

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

REGIONAL BENCH - COURT NO. 1

Service Tax Appeal No. 20892 of 2015

(Arising out of Order-in-Appeal No.725 and 726/2014-S.T. (Alpha Numeric Sl. No. TVM-EXCUS-000-APP-150 & 151 - 14-15) dated 29.12.2014 passed by the Commissioner of Central Excise (Appeals-III), Kochi.)

**M/s. SMEC International Private
Limited**

SMEC International Pvt. Ltd.
5th Floor, Tower C,
Building No.8, Phase-II,
DLF Cyber City,
Gurgaon - 122 002.
Haryana.

Appellant(s)

VERSUS

**The Commissioner of Central
Excise (Appeals-III)**

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

Respondent(s)

WITH

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APPEARANCE:

None for the Appellant.

Shri Vikalp Jain, Superintendent (AR) for the Respondent.

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

FINAL ORDER NO. 22100 - 22101 / 2025

DATE OF HEARING: 17.12.2025

DATE OF DECISION: 17.12.2025

PER: D.M. MISRA

These two appeals are filed against Order-in-Appeal No.725 and 726/2014-S.T. dated 29.12.2014 passed by the Commissioner of Central Excise, Customs and Service Tax (Appeals), Cochin.

2. Briefly stated the facts of the case are that the appellants are engaged in providing 'Scientific or Technical Consultancy' service during the relevant period. Show-cause notice was issued to the appellant alleging that reimbursable expenses received by them had not been included in the gross taxable value while calculating the appropriate applicable service tax; consequently, proposed to be recovered with interest and penalty. On adjudication, the demand of service tax has been confirmed with interest and penalty. Aggrieved by the said order, they filed an appeal before the Commissioner (A), who in turn upheld the order of the adjudicating authority. Hence, the present appeals.

3. None present for the appellant. Since the issue lies in a very narrow compass, the appeal itself is taken up for hearing

and disposal after hearing learned Authorised Representative (AR) for the Revenue.

4. Learned AR for the Revenue, who reiterated the findings of the lower authorities.

5. Heard Learned AR and perused the records. The only issue involved in the present appeal for consideration is whether the reimbursable expenses received by the appellant while discharging taxable service under the category of 'Scientific or Technical Consultancy' service be includable in the gross taxable value under Section 67 of the Finance Act, 1994 read with Rule 5 of Valuation Rules, 2006. This issue has been addressed by the Hon'ble Supreme Court in the case of **UOI vs. Intercontinental Consultants and Technocrats Pvt. Ltd.: 2018 (10) GSTL 401 (SC)** holding that reimbursable expenses cannot be included for levy of service tax under Rule 5 of the Service Tax (Determination of Value) Rules, 2006. In the result, the impugned order is set aside and the appeals are 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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