CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
ALLAHABAD

REGIONAL BENCH - COURT NO.I

Service Tax Appeal No.70114 of 2023

(Arising out of Order-In-Appeal No.631-ST-ALLD-2022, dated 21.12.2022 passed by Commissioner (Appeals) Customs, CGST & Central Excise, Allahabad)

M/s Rakesh Mani **.....Appellant**
(Proprietor of Sumit Prints Chapatti
Farrukhabad, Uttar Pradesh, 209625)

VERSUS

Commissioner CGST & Central Excise, Kanpur
....Respondent
(117/7, Sarvodya Nagar, Kanpur Nagar, Uttar Pradesh-208005)

APPEARANCE:

Shri Tanmay Sadh, Advocate for the Appellant
Shri A. K. Choudhary, Authorized Representative for the Respondent

CORAM: **HON'BLE MR. P. K. CHOUDHARY, MEMBER (JUDICIAL)**
HON'BLE MR. P. ANJANI KUMAR, MEMBER (TECHNICAL)

FINAL ORDER NO.-70195/2026

DATE OF HEARING : 13.03.2026
DATE OF DECISION : 02.06.2026

P. K. CHOUDHARY:

The present appeal has been filed by the Appellant assailing the Order-In-Appeal No.631-ST-ALLD-2022, dated 21.12.2022 passed by Commissioner (Appeals) Customs, CGST & Central Excise, Allahabad.

2. The facts of the case in brief are that the Appellant Shri Rakesh Mani is Proprietor of M/s Sumit Prints and is engaged in the business of dying and printing of fabrics. On the basis of the third party data received from the Income Tax Department, a Letter dated 01.11.2019 was issued seeking information with regard to the services provided by the Appellant to various parties during the Financial Year 2015-16.

3. Pursuant to the aforesaid Letter dated 01.11.2019, Demand cum Show Cause Notice [1] dated 28.10.2020 was issued proposing to demand Service Tax amounting to Rs.2,66,971/- on the gross receipts of Rs.18,41,176/- along with applicable interest and for imposition of penalties. Reply to the SCN was filed stating that the Appellant was engaged in providing services of job work which was exempt under Clause 30 of Mega Exemption Notification No.25/2012-ST dated 20.06.2020 and therefore, no Service Tax was payable by the Appellant on said services. The details of the gross receipt from job work is as under:-

S.No.	Particulars	Amount
1	Job Work for M/s Alps Expo	9,21,171/-
2	Job Work for M/s Narendra Shah Manoj Kumar	9,05,215/-
3	Others	14,790/-
	Total	18,41,176/-

4. Vide the Order-In-Original dated 19.05.2022, the Adjudicating Authority confirmed the demand as proposed in the SCN along with applicable interest and imposed equal penalty under Section 78 and penalty of Rs.10,000/- each under Sections 77(1)(a), 77(1)(b), 77(1)(c), 77(1)(d) and 77(2) of the Finance Act, 1994 read with Section 174 of CGST Act, 2017.

5. Being aggrieved, the Appellant filed appeal before the First Appellate Authority and the learned Commissioner (Appeals) vide the impugned Order-In-Appeal, upheld the adjudication order and rejected the appeal before him. Hence, the present appeal before the Tribunal.

6. The learned Advocate appearing on behalf of the Appellant submitted that the Appellant used to receive the material from the parties under a challan drawn in the name of the Appellant. Thereafter, the Appellant carried out his job work of printing and dying on the said material as directed by the parties according to their specification and raised invoices for the said job work activity on the said parties. He further submitted that the job work of

[1] SCN

printing and dying of textile/ fabric has been exempted from the purview of Service Tax vide Mega Exemption Notification No.25/2012 dated 20.06.2012.

7. Learned Departmental Representative appearing on behalf of the Revenue has justified the impugned order and prayed that the appeal filed by the Appellant, being devoid of any merits, may be dismissed.

8. Heard both the sides and perused the appeal records.

9. We find that the proceedings were initiated and the SCN was issued on the basis of information received from the Income Tax Department. The Appellant is engaged in providing services on job work basis by way of printing and dying of fabric/textile provided by the parties according to their specifications and raised invoices for the said job work activities on the said parties.

