

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

REGIONAL BENCH - COURT NO. 1

**Service Tax Appeal No. 21749 of 2018**

(Arising out of Order-in-Original No.COC-EXCUS-000-COM-17-18-19 dated 03.07.2018 passed by the Commissioner of Central Tax and Central Excise, Cochin.)

**The Commissioner of Central Tax  
and Central Excise**

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

Appellant(s)

*VERSUS*

**M/s. South Indian Bank Limited**

SIB House, Mission Quarters,  
Thrissur.

Respondent(s)

**APPEARANCE:**

Shri M.A. Jithendra, Asst. Commissioner (Authorised Representative),  
for the Revenue/Appellant.

Shri S. Ananthan, Chartered Accountant (AR) for the Respondent.

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

**FINAL ORDER NO. 22006 / 2025**

DATE OF HEARING: 11.12.2025

DATE OF DECISION: 11.12.2025

**PER: D.M. MISRA**

This appeal is filed by the Revenue against Order-in-Original No.COC-EXCUS-000-COM-17-18-19 dated 03.07.2018 passed by the Commissioner of Central Tax and Central Excise, Cochin.

2. Briefly stated the facts of the case are that the respondent provided taxable services under the category of 'Banking and

other Financial Services'(BOFS, for short), 'credit/debit card', etc. during the relevant period. On the basis of audit of their records by CERA, it was noticed that the appellant had availed inadmissible cenvat credit to the tune of Rs.6,48,46,350/- without having proper documents for the input services received i.e. NFS operation issuance fees during the period from March 2014 to March 2015. A show-cause notice dated 23.11.2016 was issued for recovery of the inadmissible / irregular credit availed on the said input service during the said period without having proper documents, challans, invoices issued by input service provider. On adjudication, the demand was dropped, hence Revenue is in appeal before us.

3. Learned Authorised Representative (AR) for the Revenue reiterated the grounds of the appeal and submits that availment of cenvat based on the National Payments Corporation of India (NPCI) is not a valid documents as NPCI is not the provider of input service and further submits that NPCI did not issue any documents prescribed under Rule 9(1) and 9(2) of Cenvat Credit Rules, 2004.

4. At the outset, the learned Chartered Accountant for the respondent submits that on a similar issue for the previous period in respondent's own case, this Tribunal had already decided the issue in their favour vide Final Order No.20610/2024 dated 02.08.2024. He further submits that CESTAT's order has been accepted by the Department vide Order-in-Original No.63/Commr./ST/2019 dated 27.09.2019 issued by Commissioner, Thiruchirappalli in the case of The Karuru Vysya Bank Limited, wherein availment of cenvat credit on the said activity was allowed and the Commissioner observed as:

"4.1.2 The Hon'ble CESTAT Final Order No.40353/2019 dated 22.02.2019 was accepted by the Commissioner of GST & Central Excise, Tiruchirappalli, and the same was concurred by the

Principal Chief Commissioner of GST & Central Excise, Chennai  
vide C. No.IV/16/248/2019-CCO-ST-Review dated 28.06.2019.

4.1.3 In view of the above, **I hold that cenvat credit availed based on the document of NPCI is valid.** Accordingly, the relevant proposal in the subject show cause notice referred is liable to be dropped.”

4.1 He has further referred to the letter dated 14.03.2024 to submit that department has accepted the decision of the Tribunal on a similar issue rendered in the case of M/s. Karnataka Bank Ltd., therefore, prays for dismissing the present appeal filed by the Revenue.

