



आयुक्त का कार्यालय
Office of the Commissioner
केंद्रीय जीएसटी, अपील अहमदाबाद आयुक्तालय
Central GST, Appeals Ahmedabad Commissionerate
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By SPEED POST

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(क)	फ़ाइल संख्या / File No.	GAPPL/COM/STP/4401/2023 (2298)
(ख)	अपील आदेश संख्या और दिनांक / Order-In -Appeal and date	AHM-EXCUS-002-APP-233/23-24 and 13.02.2024
(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	20.02.2024
(ङ)	Arising out of Order-In-Original No. 661/AC/DEMAND/22-23 dated 28.3.2023 passed by The Assistant Commissioner, CGST Division-I, Ahmedabad North	
(च)	अपीलकर्ता का नाम और पता / Name and Address of the Appellant	Wilson Christian A-403, Shanti Sharan Ghanshyam Nagar, Nobal Nagaring Ahmedabad - 382340

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 प्रक्रिया 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 रुपये 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 Appellant 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 अपील 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।

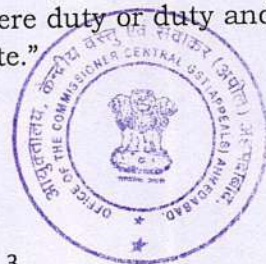
For an appeal to be filed before the CESTAT, 10% of the Duty & Penalty confirmed by the Appellate Commissioner would have to be pre-deposited, provided that the pre-deposit amount shall not exceed Rs.10 Crores. It may be noted that the pre-deposit is a mandatory condition for filing appeal before CESTAT. (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. Wilson Christian, situated at A-403, Shanti Sharan, Ghanshyam Nagar, Nobal Nagar, Ahmedabad – 382340 (hereinafter referred to as “the appellant”) against Order-in-Original No. 661/AC/DEMAND/22-23 dated 28.03.2023 (hereinafter referred to as “the impugned order”) passed by the Assistant Commissioner, Central GST and C. Ex., Division-I, Ahmedabad North (hereinafter referred to as “the adjudicating authority”).

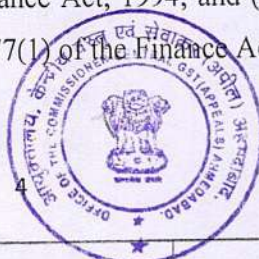
2. Briefly stated, the facts of the case are that the appellant are holding PAN No. APFPC8865D. On scrutiny of the data received from the Central Board of Direct Taxes (CBDT) for the FY 2015-16, it was noticed that the appellant had earned an income of Rs. 16,20,691/- during the FY 2015-16, which was reflected under the heads “Gross Receipts from Services (Value from ITR)” filed with the Income Tax department. Details of the same are as under:

F.Y	Value as per ITR in Rs.	Service tax not paid in Rs.
2015-16	16,20,691/	2,35,001/
Total	16,20,691/	2,35,001/

Accordingly, it appeared that the appellant had earned the said substantial income by way of providing taxable services but has neither obtained Service Tax registration nor paid the applicable service tax thereon. The appellant vide letter/mail dated 28.01.2021 & 11.03.2021, was called upon to submit copies of relevant documents for assessment for the above said period. However, the appellant had not responded to the letters issued by the department till the SCN issued.

2.1 Subsequently, the appellant was issued Show Cause Notice No. STC/AR-1-15-16/UNREG/Wilson/2021-22/262 dated 23.04.2021 demanding Service Tax amounting to Rs. 2,35,001/- for the period FY 2015-16, under proviso to Sub-Section (1) 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(1) and Section 78 of the Finance Act, 1994.

2.2 The Show Cause Notice was adjudicated by the authority wherein the demand of Service Tax amounting to Rs. 2,35,001/- 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 (i) Penalty of Rs. 2,35,001/- was also imposed on the appellant under Section 78 of the Finance Act, 1994; and (ii) Penalty of Rs. 10,000/- was imposed on the appellant under Section 77(1) of the Finance Act, 1994.



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

- The appellant i.e. Wilson Christian having PAN No. APFPC8865D is engaged in the business of Job work relating to the textile processing. During F.Y 2015-16 he worked as a job worker for two parties namely Alpesh Mohanlal Shah (HUF) and Dilipkumar Jayprakash Jagwani. These two principals used to send raw materials for manual stitching and packing of ladies jeggings to the appellant. They also deducted Tax Deducted at Source (TDS) from the amount paid to the appellant under Section 194(c)- Payment to contractors, of the Income Tax Act, 1961. The said income has also been reported in the Income Tax .
- The appellant submitted that before the passing of the OIO, they have conveyed to the adjudicating authority that they were engaged in business of textile processing work on job work basis and the same is covered under Entry (f) of Negative List i.e. Sec. 66D of Finance Act, 1994, and also exempted vide Entry No. 30 of Notification No. 25/2012-ST dated 20-06-2012.
- Further, they submitted that only on the basis of data provided by the income tax department, Show Cause Notice was issued without further verification and the same is vague and cryptic.
- The appellant submitted that the amount received by them should be considered as cum-tax. They placed reliance of the following case law:
 - (i) M/s Vaishali Developers & Builders reported at 2017 (47) S.T.R. 300 (Tri. - Del.)
 - (ii) M/s Avtar Sochi reported at 2016 (46) S.T.R. 547 (Tri. - Del.) 11. Maruti Udyog [2002 (141) E.L.T. 3 (S.C.)].
 - (iii) M/s Hans Interiors reported as 2016 (44) S.T.R. 607 (Tri. - Chennai)
 - (iv) Commissioner of Central Excise & Cus., Patna v. Advantage Media Consultant cited (supra) - 2009 (14),S. T.R. J49 (S.C.).
- The appellant submitted that their turnover has not crossed amount of Rs.50 lakhs during the F.Y. 2015-16. Thus, according to Rule 6 of the Service Tax Rules, 1994 they were liable to pay Service Tax only when they had received the payment of services provided by them. The same is not considered in OIO and confirmed demand on all figures.
- The appellant submitted that Figures from 26AS cannot be used for determining service tax liability unless there is conclusive evidence as to the said is on account of



providing taxable service. The findings of the OIO are baseless, erroneous and lacks merit. They rely on below mentioned cases:

