CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
BANGALORE

REGIONAL BENCH - COURT NO. 2

Service Tax Appeal No. 26617 of 2013

(Arising out of Order-in-Original No.11/2013-ST (Commr.) dated 22.03.2013 passed by the Commissioner of Central Excise, Customs and Service Tax, Thiruvananthapuram.)

M/s. Island Aviation Services Ltd.
TC 26/863, Glass House,
Panavila Jn., Thycaud,
Trivandrum – 695 014.

Appellant(s)

VERSUS

The Commissioner of Central Excise, Customs and Service Tax
T.C. No.26/334 (1&2),
I.C.E Bhavan, Press Club Road,
Trivandrum – 695 001.

Respondent(s)

AND

Service Tax Appeal No. 22063 of 2014

(Arising out of Order-in-Original No.TVM-EXCUS-000-COM-36-13-14 dated 07.04.2014 passed by the Commissioner of Central Excise, Customs and Service Tax, Thiruvananthapuram.)

M/s. Island Aviation Services Ltd.
TC 26/863, Glass House,
Panavila Jn., Thycaud,
Trivandrum – 695 014.

Appellant(s)

VERSUS

The Commissioner of Central Excise, Customs and Service Tax
T.C. No.26/334 (1&2),
I.C.E Bhavan, Press Club Road,
Trivandrum – 695 001.

Respondent(s)

<u>APPEARANCE:</u>

Shri Manoj Pillai, Advocate for the Appellant.

Shri Vinod Garhwal, Superintendent, Authorised Representative for the Respondent.

CORAM:

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

Final Order No. 20687 - 20688 /2026

DATE OF HEARING: 04.05.2026
DATE OF DECISION: 04.05.2026

PER : R. BHAGYA DEVI

These two appeals have been filed by the appellant M/s. Island Aviation Services Ltd. against Order-in-Original No. 11/2013-ST (Commr.) dated 22.03.2013 and against Order-in-Original No. TVM-Excus-000-COM-36-13-14 dated 27.03.2014 passed by the Commissioner of Central Excise and Customs, Trivandrum. Since the issue is common both are being disposed of by common order.

2. The appellant M/s. Island Aviation Services Ltd. provide taxable services of air transport of passenger services. International Air Services were brought under service tax net by Finance Act, 2006 with effect from 01/05/2006 vide Notification No.15/20006-ST dated 25.04.2006. The appellant had taken round trip tickets 'Maldives Trivandrum Maldives' which were issued from abroad but alleging that on these services, they are liable to pay service tax, show-cause notice was issued demanding the service tax on the services rendered by the appellant. The Commissioner in the impugned order referring to the definition of 'International Journey' under Section 65(56a) and referring to the definition of 'Air Transport Services' as defined under Section 65(105)(zzzo) read with Section 65(77c) confirmed the demand of service tax along with interest and imposed various penalties. Aggrieved by these orders, the appellant is in appeal before us.

3. The Learned Counsel appearing for the appellant submitted that they are in the business of providing air transport services to the passengers and have been regularly discharging service tax for the services rendered by them. He submits that four show-cause notices were issued for the period from July 2010 to March 2013, while the demands were confirmed for the period July 2010 to March 2012, the same was dropped for later periods. He further submits that their services were exempted vide Notification No. 25/2010-ST dated 22.06.2010 and also submits that clarification issued by the Ministry of Finance vide Notification No. 85/3/2006-ST dated 17.10.2006 and Circular No. 96/7/2007-ST dated 17.10.2006 also citing Rule 11 of 'Place of Provision of Service Rules', 2012 submits they are not liable to pay service tax on round trips as is the case is present in the orders. He also argues on limitation and submits that invocation of demand beyond the normal period is not justified in as much as the appellant has neither mis-declared or suppressed any facts.

4. The learned Authorised Representative (AR) reiterated the findings of the Commissioner and submits that the Commissioner is justified in confirming the demands for the reasons discussed therein, hence, the impugned orders need to be sustained.

5. Heard both sides. We find that on perusal of records, the period of dispute in Appeal No. ST/26617/2013 is from July 2010 to March 2011 and the period of dispute in the Appeal No.ST/22063/2014 is from April 2011 to March 2012. As rightly pointed out by the appellant, we find that the Board vide Circular No.96/7/2007-ST dated 17.10.2006 had clarified that in case of round trips such as say Sydney-Mumbai-Dubai-Singapore-Sydney, the journey being a single one and the aim of the passenger is not to travel from India to place outside India service tax is not leviable under Section 65(105)(zzzo) and in

the present case, it was Maldives-Trivandrum-Maldives, hence there is no question of liability to pay service tax. We also find that subsequently the Commissioner (Appeals) vide order dated 21.06.2017 for the period April 2012 to June 2012 had dropped the demand against the appellant on the ground that when a passenger embarks outside India on a round-trip ticket, or on a continuous trip terminating outside India, then service tax is not payable on any sector of the trip. Therefore, we find that there is no substance in the impugned orders in demanding service tax on round-trip in view of the provisions laid down and the clarifications by the CBIC, consequently, the impugned orders are set aside.

Appeals are allowed.

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

(P.A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

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