

# Auto industry seeks relief on ₹2,500 cr compensation cess

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The automobile industry is understood to have taken up with the government the issue of ₹2,500 crore compensation cess credits arising out of GST 2.0 regime in their pre-Budget meeting, according to sources.

Representatives from the auto industry, including Society of Indian Automobile Manufacturers, in their meeting with Finance Minister Nirmala Sitharaman and senior officials held on Tuesday, raised the matter and sought a resolution of the matter citing genuine concerns of dealers, which are mostly small and medium enterprises, a

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## THE ACCUMULATED COMPENSATION CESS LAPSED ON SEPTEMBER 22 WITH NEW GST NORMS COMING INTO EFFECT

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person aware of the development said.

The accumulated compensation cess lapsed on September 22 with new GST norms coming into effect.

In October this year, the Federation of Automobile Dealers Associations (FADA) moved the Supreme Court seeking relief over ₹2,500 crore worth of compensation cess credits.

FADA had then asserted that its knocking at the doors of the Supreme Court was “not against reform, but for fairness and trust”

as thousands of MSME auto dealers were hurting and “₹2,500 crore of genuine, tax-paid compensation cess credits now risk lapsing”.

The dealers’ concern stemmed from the unutilised compensation cess balance held in their books, which may not be carried forward under the revised GST framework. The industry body had earlier appealed to Prime Minister Narendra Modi to help tide over the issue of compensation cess.

Besides the compensation cess issues, the auto industry players also discussed matters relating to ease of doing business and issues faced on GST portal with the government officials in the meeting.