

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

REGIONAL BENCH - COURT NO. 2

Service Tax Appeal No. 20886 of 2017

(Arising out of Order-in-Appeal No.COC-EXCUS-000-APP-53-17 dated 14.03.2017 passed by the Commissioner of Central Excise & Service Tax (Appeals-I), Cochin.)

**M/s. Silk Air Singapore Private
Limited**

Aisha Manzil, M. G. Road,
Ravipuram,
Kochi - 682 018.

Appellant(s)

VERSUS

**The Commissioner of Central
Excise, Customs and Service
Tax**

C. R. Building
I. S. Press Road,
Cochin - 682 018.

Respondent(s)

APPEARANCE:

Ms. Susan Mathew, Chartered Accountant for the Appellant

Shri M. A. Jithendra, Asst. Commissioner, Authorised Representative
for the Respondent

CORAM:

**HON'BLE MR. P.A. AUGUSTIAN, MEMBER (JUDICIAL)
HON'BLE MRS. R. BHAGYA DEVI, MEMBER (TECHNICAL)**

Final Order No. 21932 / 2025

DATE OF HEARING: 04.11.2025

DATE OF DECISION: 04.12.2025

PER : R. BHAGYA DEVI

This appeal is filed by the appellant M/s. Silk Air (Singapore) Pvt. Ltd., Kochi against Order-in-Appeal No. 53/2017 dated 14.03.2017 passed by the Commissioner (Appeals), Cochin.

2. Briefly the facts are the appellant is engaged in the services of air transport of passengers and transport of goods by air. The Revenue on verification found that the appellant was receiving maintenance from abroad in respect of imported software and they were also incurring expenditure towards sponsoring of events. Accordingly, confirmed the demands under 'Maintenance Services' for the period from 2010-11 to 2013-14 and under 'Sponsorship Services' for the period from 2012-13, under Section 73(2) of the Finance Act, 1994 along with various penalties. Aggrieved by this the appellant is in appeal before us.

3. Learned Chartered Accountant (CA) for the appellant submits that the with regard to first issue on alleged maintenance of software (SAP), it is stated that no payments have been made by the Indian branch of the appellant during the disputed period. There is no contract for rendering the services between SAP Singapore and the appellant, which is not disputed. It is further submitted that the SAP Singapore has entered into an agreement with Singapore Airlines Limited for providing various licences for operating computer systems and the entire services have been consumed by Silk Air Singapore located at Singapore. Since both the service recipient and service provider are outside India, the question of liability to pay service tax by the appellant which is a branch office in India does not arise. Relying on the decision of **British Airways Vs. CCE – 2015 (64) TAXMANN 421**, it is submitted that the liability under Reverse Charge Mechanism (RCM) does not arise.

3.1 With regard to 'Sponsorship Services', it is submitted that the appellant had paid service tax on the entire amount used in conducting the tournament, hence, there cannot be liability again. With regard to payment of Rs.5,74,210/- to Singapore Tourism Board, TIE Golf Tournament and TIE Events, were

relating to hotel expenses of guests, hence, cannot be for sponsoring events.

3.2 Further with regard to limitation, it is submitted that the disputed period is from 2010-11 to 2013-14 and the show cause notice was issued on 26.03.2015 and since there is no suppression of facts, the demand for the extended period cannot be sustained in as much as ST-3 returns have been filed during the relevant period of disputes.

4. Learned Authorized Representative (AR) for the Revenue reiterated the findings in the impugned order.

5. Heard both sides and perused the records. The undisputed facts are that the appellant had not entered into any agreement with SAP Singapore, thus, there is no evidence on record to show that 'Maintenance Services' are received by the appellant. The software licences were purchased by Singapore Airlines from SAP Asia Systems and this software were allowed to be accessed by the appellant for which payments were made. In the case of **British Airways Vs. CCE** (supra), it was observed that:

46. In view of the foregoing discussions, M/s. British Airways, India has to be treated as a separate person. If that be so, in view of the admitted position that the contract between CRS/GDS companies is not with M/s. British Airways, India and is only that M/s. British Airways, UK, the present appellant cannot be held to be recipient of the services so as to make him liable to pay service tax, on reverse charge basis, in terms of the provisions of Section 66A. The said issue stands discussed by the Id. Member (Technical) in his impugned order, by giving example with which I am in full agreement.

47. The above discussions leads to the factual position of British Airways, UK having received the services, which stands provided by CRS companies located outside India and the consideration for which stands provided by British Airways, UK. The same stands consumed in UK only inasmuch as the server provided by CRS/GDS companies to IATA agents are connected

between the two of them and such services are being utilised by the travel agents.

48. I also find myself in agreement with the observations and findings arrived at by Id. Member (Technical) that the service is consumed by the persons receiving the same. The service having been provided by a foreign based company to a foreign based head office there cannot be any liability of the present appellant to discharge its Service Tax, inasmuch as Service Tax being a destination and consumption based tax cannot be created against the non-consumer of the services.

In view of the above, in the instant case also since there is no agreement between the appellant and the service provider, the demand cannot be sustained.

6. The second issue is with regard to 'Sponsorship Services', the Revenue has not disputed the fact that the appellant had discharged service tax on the expenses incurred on sponsoring the event. The Commissioner (A) in the impugned order has not given any findings with regard to activities undertaken by the appellant for demanding the service tax. It is also an admitted fact that the expenses on which service tax is demanded were payments made to various hotels for the stay of the guests and not for sponsorship of any event. In view of the above, this demand also cannot be upheld. Accordingly, the impugned order is set aside and the appeal is allowed with consequential relief, if any, in accordance with law.

(Order pronounced in Open Court on **04.12.2025.**)

(P.A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)