CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
SOUTH ZONAL BENCH
BANGALORE

Appeal(s) Involved:

ST/144/2009-DB

[Arising out of Order-in-Appeal No. 284/2008 dated 04/12/2008 passed by the Commissioner of Central Excise (Appeals), Mangalore.]

M/s. KARNATAKA VIKAS GRAMEENA BANK
PB NO.111, BELGAUM ROAD,
DHARWAD – 580 008.

Appellant(s)

Versus

Commissioner of Central Excise, Customs and Service Tax BELGAUM
NO. 71, CLUB ROAD,
CENTRAL EXCISE BUILDING,
BELGAUM – 590 001.
KARNATAKA

Respondent(s)

Appearance:

Mr. M.S. NAGARAJA , Advocate
T. RAJESWARA SASTRY & ASSOCIATAES.
NO.1010, 2ND FLOOR,
ABOVE CORP.BANK, 26TH MAIN, 4TH T BLOCK, JAYANAGAR
BANGALORE - 560 041
KARNATAKA

For the Appellant

Mrs. Kavitha Podwal, AR — For the Respondent

Date of Hearing: 23/07/2018
Date of Decision: 23/07/2018

CORAM:

HON'BLE MR. S.S GARG, JUDICIAL MEMBER
HON'BLE MR. P. ANJANI KUMAR, TECHNICAL MEMBER

Final Order No. 20976 / 2018

Per : P. ANJANI KUMAR

M/s. Karnataka Vikas Grameena Bank, the appellants, have been issued a demand for payment of service tax on the postal charges incurred and reimbursed by the customers towards issue or serving of notices/legal notices. The Assistant Commissioner vice order dated 15.10.2007 has confirmed the demand of Rs.4,10,847/- for the period from 1.10.2004 to 30.9.2005. In an appeal filed by the appellants, the Commissioner (A) has upheld the order of the lower authority and hence, this appeal.

2. The counsel for the appellants submitted that they are incurring postage charges in sending ordinary notice, registered notice and legal notices to their customers and the same are reimbursed by the customers. The Department contended that such services are within the ambit of 'Banking and Other Financial Services' in terms of Section 65(105)(zm) of the Finance Act, 1994. The appellant submitted that it is a settled law that the postage charges are not liable to service tax. They relied upon the ratio of the following cases:

(i) UOI vs. Intercontinental Consultants and Technocrats Pvt. Ltd.: 2018 (10) GSTL 401 (SC)
(ii) State Bank of India vs. CCE, Nashik: 2015-TIOL-1182-CESTAT-MUM.
(iii) Link Intime India Pvt. Ltd. vs. CCE, Thane-I: 2015 (38) STR 705 (Tri.-Mum.)

(iv) Rolex Logistics Pvt. Ltd. vs. CST, Bangalore: 2009 (13) STR 147 (T)

3. The Departmental Representative has reiterated the findings of the Order-in-Original and Order-in-Appeal.

4. Heard both sides and perused available records. We find that the brief issue in this case is whether the reimbursed stamp charges received by the appellants are chargeable to service tax. We find that the issue is squarely settled in favour of the appellants in the case of ***UOI vs. Intercontinental Consultants and Technocrats Pvt. Ltd.*** (supra) wherein the Hon'ble Supreme Court has categorically observed that only with effect from May 14, 2015, by virtue of provisions of Section 67 itself, such reimbursable expenditure or cost would also form part of valuation of taxable services for charging service tax. We also find that this Tribunal in the case of ***State Bank of India*** (supra) has given a clear order on the same issue. In view of the above, the appeal is allowed with consequential relief, if any.

(Operative portion of the Order was pronounced
in Open Court on **23/07/2018**)

P. ANJANI KUMAR
TECHNICAL MEMBER

S.S. GARG
JUDICIAL MEMBER

rv