



सत्यमेव जयते

आयुक्त का कार्यालय

Office of the Commissioner

केंद्रीय जीएसटी, अपील अहमदाबाद आयुक्तालय

Central GST, Appeals Ahmedabad Commissionerate
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आज़ादी का
अमृत महोत्सव

By SPEED POST

DIN:- 20231264SW000000F123

(क)	फ़ाइल संख्या / File No.	GAPPL/COM/STP/4431/2023 / 9961
(ख)	अपील आदेश संख्या और दिनांक / Order-In -Appeal and date	AHM-EXCUS-002-APP-164/23-24 and 21.12.2023
(ग)	पारित किया गया / Passed By	श्री ज्ञानचंद जैन, आयुक्त (अपील) Shri Gyan Chand Jain, Commissioner (Appeals)
(घ)	जारी करने की दिनांक / Date of Issue	28.12.2023
(ङ)	Arising out of Order-In-Original No. 39/DC/D/VM/22-23 dated 6.1.2023 passed by The The Deputy Commissioner, CGST, Division-III, Ahmedabad North	
(च)	अपीलकर्ता का नाम और पता / Name and Address of the Appellant	Supreme Nonwoven Industries Pvt. Ltd. Plot No. E6B, Tata Motors Vendor Park Road No. VR6, Northkotpura Ahmedabad - 382170

कोई व्यक्ति इस अपील-आदेश से असंतोष अनुभव करता है तो वह इस आदेश के प्रति यथास्थिति नीचे बताए गए सक्षम अधिकारी को अपील अथवा पुनरीक्षण आवेदन प्रस्तुत कर सकता है, जैसा कि ऐसे आदेश के विरुद्ध हो सकता है।

Any person aggrieved by this Order-in-Appeal may file an appeal or revision application, as the one may be against such order, to the appropriate authority in the following way.

भारत सरकार का पुनरीक्षण आवेदन:-

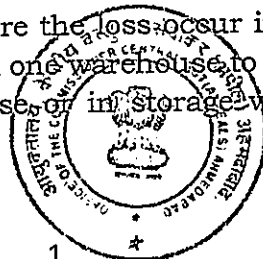
Revision application to Government of India:

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1994 की धारा अतत नीचे बताए गए मामलों के बारे में पूर्वोक्त धारा को उप-धारा के प्रथम परन्तुक के अंतर्गत पुनरीक्षण आवेदन अधीन सचिव, भारत सरकार, वित्त मंत्रालय, राजस्व विभाग, चौथी मंजिल, जीवन दीप भवन, संसद मार्ग, नई दिल्ली: 110001 को की जानी चाहिए :-

A revision application lies to the Under Secretary, to the Govt. of India, Revision Application Unit Ministry of Finance, Department of Revenue, 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001 under Section 35EE of the CEA 1944 in respect of the following case, governed by first proviso to sub-section (1) of Section-35 ibid :-

(क) यदि माल की हानि के मामले में जब ऐसी हानिकार खाने से किसी भण्डागार या अन्य कारखाने में या किसी भण्डागार से दूसरे भण्डागार में माल ले जाते हुए मार्ग में, या किसी भण्डागार या भण्डार में चाहे वह किसी कारखाने में या किसी भण्डागार में हो माल की प्रकिया के दौरान हुई हो।

In case of any loss of goods where the loss occur in transit from a factory to a warehouse or to another factory or from one warehouse to another during the course of processing of the goods in a warehouse or in storage whether in a factory or in a warehouse.



(ख) भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित माल पर या माल के विनिर्माण में उपयोग शुल्क कच्चे माल पर उत्पादन शुल्क के रिबेट के मामलों में जो भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित है।

In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.

(ग) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।

In case of goods exported outside India export to Nepal or Bhutan, without payment of duty.

(घ) अंतिम उत्पादन की उत्पादन शुल्क के भुगतान के लिए जो ड्यूटी क्रेडिट मान्य की गई है और ऐसे आदेश जो इस धारा एवं नियम के मुताबिक आयुक्त, अपील के द्वारा पारित वो समय पर या बाद में वित्त अधिनियम (नं 2) 1998 धारा 109 द्वारा नियुक्त किए गए हो।

Credit of any duty allowed to be utilized towards payment of excise duty on final products under the provisions of this Act or the Rules made there under and such order is passed by the Commissioner (Appeals) on or after, the date appointed under Sec.109 of the Finance (No.2) Act, 1998.

