

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

REGIONAL BENCH - COURT NO. 2

Service Tax Appeal No. 23180 of 2014

(Arising out of Order-in-Appeal No.499/2014-S.T. dated 25.06.2014
passed by the Commissioner of Central Excise, Customs and Service
Tax (Appeals), Cochin.)

M/s. Voltas Ltd.

Shema Building,
Door No.39/3608, M.G. Road,
Cochin - 682 016.
Kerala.

Appellant(s)

VERSUS

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

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

Respondent(s)

APPEARANCE:

Mr. Syed Peeran and Mr. Siddharth Bavle, Advocates for the Appellant.
Mr. Rajshekar B.N.N, Superintendent (AR) for the Respondent.

CORAM:

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

FINAL ORDER NO. 22069 of 2025

DATE OF HEARING: 27.11.2025
DATE OF DECISION: 27.11.2025

PER: R. BHAGYA DEVI

Briefly the facts are the appellant M/s. Voltas Ltd. are engaged in a manufacture of air-conditioning and refrigeration appliances and machinery parts of air-conditioning plants and cold storage plants. The appellant enters into a contract with the customers for turnkey establishment of cooling / freezing systems, for which consolidated price was being charged. The Commissioner (A) in the impugned order rejected the claim of

the appellant to classify the services under 'Works Contract Service' and confirmed the demands under 'Erection, Commissioning and Installation Service'. With regard to the second issue, that is 'Maintenance or Repair service', to decide the abatement with regard to cost of materials, the Commissioner (Appeals) held that *'the appellant has to produce the evidence before the respondent and respondent shall calculate the value of taxable service accordingly and re-work the service tax payable'*. Aggrieved by this, the appellant is in appeal before us.

2. Learned Counsel for the appellant submits that an appeal filed by the Revenue on re-computation allowing the deduction of material costs by the Commissioner (A) was dismissed by this Tribunal vide Final Order No. 21029-21051/2019 dated 26.11.2019. It is further submitted that there is no dispute that the appellant had entered into contracts with customers for turnkey establishments and referring to the purchase orders, it is submitted that the customers had specifically placed orders for various types of split air-conditioning units and the invoices clearly showed that they were subjected to works contract tax under Kerala Sales Tax Laws. Referring to the decision of the Hon'ble Supreme Court in the case of **CCE & Customs vs. Larsen & Turbo Ltd.: 2015 (39) S.T.R. 913 (SC)**, it is submitted that the appellant is not liable to pay service tax prior to 01.06.2007.

2.1 Similarly, with regard to 'Maintenance or Repair service', it is submitted that as per the above decision, they are liable to pay service tax. Further, it is submitted that extended period is not invocable inasmuch as no grounds have been established.

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

4. Heard both sides and perused the records. There is no dispute that appellant is engaged in 'Erection and Commissioning Services' and 'Maintenance and Repair Services' of air conditioning and refrigeration plants. The Commissioner (Appeals) in the impugned order also notes the fact that the appellant has entered into contracts with their customers for turnkey establishments of cooling/freezing systems and they are into erection, commissioning and installation of these plants. They are also involved in maintenance and repair of the above systems. The Commissioner (A) in the impugned order observes the fact that the cost of materials sold during such services would not be includable. In view of the above, it is evident that these contracts are indivisible composite contracts. The Supreme Court in the case of **Larsen & Toubro** (supra) held that such contracts are in the nature of works contract which are not taxable prior to 01.06.2007 and therefore, the demand in the instance case being for the period July 2003 to December 2005 are not liable to service tax. Accordingly, we set aside the impugned order.

Appeal is allowed with consequential relief if any as per law.

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

(P.A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

rv