CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
BANGALORE

REGIONAL BENCH - COURT NO. 1

Service Tax Appeal No. 1396 of 2012

(Arising out of Order-in-Appeal No. 199/2012 dated 11.04.2012 passed by the Commissioner of Central Excise (Appeals), Mangalore.)

M/s. Karnataka State Road Transport Corporation,
Chikamagalur Division,
Chikamagalur – 577 101.

Appellant(s)

VERSUS

Commissioner of Central Excise (Appeals),
5th Floor, Trade Centre,
Bunt's Hostel Road,
Mangalore – 575 003.

Respondent(s)

APPEARANCE:

Mr. Pradyumna G.H, Advocate for the Appellant

Mr. Rajashekar B.N.N., 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. 20466 / 2026

DATE OF HEARING: 15.01.2026
DATE OF DECISION: 15.01.2026

PER : D.M. MISRA

This is an appeal filed against Order-in-Appeal No. 199/2012 dated 11.04.2012 passed by the Commissioner of Central Excise (Appeals), Mangalore.

2. Brief facts of the case are that during the relevant period the appellant had provided services of renting of buses, which the department alleged to be taxable under the category of Rent-a-Cab Service and issued show-cause notices for recovery of service tax during the period June 2007 to March 2009; April

2009 to September 2009 and October 2009 to March 2010. On adjudication, the demands were confirmed. Aggrieved by the said order, they filed an appeal before the learned Commissioner (A), who in turn rejected their appeal. Hence, the present appeal.

3. At the outset, the learned advocate for the appellant submits that the issue is no more *res integra* and is covered by the judgment of this Tribunal in the case of **Bangalore Metropolitan Transport Corporation vs. CST, Bangalore: 2015 (8) STR 976 (Tri.-Bang.)** which has been later upheld by the Hon'ble Supreme Court as reported at **2015 (38) STR J429 (SC)**. Following the said judgment, for the subsequent period, appeals were allowed by this Tribunal; therefore, renting of buses during the relevant period cannot be chargeable to service tax under the category of Rent-a-Cab Service.

4. The learned Authorised Representative (AR) for the Revenue reiterated the findings of the learned Commissioner (A).

5. We find that the issue of levy of service tax under the taxable category of Rent-a-cab service for renting of buses is no more *res integra* and this issue is addressed by this tribunal in the case of **Bangalore Metropolitan Transport Corporation** (supra), wherein it was observed as:

> **"5.** The main issue that is to be decided is whether the service of providing buses on contract basis by the appellant to various factories and firms can be classified as rent-a-cab service or not. It would be appropriate to reproduce the relevant legal provisions before we proceed further.
>
> The definition of 'cab' under Section 65(20) was amended w.e.f. 1-5-2007 by the Finance Act, 2007. As a result of this amendment, the scope of taxable Service Tax extended to include the renting of motor vehicles capable of carrying more than twelve passengers.

The taxable service in relation to renting of the cabs has been defined under Section 65(105) (o) of the Finance Act, 1994 which reads as under:-

"taxable service" means any service provided or to be provided to any person, by a rent-a-cab scheme operator in relation to the renting of a cab.

The main ingredients of the above service as per the above Section are :
(a) the service provided to any person
(b) the service provided by a rent-a-cab scheme operator
(c) the service provided in relation to renting of cab.

The rent-a-cab scheme operator is defined under Section 65(91) of Finance Act, 1994. The definition reads as under :-
Rent-a-cab scheme operator means any person engaged in the business of renting of cabs.

Accordingly, any person who in the normal course does a business of renting of cabs will be taxable under this section.

Section 65(20) of the Finance Act, 1994 defines a "cab" to mean -
(i) a motorcab, or (ii) a maxicab, or (iii) any motor vehicle constructed or adapted to carry more than twelve passengers, excluding the driver, for hire or reward :

Provided that the maxicab referred to in sub-clause (ii) or motor vehicle referred to in sub-clause (iii) which is rented for use by an educational body imparting skill or knowledge or lessons on any subject or field, other than a commercial training or coaching centre, shall not be included within the meaning of cab;

The maxicab has been defined under Section 65(70) and motorcab has been defined under Section 65(71) of the Finance Act, 1994.

The motor vehicle has been defined under Section 65(73) of the said Act which reads as under :-

"motor vehicle" has the meaning assigned to it in clause (28) of section 2 of the Motor Vehicles Act, 1988 (59 of 1988), which is :

> "motor vehicle" or "vehicle" means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding 25 cubic centimetres"

6. This principle has been subsequently followed by Tribunal in appellant's own case vide Final Order No.20990/2025 dated 13.06.2025 and Final Order No.21203/2025 dated 21.07.2025. Following the aforesaid judgments, the impugned order is set aside and the appeal is allowed with consequential relief, if any, as per law.

(Operative part of this Order was pronounced in Open Court on conclusion of the hearing.)

(D.M. MISRA)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

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