CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
BANGALORE

REGIONAL BENCH - COURT NO. 1

Service Tax Appeal No. 21809 of 2016

(Arising out of Order-in-Appeal No.CAL-EXCUS-000-APP-199-16-17 dated 04.10.2016 passed by the Commissioner of Central Excise (Appeals), Cochin.)

North Malabar Gramin Bank
Kerala Gramin Bank
Financial Management Wing,
Head Office KGB Towers,
A.K. Road,
Malappuram – 676 505.

Appellant(s)

VERSUS

The Commissioner of Central Excise, Customs and Service Tax
I.S. Press Road,
Cochin – 18.

Respondent(s)

APPEARANCE:

Ms. Brinda Rameswaran, CA and Mr. Vishal R. Bhat, CA 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. 20259 /2026

DATE OF HEARING: 23.02.2026

DATE OF DECISION: 23.02.2026

PER: D.M. MISRA

This appeal is filed against Order-in-Appeal No.CAL-EXCUS-000-APP-199-16-17 dated 04.10.2016 passed by the

Commissioner of Central Excise, Customs and Service Tax (Appeals), Cochin.

2. Brief facts of the case are that the appellant M/s. North Malabar Gramin Bank have taken registration with the Service Tax department and providing 'Banking and Other Financial Services' and 'Business Auxiliary Services'. Alleging that the appellant has not included the jewel appraisal fees in the value of taxable services, show-cause notice dated 19.04.2011 was issued proposing to demand service tax along with interest and penalty under 'Banking and Other Financial Services' for the period October 2009 to September 2010. On adjudication, the original authority dropped all the proposals made in the show-cause notice. Aggrieved by this order, department filed an appeal before the Commissioner (Appeals), who in turn, allowed the appeal in favour of the Revenue. Hence, this present appeal.

3. The learned Chartered Accountant for the appellant submits that jewel appraisal fees are collected from the borrowers of jewel loans and the same is remitted back to the appraisers who verifies the purity and value of the pledged jewels, hence, appraisal fees are nothing but reimbursement expenses. Reliance is placed on the decision of **Union of India vs. Intercontinental Consultants and Technocrats Pvt. Ltd.: 2018 (3) TMI 357- SC**, wherein it is held that reimbursable expenses are not chargeable to service tax.

4. The short issue involved in the present appeal is whether the appraisal fees reimbursed by the service receivers is chargeable to service tax. The learned Chartered Accountant for the appellant submits that the issue is covered by the decision of the Hon'ble Supreme Court in the case of **Union of India vs. Intercontinental Consultants & Technocrats (P) Ltd**

(supra). Since the period involved is from October 2009 to September 2010, in view of the ratio of the Hon'ble Supreme Court, the reimbursable expenses are not leviable to service tax. Consequently, the impugned order is set aside and the appeal is allowed with consequential relief, if any, as per law.

(Dictated and pronounced in Open Court)

(D.M. MISRA)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

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