(2) केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001 के नियम 9 के अंतर्गत विनिर्दिष्ट प्रपत्र संख्या इए-8 में दो प्रतियों में, प्रेषित आदेश के प्रति आदेश प्रेषित दिनांक से तीन मास के भीतरमूल-आदेश एवं अपील आदेश की दो-दो प्रतियों के साथ उचित आवेदन किया जाना चाहिए। उसके साथ खाता इ का मुख्य शीर्ष के अंतर्गत धारा 35-इ में निर्धारित फी के भुगतान के सबूत के साथ टीआर-6 चालान की प्रति भी होनी चाहिए।

The above application shall be made in duplicate in Form No. EA-8 as specified under Rule, 9 of Central Excise (Appeals) Rules, 2001 within 3 months from the date on which the order sought to be appealed against is communicated and shall be accompanied by two copies each of the OIO and Order-In-Appeal. It should also be accompanied by a copy of TR-6 Challan evidencing payment of prescribed fee as prescribed under Section 35-EE of CEA, 1944, under Major Head of Account.

(3) रिविजन आवेदन के साथ जहाँ संलग्न रकम एक लाख रुपये या उससे कम होतो रूपये 200/- फीस भुगतान की जाए और जहाँ संलग्नरकम एक लाख से ज्यादा हो तो 1000/- की फीस भुगतान की जाए।

The revision application shall be accompanied by a fee of Rs.200/- where the amount involved is Rupees One Lac or less and Rs.1,000/- where the amount involved is more than Rupees One Lac.

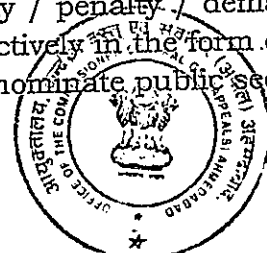
सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवा कर अपीलीय न्यायाधिकरण के प्रति अपील:-
Appeal to Custom, Excise, & Service Tax Appellate Tribunal.

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1944 की धारा 35-बी/35-इ के अंतर्गत:-
Under Section 35B/ 35E of CEA, 1944 an appeal lies to :-

(2) उक्तलिखित परिच्छेद में बताए अनुसार के अलावा की अपील, अपीलो के मामले में सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) की पश्चिम क्षेत्रीय पीठिका, अहमदाबाद में 2nd माला, बहुमाली भवन, असरवा, गिरधरनागर, अहमदाबाद-380004।

To the west regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at 2nd floor, Bahumali Bhawan, Asarwa, Girdhar Nagar, Ahmedabad: 380004.
In case of appeals other than as mentioned above para.

The appeal to the Appellate Tribunal shall be filed in quadruplicate in form EA-3 as prescribed under Rule 6 of Central Excise(Appeal) Rules, 2001 and shall be accompanied against (one which at least should be accompanied by a fee of Rs.1,000/- , Rs.5,000/- and Rs.10,000/- where amount of duty / penalty / demand / refund is upto 5 Lac, 5 Lac to 50 Lac and above 50 Lac respectively in the form of crossed bank draft in favour of Asstt. Registrar of a branch of any nominate public sector bank of the



place where the bench of any nominate public sector bank of the place where the bench of the Tribunal is situated.

(3) यदि इस आदेश में कई मूल आदेशों का समावेश होता है तो प्रत्येक मूल आदेश के लिए फीस का भुगतान उपर्युक्त ढंग से किया जाना चाहिए इस तथ्य के होते हुए भी कि लिखा पढी कार्य से बचने के लिए यथास्थिति अपीलीय न्यायाधिकरण को एक अपील या केन्द्रीय सरकार को एक आवेदन किया जाता है।

In case of the order covers a number of order-in-Original, fee for each O.I.O. should be paid in the aforesaid manner notwithstanding the fact that the one appeal to the Appellate Tribunal or the one application to the Central Govt. As the case may be, is filled to avoid scriptoria work if excising Rs. 1 lacs fee of Rs.100/- for each.

(4) न्यायालय शुल्क अधिनियम 1970 यथा संशोधित की अनुसूची -1 के अंतर्गत निर्धारित किए अनुसार उक्त आवेदन या मूलआदेश यथास्थिति निर्णयन प्राधिकारी के आदेश में से प्रत्येक की एक प्रतिपर रू 6.50 पैसे का न्यायालय शुल्क टिकट लगा होना चाहिए।

One copy of application or O.I.O. as the case may be, and the order of the adjournment authority shall a court fee stamp of Rs.6.50 paise as prescribed under scheduled-I item of the court fee Act, 1975 as amended.

