

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL  
BANGALORE**

REGIONAL BENCH - COURT NO. I

**Service Tax Appeal No. 20718 of 2016**

[Arising out of Order-in-Original No. COC-EXCUS-000-COM-063-2015-16 dated 29.12.2015 passed by the Commissioner of Central Excise & Service Tax, Cochin Commissionerate]

**Federal Bank Ltd**

Finance & Accounts Dept,  
4<sup>th</sup> Floor, Federal Towers Bank Junction,  
Aluva, Ernakulam, Kerala 683101

**.....Appellant**

*VERSUS*

**Commissioner of Central Tax, Cochin**

CR Building, I S Press Road,  
Ernakulam, Kerala 682018

**.....Respondent**

**APPEARANCE:**

Present for the Appellant: Sh. Joseph Kodiantara, Advocate

Present for the Respondent: Sh. K. Vishwanath, Authorized Representative

**CORAM:**

**HON'BLE Dr. D. M. MISRA, Member (Judicial)**

**HON'BLE Mr. PULLELA NAGESWARA RAO, Member (Technical)**

**FINAL ORDER NO. 20785/2023**

DATE OF HEARING: 27.06.2023

DATE OF DECISION: 27.06.2023

**PER D. M. MISRA**

This is an appeal filed against Order-in-Original No. COC-EXCUS-000-COM-063-2015-16 dated 29.12.2015 passed by the Commissioner of Central Excise & Service Tax, Cochin Commissionerate.

2. Briefly stated facts of the case are that the appellant are engaged in providing the Banking Service and accordingly registered with the Department. During the relevant period from

01.10.2012 to 28.02.2015, they have availed CENVAT Credit amounting to Rs. 21,82,17,819/- on the service tax paid on deposit insurance service provided by Deposit Insurance and Credit Guarantee Corporation (DICGC). Alleging that the said service does not qualify as 'input service' as defined under Rule 2(I) of the Cenvat Credit Rules, 2004, show cause notice was issued to them on 31.03.2015 for recovery of inadmissible credit with interest and penalty. On adjudication, the demand was confirmed along with interest and penalty. Hence, the present appeal.

3. The learned Advocate for the appellant submitted that in pursuance to the judgment of the Larger Bench of this Tribunal in the case of ***South Indian Bank vs. Commissioner of Cus., C.Ex. & S.T., Calicut – 2020 (41) GSTL 609 (Tri. LB)***, the Bangalore Bench of the Tribunal allowed the appeals of the appellant holding that the CENVAT Credit is admissible on the service tax paid on insurance premium to DICGC. Further, the learned Advocate drew attention of the Bench to the judgment of the Hon'ble High Court of Kerala at Erankulam in the case of ***The Principal Commissioner of CE Vs. M/s Catholic Syrian Bank Ltd – [delivered on 5<sup>th</sup> December, 2022]***, wherein the Hon'ble High Court referring to the view of the Larger Bench of the Tribunal held that the CENVAT Credit on the service tax paid on such deposits is admissible as credit to the banks.

4. The learned A.R. for the Revenue reiterates the findings of the learned Commissioner.

5. Heard both the sides and perused the records.
6. The short issue involved in the present appeal for determination is : whether the CENVAT Credit on the amount paid on the deposit insurance service by banks to DICGC is admissible or otherwise?
7. We find that the Larger Bench of the Tribunal in the case of **South Indian Bank** (supra) after analyzing the issue observed as follows:-

*"63. It, therefore, follows from the discussion made above and the aforesaid decisions that banks can avail cenvat credit of the service tax paid by the banks on the premium amount paid to Deposit Insurance Corporation for the insurance service rendered by the Deposit Insurance Corporation to the banks."*

The said judgment of the Larger Bench later approved by the Hon'ble High Court of Kerala in the case of **M/s Catholic Syrian Bank Ltd** (supra).

8. Following the above precedents, we are of the view that the impugned order is devoid of merit and accordingly set aside. The appeal is allowed with consequential relief, if any, as per law.

(Operative part of the order pronounced in the court)

**(D. M. MISRA)**  
**MEMBER (JUDICIAL)**

**(PULLELA NAGESWARA RAO)**  
**MEMBER (TECHNICAL)**