- a) Indus Motor Company reported at 2007 (8) TMI 89 - CESTAT,
- b) Synergy Audio Visual Workshop Pvt. Ltd. reported at 2008 (1) TMI 188 - CESTAT Bangalore.
- c) M/s Kush Constructions reported at 2019 (5) TMI 1248 - CESTAT Allahabad,
- d) M/s Luit Developers Private Limited reported at 2022 (3) TMI 50, CESTAT Kolkata.
- e) M/s Quest Engineers & Consultant Pvt. Ltd. 2021(10) TMI 96.

- The appellant submitted that they have not suppressed any fact from the department and extended period can't be invoked in this case. The meaning of word "suppression" was considered by the Hon'ble Supreme Court in the case of Continental Foundation Jt. Venture Vs. CCE, Chandhigarh, reported in 2007(216) ELT 177(SC) wherein in it was held that the mere omission to give correct information was not suppression of facts unless it was deliberate and to stop the payment of duty.

They also place reliance on the judgement in case of M/s Jaiprakash Industries Limited, reported in 2002 (146) ELT 481(SC) wherein the Hon'ble Supreme Court of India held that a bonafide doubt as to non-dutiability of goods was sufficient for the appellant to challenge the demand. Mere failure to pay service tax on account of interpretation of law would not be sufficient to invoke extended period. In absence of mens rea, penalty can't be imposed. They placed reliance on the following case law:

- (i) M/s Pahwa Chemicals Private Ltd Vs Commissioner-2005(189) ELT 257(SC);
- (ii) M/s Hindustan Steel Ltd. Vs State of Orissa-1978(2) ELT j 159 (SC);
- (iii) M/s Padmini Products Vs. Collector of C.Ex., 1989(043) ELT 0195(SC).

- The appellant submitted that the demand confirmed without proper verification is not legal as per law and prayed that the appeal may be accepted and the OIO may be set aside in light of the above.

4. Personal hearing in the case was held on 06.02.2024. Neelam Kalwani, CA attended personal hearing online. She stated that the appellant is textile job worker which is exempted under Noti. No 25/2012 sr no. 30. Hence the appeal may be allowed.

5. I have carefully gone through the facts of the case, grounds of appeal, submissions made in the Appeal Memorandum, during the course of personal hearing 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 on the basis of the Income Tax Returns filed by the appellant as the appellant failed to reply of the departmental letters in time. Further they also failed to furnished the supporting documents i.e. work order, invoices, job work challan, etc. before the adjudicating authority, Therefore, the adjudicating authority adjudicated the matter and confirmed the demand along with interest and penalty.

7. Now, as per the submission filed before me, It is observed that the main contentions of the appellant in the appeal memorandum is that they were engaged in the textile processing work on job work basis. They have furnished the copies of sample invoices in support of their claim. While going through the invoices it is seen that they were doing the job work on textile material and the income received by them from such job work is 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) agriculture, printing or textile processing;

(b)

(c); or

(d)"

8. On scrutiny of the documents submitted viz. sample bill, 26AS etc, I find that the appellant was engaged in Job work(stitching) in relation to textile processing and the appellant is not required to pay any service tax on the income of Rs. 16,20,691/- received by them during the FY 2015-16 as per above notification. Therefore the contention made by the appellant appears to be sustainable.



9. I further, find that TRU vide F.No. B.11/1/2002-TRU dated 01.08.2022 clarified as under:

“A point has been raised as to whether tailors and jewellers will be covered under the service tax . Taxable service in this case is designing of the goods intended to be worn by human being. A tailor is involved only in stitching of clothes. As such no designing activity is involved. Hence tailor will not be covered under the tax net.”

It is also found that the Hon'ble CESTAT, New Delhi in the case of Kaya Designer Lounge Vs. CGST,CE & CC Bhopal-2019(25) GSTL 98(Tri-Del) held that no service tax can be charged in stitching/tailoring charges.

Further I also find that Commissioner(Appeal), Ahmedabad vide OIA No. AHM-EXCUS-001-APP-097/2022-23 dated 13.12.2022 held that stitching of shirts on jobwork basis is not liable for service tax.

10. 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.

11. 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.

12. 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.

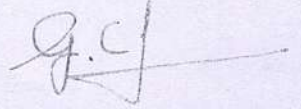
Attested



Manish Kumar
Superintendent(Appeals),
CGST, Ahmedabad

By RPAD / SPEED POST

To,
M/s. Wilson Christian,
A-403,Shanti Sharan, Ghanshyam Nagar,
Nobal Nagar, Ahmedabad – 382340



(जानचंद जैन)

आयुक्त (अपील्स)

Date : 13.02.24



Appellant

Respondent

The Assistant Commissioner,
CGST & C. Ex., Division-I,
Ahmedabad North

Copy to :

- 1) The Principal Chief Commissioner, Central GST, Ahmedabad Zone
- 2) The Commissioner, CGST, Ahmedabad North
- 3) The Assistant Commissioner, CGST, Division I, Ahmedabad North
- 4) The Assistant Commissioner (HQ System), CGST, Ahmedabad North
(for uploading the OIA)
- 5) Guard File
- 6) PA file