(5) इन ओर संबंधित मामलों को नियंत्रण करने वाले नियमों की ओर भी ध्यान आकर्षित किया जाता है जो सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (कार्याविधि) नियम, 1982 में निहित है।

Attention is invited to the rules covering these and other related matter contended in the Customs, Excise & Service Tax Appellate Tribunal (Procedure) Rules, 1982.

(6) सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) एके प्रति अपीलो के मामले में कर्तव्यमांग (Demand) एवं दंड (Penalty) का 10% पूर्व जमा करना अनिवार्य है। हालांकि, अधिकतम पूर्व जमा 10 करोड़ रुपए है। (Section 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

केन्द्रीय उत्पाद शुल्क और सेवाकर के अंतर्गत, शामिल होगा कर्तव्य की मांग (Duty Demanded)।

- (1) खंड (Section) 11D के तहत निर्धारित राशि;
- (2) लिया गलत सेनवैट क्रेडिट की राशि;
- (3) सेनवैट क्रेडिट नियमों के नियम 6 के तहत देय राशि।

यह पूर्व जमा 'लंबित अपील' में पहले पूर्व जमा की तुलना में 'अपील' दाखिल करने के लिए पूर्व शर्त बना दिया गया है।

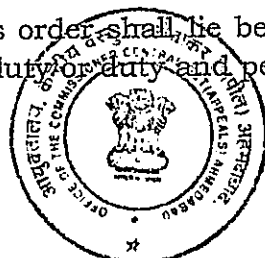
For an appeal to be filed before the CESTAT, 10% of the Duty & Penalty confirmed by the Appellate Commissioner would have to be pre-deposited, provided that the pre-deposit amount shall not exceed Rs.10 Crores. It may be noted that the pre-deposit is a mandatory condition for filing appeal before CESTAT. (Section 35 C (2A) and 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994).

Under Central Excise and Service Tax, "Duty demanded" shall include:

- (i) amount determined under Section 11 D;
- (ii) amount of erroneous Cenvat Credit taken;
- (iii) amount payable under Rule 6 of the Cenvat Credit Rules.

(6) (i) इस आदेश के प्रति अपील प्राधिकरण के समक्ष जहाँ शुल्क अथवा शुल्क या दण्ड विवादित हो तो माँग किए गए शुल्क के 10% भुगतान पर और जहाँ केवल दण्ड विवादित हो तब दण्ड के 10% भुगतान पर की जा सकती है।

In view of above, an appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute."



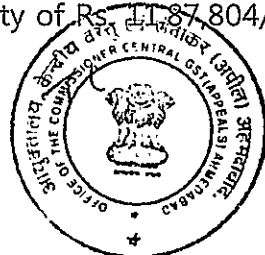
ORDER-IN-APPEAL

The present appeal has been filed by M/s. Supreme Nonwoven Industries Pvt. Ltd., Plot No. E6B, Tata Motors Vendor Park, Road No. VR6, Northkotpura, Ahmedabad – 382170 (hereinafter referred to as "the appellant") against Order-in-Original No. 39/DC/D/VM/22-23 dated 06.01.2023(hereinafter referred to as "the impugned order") passed by the Deputy Commissioner, CGST, Division-III, Ahmedabad North (hereinafter referred to as "the adjudicating authority").

2. Briefly stated, the facts of the case are that the appellant were holding Service Tax Registration No. AAACB1673PSD008. On scrutiny of the data received from the Central Board of Direct Taxes (CBDT) for the Financial Year 2015-16, it was noticed that there is difference of value of service amounting to Rs. 81,91,750/- between the gross value of service provided in the said data and the gross value of service shown in Service Tax returns filed by the appellant for the FY 2015-16. Accordingly, it appeared that the appellant had earned the said substantial income by way of providing taxable services but not paid the applicable service tax thereon. The appellant were called upon to submit clarification for difference along with supporting documents, for the said period. However, the appellant had not responded to the letters issued by the department.

2.1 Subsequently, the appellant were issued Show Cause Notice No. III/SCN/DC/SUPREME/102/20-21 dated 21.04.2021 demanding Service Tax amounting to Rs. 11,87,804/- for the period FY 2015-16, under provision of Section 73 of the Finance Act, 1994. The SCN also proposed recovery of interest under Section 75 of the Finance Act, 1994; and imposition of penalties under Section 77(2) and Section 78 of the Finance Act, 1994.