5. Heard both sides and perused the records. We find that the issue has already been considered by this Tribunal taking note of the various aspects on the issue and precedent. After analysing the submissions from both sides, this Bench in respondent’s own case vide Final Order No. 20610/2024 dated 02.08.2024 has held as follows:

“6. The short question involved in the present case for consideration is whether the appellant are entitled to avail cenvat credit on e-statement issued by NPCI during the period April 2009 to March 2012. It is the allegation of the Department that since the e-statement does not contain the particulars as required under Rule 9 of the CENVAT Credit Rules, 2004, cenvat credit is not admissible. The issue is no more res integra and considered by this Tribunal in the case of Karur Vysya Bank (supra), wherein it is observed as follows:-

5.1 The appellant is a Banking Company, a Nationalized Bank. NPCI is the brain child of the Reserve Bank of India created with an objective of encouraging Retail Payment System (RPS) in India to facilitate all the financial institutions, Government, Corporate Sector and Banks along with NBFCs, to access the RPS easily. Most of the Nationalized Banks are members of NPCI. NPCI, as understood, provides intermediary network searching and other supporting services when a transaction is made on ATMs, incorporate such transactions with the Bank account of the

respective customers; and is also responsible for accounting the settlement of these transactions between the Member Banks. If a customer having a credit/debit card issued by a bank, transacts with the ATM of that particular bank, or a customer with a particular card transacts with the ATMs installed in other banks, in each of such transactions NPCI assumes the role of facilitating such transactions.

5.2 The appellant being a banking/ banking company, proviso to Rule 4A of the STR,1994, applies, which reads as under:-

*4A. Taxable service to be provided or credit to be distributed on invoice, bill or challan - (1) Every person providing taxable service[, not later than [thirty] days from the date of [completion] of such taxable service or receipt of any payment towards the value of such taxable service, whichever is earlier, shall issue an invoice, a bill or, as the case may be, a challan signed by such person or a person authorized by him in respect such taxable service provided or [agreed]to be provided and such invoice, bill or, as the case may be, challan shall be serially numbered and shall contain the following, namely :- (i) the name, address and the registration number of such person; (ii) the name and address of the person receiving taxable service; (iii) description and value of taxable service provided or agreed to be provided; and (iv) the service tax payable thereon. [Provided that in case the provider of taxable service is a banking company or a financial institution including a non-banking financial company providing service [to any person], an invoice, a bill or, as the case may be, challan shall include any document, by whatever name called, whether or not serially numbered, and whether or not containing address of the person receiving taxable service but containing other information in such documents as required under this sub-rule:]*

The above proviso which cut off from the requirements of Rule 4A, mitigates the conditions in order for a banking company to avail cenvat credit.

5.3 The assessee as a Member Bank, has entered into an agreement with NPCI, wherein, NPCI has agreed to provide intermediary network switching and other support services, as may be required, for accounting and settlement of transactions made on the Automated Teller Machines (ATM) and integrating the same with the accounts of the customers, in the books of the member banks. The said agreement also records that in the event payments are made by one Member bank ATM operated by the appellant to the customers of another bank, then the banks are

required to settle such payments made with the member bank who had issued the subject card. In nutshell, the above agreement provides for smooth operation of member banks regarding transaction through credit or debit cards or such other instruments, to the customers who perform transactions through ATMs for specified services. The agreement also provides for the NPCI to raise invoices on member bank and it is that payment made by the appellant for which the NPCI has only issued a e-statement that has triggered the first issue. From a perusal of the statement issued by NPCI, we note that it is a self-contained document incorporating all the mandatory requirements of proviso to Rule 4A and in any case, NPCI is not a private body just to ignore its statement; as to the nature of service, there is an agreement in place.

5.4. It is not the case of the Revenue that NPCI has not filed its ST-3 return or that there was any contravention by NPCI whereby a doubt is entertained as to the transactions, to deny credit availed by the assessee on its payment to NPCI. Hence, we are unable to subscribe to the views of the Id. Commissioner and hence, we are setting aside the same.”

6. We do not find any reason in not following the above said order of the Tribunal, which was rendered in respondent's own case and also the department has accepted the judgment referred above. Consequently, the appeal filed by the Revenue is rejected.

(Dictated and pronounced in Open Court)

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

**(R. BHAGYA DEVI)**  
**MEMBER (TECHNICAL)**