and/or any other law for the time being in force.

Rajesh R Shah
(Rajesh R Shah) 25/12/2023

Superintendent
CGST,
Range-I, Division-III
Vadodara-I

F.No.R-I/D-III/CERA/colgate/21-22

Date: 29.12.2023

To,
M/s Colgate Palmolive India Ltd.,
Premchand Gokaldas Banker Brother Estate-I,
Beside Raja Estate,
Padamla,
Disstt.-Vadodara,
Gujarat-391350

Registration No. AAACC4309BEM007

Copy to:

- 1)The Deputy / Assistant Commissioner, CGST & CE, Division-III, Vadodara-I.
- 2)The Deputy/Assistant Commissioner (Review- Hqs.), CGST & CE, Vadodara-I.
- 3)Guard File.