2.2 The Show Cause Notice was adjudicated, ex-parte, vide the impugned order by the adjudicating authority wherein the demand of Service Tax amounting to Rs. 11,87,804/- was confirmed under proviso to Sub-Section (1) of Section 73 of the Finance Act, 1994 along with Interest under Section 75 of the Finance Act, 1994 for the period from FY 2015-16. Further, Penalty of Rs. 11,87,804/- was imposed on the



appellant under Section 78 of the Finance Act, 1994 and Penalty of Rs. 10,000/- was imposed on the appellant under Section 77(2) of the Finance Act, 1994.

3. Being aggrieved with the impugned order passed by the adjudicating authority, the appellant have preferred the present appeal on the following grounds:

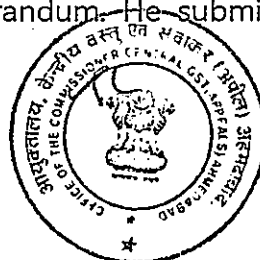
- The appellant submitted that they are a multi location company having registration at various locations i.e. Valsad, Uttrakhand, Pune, Haryana, Ahmedabad, Bidai-Ramnagar. For their Ahmedabad location they were holding Service Tax Registration No. AAACB1673PSD008.
- They have maintained the consolidated Balance Sheet for all above locations for the FY 2015-16. They were engaged in providing the service of job work to M/s. Supreme Treon Pvt. Ltd. during the FY 2015-16. They have also provided other taxable services for which appropriate service tax was paid by them during the FY 2015-16.
- The appellant further submitted that the same type inquiry was initiated by the Pune Commissionerate & Maharashtra Commissionerate in respect of the same income for the same period. The appellant filed their reply of the impugned show cause notice vide their letter dated 30.07.2021 but the adjudicating authority failed to consider the same and passed the impugned order, ex-parte, and confirmed the demand of service tax along with interest and penalties.
- The appellant submitted that Income Tax Returns figures under the Income Tax Act, 1961 cannot become basis for the demand of service tax under the provision of Finance Act, 1994. In this regard they relied upon the following case laws:
 - a) Quest Engineers & Consultants Pvt Ltd Vs Commissioner, CGST &C.Ex. Allhabad – 2022(58)G.S.T.L.345(Tri-All.)



b) Ganpati Mega Builders (I) Pvt Ltd Vs Commr.Cus, C.Ex.& ST, Agra - 2022(58)
G.S.T.L. 324 (Tri-All)

- The appellant further submitted that the levy of Service Tax on various services as per Section 66B excludes the negative list of services under Section 66(D). The activity of appellant falls under the negative list under clause (f) of Section 66D of the Finance Act, 1994. Therefore, the question of payment of Service Tax as well as the Registration of person/firm will not arise at all. During the FY 2015-16, the appellant undertook the Job Work of auto parts and the same is covered under the Negative List as per Section 66D of the Finance Act, 1994 & also the same is even otherwise exempted from Service Tax as per Sr. No.30 of Notification No. 25/2012- ST dated 20.06.2012.
- The Appellant submits that although the SCN pertains to the Ahmedabad unit of the appellant, the department has initiated parallel inquiry with other units of the appellant on the basis of the very same consolidated income figures as mentioned in the income tax returns. Such multiplicity of the proceedings on the consolidated income of the appellant company is not permitted in law. They submitted that based on the consolidated income of the company there are multiple demands on the other registered units which is not permissible in law.
- The Appellant submits that the SCN and the impugned order do not specify under which specific heading of notified services under the Finance Act, 1994 the demand is made. The SCN and the impugned order *do not specify under which category of service* that the demand of service tax is made and confirmed. Such vague and unsubstantiated proceedings are not permissible in law. The Appellant denied all allegations and requested to set aside the impugned order.

4. Personal hearing in the case was held on 05.12.2023. Shri Mrugesh G. Pandya, Advocate, appeared on behalf of the appellant for personal hearing. He reiterated the written submissions made in appeal memorandum. He submitted that the actual



turnover of the subject S. Tax Registration is only Rs. 2,00,982/- while adjudicating authority has taken the consolidated figure of all S. Tax Registrations. He further requested for two weeks time to submit additional submission including CA certificate.

5. I have carefully gone through the facts of the case, grounds of appeal, submissions made in the Appeal Memorandum and documents available on record. The issue to be decided in the present appeal is whether the impugned order passed by the adjudicating authority, confirming the demand of service tax against the appellant along with interest and penalty, in the facts and circumstance of the case, is legal and proper or otherwise. The demand pertains to the period FY 2015-16.