10. We find that SCN dated 19.10.2021 was issued for the subsequent period i.e. FY 2016-17 demanding Service Tax amounting to Rs.1,89,165/- on gross receipts of Rs.12,61,101/-. The Adjudicating Authority vide the Order-In-Original dated 24.01.2024 dropped the proceedings initiated vide the SCN dated 19.10.2021 by observing as under:-

> 26. I observe that the sole issue that needs to be decided is whether the services provided by the party were eligible for the exemption, as per entry no. 30 of Notification No. 25/2012 dated 20.06.2012, or otherwise. I have gone through the relevant provisions of the Finance Act, 1994 and rules framed there under, and I find that certain services have been exempted from payment of Service Tax by virtue of mega exemption Notification No. 25/2012-ST dated 20.06.2012. I notice that the party has also claimed exemption under the said Notification by stating that the activity performed by them falls under the category of 'Job Work' mentioned at point 30 of the said Notification dated 20.06.2012.

27. In the light of above legal position, it becomes amply clear that any process amounting to manufacture of goods, or any intermediate production process as job work, in relation to textile processing, is exempt from payment of Service Tax vide Notification No. 25/2012-ST dated 20.06.2012 w.e.f. 01.07.2012. Now, I proceed to examine the party's claim that they were undertaking job-work on textiles vis-a-vis the sample copies of the documents submitted by them, in support of their contention. On going through of the said documents, I observe that they mainly consist of the following:

(a) Sample Challans containing details such as Challan nos, dates, fabric-materials with quantities of goods received by them, specifying the type of job work to be done with rate per piece, from their principal, namely M/s Sailash Kumar & Sons, M/s Alps Expo and M/s Saj Fashion etc.

(b) Sample Invoice/Bills of textile processing job work (printing and dyeing) containing details such as Challan nos, dates, fabric Materials with quantities of goods dispatched by them to their principal, namely M/s Sailash Kumar & Sons, M/s Alps Expo and M/s Saj Fashion etc.

(c) Declaration for doing the service of textile processing job work (printing and dyeing)

(d) Declaration and contract of job work M/s Alps Expo confirming textile processing job work (printing and dyeing)

(e) Copies of their ITR, Balance Sheet, P & L Account, Computation of Income, Form 26 AS.

28. On careful scrutiny of the documentary evidences produced by the party along with their defence replies, I find that the party has submitted substantial proof in support of their contention, related to textile processing (printing and dyeing) of goods for job-work, as well as those related to returning of goods after completion of job-work. I observe that dyeing and printing are processes employed in the conversion of raw textile fabric into finished goods that add

much to appearance of textile fabrics; it is pertinent to mention that the job-work services provided by the party, are one of numerous processes needed to be performed on textiles, which are not only incidental or ancillary to the completion of the manufactured product, but are also pre-requisite to render the garment article marketable to the customer.

29. I observe that since the exemption sought by the party is available to the activities of "textile processing (printing and dyeing)", I find it important to first address the term "textile processing". I find that the term "processing" has not been defined under the concerned statutes, and therefore it should be understood in the context of its commonly understood meaning and scope.

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33. I observe that the demand has been made through the impugned SCN merely on the grounds that the income shown in ITR's of the party has not been reflected in their ST3 returns. I observe that apart from the allegation that the income was not being reflected in the ST3 returns, no other evidence, documentary or otherwise, has been adduced to substantiate the allegation of evasion of Service Tax. Whereas, the party has sufficiently proved that they had carried out processing of textiles on job-work basis for their principal manufacturer, and that the income received by them was for the provision of exempted services, as discussed in the preceding paragraphs. Keeping in view, the spirit of entry no. 30 of Notification No. 25/2012-ST dated 20.06.2012 and findings recorded above, I am of the considered view that the services rendered by the party are exempted from payment of Service Tax.

34. In view of the aforesaid, I would like to record that the activities undertaken by the party on job-work basis are exempted processes and are liable to be considered as exempted services and are well covered under the ambit of

entry no. 30 of Notification No. 25/2012-ST dated 20.06.2012; and for the said reasons, I hold that the demand of service tax, as made in the impugned SCN, is not sustainable against the Noticee. I also hold that once the demand of service tax fails, the question of demanding any interest and imposing penalties does not arise.

35. Accordingly, I pass the following order:

ORDER

I drop the proceedings initiated against Shri Rakesh Mani, Chhapatti, Farrukhabad, vide Show Cause Notice bearing C.No. V(15) 134-Adj/Demand/Rakesh/3rd Party/FBD/2021/770 (S/L) dated 19.10.2021.

11. We find that the facts of the present appeal which is for the preceding Financial Year 2015-2016 are squarely covered by the order of the Assistant Commissioner, CGST & Central Excise, Division Farrukhabad dated 24.01.2024 in the Appellant's own case and accordingly the impugned orders cannot be sustained and are, therefore, set aside.

12. The appeal filed by the Appellant is allowed with consequential refiled, if any, as per law.

(Pronounced in open court on 02.06.2026)

Sd/-
(P. K. CHOUDHARY)
MEMBER (JUDICIAL)

Sd/-
(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

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