Customs, Excise & Service Tax Appellate Tribunal
West Zonal Bench at Ahmedabad

REGIONAL BENCH-COURT NO.1

Service Tax Appeal No. 12424 of 2019-DB

(Arising out of OIA-AHM-EXCUS-003-APP-017-19-20 dated 10/07/2019 passed by Commissioner (Appeals), Central Tax-Ahmedabad)

COMMISSIONER OF CGST &
CENTRAL EXCISE-Gandhinagar **......Appellant**
2nd Floor, Custom House,
Near All India Radio, Navrangpura,
Ahmedabad-380009, Gujarat

VERSUS

R V LABOUR JOB CONTRACTOR **......Respondent**
WHITE HOUSE, OPP. DUDHSAGAR DAIRY,
NEAR SAHYOG GAS BUILDING
MEHSANA, GUJARAT

APPEARANCE:
Shri M P Solanki, Assistant Commissioner (AR) for the Appellant
Shri Devashish K Trivedi, Advocate for the Respondent

CORAM:
HON'BLE MEMBER (JUDICIAL), MR. SOMESH ARORA
HON'BLE MEMBER (TECHNICAL), MR. SATENDRA VIKRAM SINGH

Final Order No. 10028/2026

DATE OF HEARING/ DECISION: 12.01.2026

SOMESH ARORA

1. The department's case is that the respondent was charging job-work charges in relation to the products involved, namely Dahi, Buttermilk and Ice-cream, which were sold on a job-work basis. According to the department, the activities carried out by the respondent fall under the category of "Packaging, Cleaning Services" as defined under Section 65 and the relevant clauses of the Finance Act, 1994. On this basis, the department decided to issue a show cause notice dated 22.11.2017 proposing demand of service tax of Rs.1,49,41,951/- along with interest under Section 75 and penalty under Section 78, on the ground that the job-work charges pertained to activities which did not amount to manufacture and were therefore taxable under the Service Tax law.

2. The said demand was contested by the respondent, who submitted that the job-work undertaken in respect of all three products was covered by the

relevant Chapter Notes, Section Notes and Tariff provisions under the Central Excise Act, and that the processes carried out by them amounted to manufacture. It was contended that once the activities are deemed to be manufacture under the Central Excise law, they fall outside the ambit of taxable services. Accordingly, the respondent submitted that the processes undertaken by way of job-work were manufacturing activities covered under Central Excise, and therefore no service tax could be demanded.

3. Time was granted to the learned Authorised Representative to verify the position with respect to the relevant Chapter Notes and Section Notes under the Central Excise Tariff, particularly whether the activities of labelling or relabelling of containers and repacking from bulk packs to retail packs or the adoption of any other treatment to render the product marketable to the consumer, shall amount to "manufacture". Upon detailed verification, the learned AR submitted that the relevant Chapter Notes were available, which specifically covered the products in question as well as the activities of packaging and repackaging.

4. We have considered the rival submissions and examined the statutory position. We find that so long as the Central Excise Tariff, by virtue of the applicable Chapter Notes and Section Notes, treats the impugned activities as manufacture, the same would not fall within the ambit of Service Tax. In view of this settled position, the demand has been correctly been set aside by the Commissioner (Appeal).

5. Accordingly, we uphold the order passed by the Commissioner (Appeals) and dismiss the appeal filed by the department.

(Dictated and pronounced in the open court)

(SOMESH ARORA)
MEMBER (JUDICIAL)

(SATENDRA VIKRAM SINGH)
MEMBER (TECHNICAL)

Bharvi