6. I find that in the SCN in question, the demand has been raised for the period FY 2015-16 based on the Income Tax Returns filed by the appellant. The appellant failed to file satisfactory reply and also failed to furnish the supporting documents before the adjudicating authority. In absence of the same, the adjudicating authority ex-parte decided the matter and confirmed the demand on the basis of records available.

7. Now as the appellant has filed their submission before me and It is observed from the submission that they have provided the service of job work namely "Waterjet Trimming on the auto parts" to M/s. Supreme Treves Pvt. Ltd. during the FY 2015-16. The same is verified from the challans issued under Rule 4(6) of the CCR,2002.The activity falls under the manufacturing process covered under the negative list of services under clause (f) of Section 66D of the Finance Act, 1994. For reference the same is reproduced as under:

Section 66D of Finance Act, 1994 specifies the Negative list of services i. e. the Services on which Service Tax is not leviable. Section 66D is been inserted in Finance Act, 1994 by Finance Act, 2012 and been notified to be effective from 1st July 2012 vide Notification No. 19/2012-ST dated 5 June 2012. A negative list of services under service tax implies two things:(1) a list of services which will not be subject to service tax; (2) other than the services mentioned in the negative list, all services will be taxable which fall within the definition of 'services'. Negative List of Services are different from the exempt Services as exempt services are although taxable but



government has exempted them from service tax, while services in Negative list are not taxable at all.

LIST OF NEGATIVE SERVICES UNDER SERVICE TAX S. NO. PARTICULARS;

(a) ...;

(b) to (e).....;

(f) Services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption.

Further, the income received by them from such job work is also appears exempted from the service tax as per Sr. No. 30 of the Notification No. 25/2012-ST dated 20.06.2012. For ease of reference, I hereby produce the relevant text of the Notification No. 25/2012-ST dated 20.06.2012, as amended, which reads as under:

"Notification No. 25/2012-Service Tax dated 20th June, 2012

G.S.R. 467(E).- In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Act) and in supersession of notification No. 12/2012- Service Tax, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 210 (E), dated the 17th March, 2012, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the following taxable services from the whole of the service tax leviable thereon under section 66B of the said Act, namely:-

1...

2... ..

30. Carrying out an intermediate production process as job work in relation to -

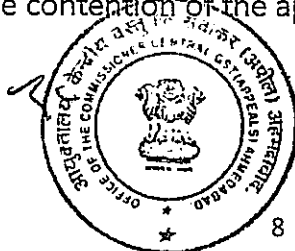
(a)

(b) ...;

(c) any goods on which appropriate duty is payable by the principal manufacturer

(d)"

In support of their claim they have submitted sample challans for job work & Financial statements for the F.Y. 2015-16. Further, as per submission, the appellant maintained the consolidated Balance Sheet for the FY 2015-16 and the income from above job work for the F.Y. 2015-16 was only Rs. 2,00,982/- against the STC No AAACB1673PSD008. They have also submitted CA certificate in support of their claim. In view of the above the contention of the appellant appears to be sustainable.



9. In view of the above discussion, I am of the considered view that the activity carried out by the appellant not liable to pay Service Tax during the FY 2015-16. Since the demand of Service Tax is not sustainable on merits, there does not arise any question of charging interest or imposing penalties in the case.

10. In view of above, I hold that the impugned order passed by the adjudicating authority confirming demand of Service Tax, in respect of income received by the appellant during the FY 2015-16, is not legal and proper and deserve to be set aside. Accordingly, I set aside the impugned order and allow the appeal filed by the appellant.

11. अपील कर्ता द्वारा दर्ज की गई अपील का निपटारा उपरोक्त तरीके से किया जाता है।

The appeal filed by the appellant stands disposed of in above terms.

Attested

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Manish Kumar
Superintendent(Appeals),
CGST, Ahmedabad

G. J.

(ज्ञानचंद जैन)

आयुक्त (अपील्स)

Date : 21.12.23



By RPAD / SPEED POST

To,

M/s. Supreme Nonwoven Industries Pvt. Ltd.,

Plot No. E6B, Tata Motors Vendor Park,

Road No. VR6, Northkotpura,

Ahmedabad - 382170

Appellant

The Deputy Commissioner,

CGST, Division-III,

Ahmedabad North

Respondent

Copy to :

- 1) The Principal Chief Commissioner, Central GST, Ahmedabad Zone
- 2) The Commissioner, CGST, Ahmedabad North
- 3) The Deputy Commissioner, CGST, Division-III, Ahmedabad North
- ~~4) The Assistant Commissioner (HQ System), CGST, Ahmedabad North~~

(for uploading the OIA)

5) Guard File

6) PA file

