

## HC: ITC on coal used for electricity supplied to staff township not eligible

CA Prakash Chandra Jain

P.O. Brajrajnagar

Odisha- 768216

Cell: 94375-41690 / 70087-12242

Email: prakashchjain@yahoo.co.in



REFER THE DECISION OF THE HON'BLE CHHATTISGARH HIGH COURT IN THE CASE OF

*Bharat Aluminum Company Ltd. v. State of Chhattisgarh* – [2025] 179 taxmann.com 493 (Chhattisgarh)

Where the **aluminium manufacturer's captive power plant** generated electricity using **imported coal** on which **Compensation Cess** was paid, and a **portion of the electricity was supplied to employees' residential township** instead of being used for production or captive consumption, the **High Court of Chhattisgarh** held that **input tax credit (ITC)**, including **Compensation Cess**, attributable to such **non-business supply** was **ineligible**.

The Court observed that the electricity supplied to the employees' township was **welfare-oriented** and not integrally connected with business operations. Therefore, refund claims to the extent of such **ineligible ITC** were unsustainable.

// भगवान महावीर का संदेश //

"जीवो और जीने दो" — यही हो हमारा संकल्प।

🙏 जय जिनेन्द्र 🙏