CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
BANGALORE

REGIONAL BENCH - COURT NO. 1

Service Tax Appeal No. 3068 of 2011

(Arising out of Order-in-Original No.143/2011 dated 25.08.2011 passed by the Commissioner of Service Tax, Bangalore.)

CGI Information Systems and Management Consultants Pvt. Ltd.
(previously known as M/s. Logica Pvt. Ltd.)
E-City, Tower 2, No.95/1 & 95/2,
Electronic City Phase 1 (West),
Bangalore – 560 100.

Appellant(s)

VERSUS

The Commissioner of Service Tax
Bangalore Service Tax – I
No.16/1, 5th Floor, S.P. Complex,
Lalbagh Road,
Bangalore.

Respondent(s)

APPEARANCE:

Shri Harish Bindumadhavan, Advocate for the Appellant.
Shri M.A. Jithendra, Asst. Commissioner (AR) for the Respondent.

CORAM: HON'BLE DR. D.M. MISRA, MEMBER (JUDICIAL)
HON'BLE MRS. R. BHAGYA DEVI, MEMBER (TECHNICAL)

FINAL ORDER NO. 21811 / 2025

DATE OF HEARING: 15.09.2025
DATE OF DECISION: 15.09.2025

PER: R. BHAGYA DEVI

Briefly the facts are that the appellant M/s. CGI Information Systems and Management Consultants Pvt. Ltd. (previously known as M/s. Logica Pvt. Ltd.) had incurred certain expenses in foreign currency towards management fee, the Revenue alleging that they are liable to pay service tax on these amounts in terms of Section 66A of the Finance Act, 1994 issued a show-cause notice which was adjudicated by the Commissioner vide impugned Order-in-Original No.143/2011 dated 25.08.2011. The Commissioner in the impugned order observed that the management fees incurred by the appellant is classifiable under the category of 'Management and Business Consultant Services'. Further, he observed that the gross value should have been taken into consideration for discharging the service tax and referring to Rule 5(1) of Service Tax (Determination of Value) Rules, 2006 held that all the costs involved in the services and reimbursed by them needs to be added to the gross value on which service tax has to be discharged. Accordingly, an amount of Rs.2,25,79,974/- was confirmed along with interest and various penalties were imposed. Aggrieved by this, the appellant is in appeal before us only for the differential duty amount of Rs.17,76,020/- which is outstanding.

2. The Learned Counsel submits that the appellant is a subsidiary of Logica International Holdings and is engaged in the business of Information Technology and Business Services. At the outset, it is submitted that out of service tax demand of Rs.2,25,79,974/- an amount of Rs.2,08,03,954/- has already been paid and therefore, the balance outstanding amount is only Rs.17,76,020/-. It is submitted that in their reply to show-cause notice, the appellant had accepted the liability to the extent of Rs.2,08,03,954/- and contested the remaining liability.

2.1 Further, the appellant submits that the above amounts are in the nature of reimbursable amounts being the expenses incurred by the holding company and in view of the decision of the Apex Court in the case of **UOI Vs. Intercontinental Consultants and Technocrats Pvt. Ltd.: 2018 (10) GSTL 401 (SC)**, they are not liable for being included in the gross value. Accordingly, service tax is not liable to be paid and hence, the same needs to be set aside along with interest and penalty.

3. The Learned Authorised Representative (AR) for the Revenue reiterated the findings of the Commissioner in the impugned order.

4. Heard both sides. The only dispute is with regard to tax liability of Rs.17,76,020/- which is held to be liable to service tax by including the reimbursable expenses which are in the nature of travel cost, training, legal charges, etc. We find that the Hon'ble Supreme Court in the case of **UOI Vs. Intercontinental Consultants and Technocrats Pvt. Ltd.** (supra) has categorically held that the reimbursable expenses do not form part of the gross value during the relevant period of dispute. Accordingly, the impugned order is set aside to the extent of demand of Rs.17,76,020/- along with interest and penalty. Since the accepted amounts have been discharged prior to the issue of show-cause notice along with interest, question of penalty does not arise. Accordingly, the penalties imposed on the appellant is set aside.

Appeal is allowed.

(Operative portion of the order was pronounced
in Open Court on conclusion of hearing.)

(D.M. MISRA)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

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