

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL  
CHANDIGARH**

REGIONAL BENCH - COURT NO. I

**Service Tax Appeal No. 61232 of 2018**

[Arising out of Order-in-Appeal No. 20/ST/GGN/CGST-APPEAL-GURUGRAM/SG/2018-19 dated 25.04.2018 passed by the Commissioner (Appeals), CGST, Gurugram]

**M/s G 4 S Cash Solutions (India) Pvt. Ltd. ....Appellant**

Tower A, 5<sup>th</sup> Floor, Unitech World Cyber Park,  
Sector-39, Gurgaon, Haryana-122022

*VERSUS*

**Commissioner of Central Excise, Goods & Service Tax, Gurgaon-I .....Respondent**

Plot No.36-37, Sector-32, Gurugram,  
Haryana-122001

**APPEARANCE:**

Ms. Krati Singh and Ms. Samiksha Uniyal and Yashaswi Singh,  
Advocates for the Appellant

Shri Aniram Meena and Shri S.K. Meena, Authorized Representatives  
for the Respondent

**CORAM: HON'BLE MR. S. S. GARG, MEMBER (JUDICIAL)**

**HON'BLE MR. P. ANJANI KUMAR, MEMBER (TECHNICAL)**

**FINAL ORDER NO. 61688/2025**

DATE OF HEARING: 08.10.2025

DATE OF DECISION: 19.11.2025

**P. ANJANI KUMAR:**

The Appellants, M/s G4S Cash Solutions India Pvt Ltd, are registered with the service tax department for providing various taxable services such as management and maintenance services,

manpower recruitment services, cargo handling services, business support services etc; they availed the facility of overdraft from banks on the strength of corporate guarantee provided by M/s G4S Plc, UK ('G4S UK'), its holding company, on its behalf; Based on an audit conduct on the records of the Appellant, it appeared to the Revenue that the appellants are liable to pay service tax, amounting to Rs. 1,45,20,881, on the corporate guarantee provided by G4S UK, during the period 2009-10 to 2015-16, under the category of 'Banking and Other Financial Services' ('BOFS'), on reverse charge basis before or after 01.07.2012, as the provision of corporate guarantee is not excluded from the ambit of service by the exclusion clause in Section 658(44) or Section 66D of the Act; three Show Cause Notices, dated 22.04.2015, 18.04.2016 and 24.05.2017, proposing the recover the said amount, along with interest and penalties under Sections 76, 77 and 78 of the Act, were issued; the proposals were confirmed by the order in original dated 31.10.2017 and were upheld by the impugned order in appeal dated 25.04.2018.

2. Ms. Krati Singh, Learned Counsel for the appellants submits that the issue is no longer *res integra*; in the absence of any consideration charged from the Appellant for providing the corporate guarantee, the service tax liability was charged on the commission calculated @ 2% of the amount of corporate guarantee in terms of Rule 3(b) of Service Tax (Determination of Value) Rules, 2006 ('Valuation Rules') read with Section 67(1) and 67(ili) of the Act; rate of 2% of the amount of corporate guarantee is the standard

rate charged by banks; it is also prescribed under Rule 10TC(v)(a) of Income Tax Rules, 1962 ('IT Rules') for transaction of corporate guarantee; this bench and other benches of the Tribunal across the country have settled this issue in the Appellant's favour in various cases, holding that the transaction of providing corporate guarantee is not exigible to service tax under BOFS.

3. Learned Counsel submits that provision of corporate guarantee does not qualify under the category of BOFS; G4S is not a company engaged in providing the financial or banking services; as per Section 65(12)(a)(ix) read with Section 65(105)(zm) of the Act, services provided by a banking company or financial institution including NBFC or any other body corporate or commercial concern qualify as BOFS; G4S UK is not a banking company or a financial company or any other body corporate or commercial concern engaged in business of banking and financial services; as per Section 65(12)(a)(ix) read with Section 65(105)(zm) of the Act, financial services namely lending, providing bank guarantee, overdraft facility etc. provided by a banking company or financial institution including NBFC or any other body corporate or commercial concern qualify as BOFS; it is pertinent to note that this sub-clause uses the word 'namely' which restricts the ambit of this clause to the services enlisted under that provision; impugned Order has erred in considering the bank guarantee and corporate guarantee alike; services of providing corporate guarantee is not covered under BOFS; moreover, there is no consideration in the present case; G4S UK has not charged anything from the Appellant

for providing the corporate guarantee; therefore, service tax cannot be levied in absence of consideration. Learned Counsel relies on the following cases.

- Rohtak v. Jindal Stainless Steel, 2023 (6) TMI 1197-CESTAT Chandigarh
- Sowar Pvt Ltd 2023 (5) TMI 193-CESTAT New Delhi
- M/s. India Yamaha Motor Private Limited 2024 (5) TMI 1060 - CESTAT New Delhi
- Edelweiss Financial Services Ltd., (2023) 5 Centax 57 (Tri.-Bom), (department's appeal dismissed by the Hon'ble Supreme Court in 2023 (73) G.S.T.L. 4 (SC)
- M/s Sterlite Industries India Limited 2019 (2) TMI 1249-CESTAT Chennai
- M/s Huawei Telecommunication India Co. Private Limited 2025 (5) TMI 155-CESTAT Chandigarh
- M/s DLF Projects Limited v. CCE & ST, 2020 (6) TMI 418-CESTAT, Chandigarh
- M/s DLF Home Developers Limited 2023 (10) TMI 1089-CESTAT, Chandigarh
- M/s DLF Cybercity Developers Limited 2019 (28) GSTL 478 (Tri. - Chan.)
- Air Liquide North India Pvt Ltd., 2024 (5) TMI 327-CESTAT New Delhi
- M/s India Infrastructure & Logistics Private Limited v2024 (9) TMI 462-CESTAT New Delhi
- M/s. Omaxe Chandigarh Extension Developers Private Limited 2024 (9) TMI 1494-CESTAT New Delhi

4. Shri Aniram Meena assisted by Shri S.K. Meena, learned Authorised Representative for the Revenue, reiterates the findings of the impugned order.

5. Heard both sides and perused the records of the case. Brief issue involved in this case is as to whether the appellants are liable to pay service tax, on the Corporate Guarantee provided by their Overseas parent company, for the loans obtained by the appellants from Banks, under Banking and Other Financial Services. Interestingly, the Revenue does not establish as to how the Overseas Parent Company of the appellants is engaged in Banking and Other

Financial Services. Moreover, it is not established as to what's the remuneration paid by the appellant in this regarding. Revenue wishes to consider the commission charged by the Bankers as the Remuneration paid by the appellants to the overseas company. If the commission is accruing to the bankers, it is not understood as how the same can be held to be the consideration paid by the appellants to their overseas company. we find that the allegation falls flat on both the counts. Moreover, the issue is no longer *Res Integra* having been decided by the Tribunal in a number of cases.

6. We find that Delhi Bench of the Tribunal held, in the case of M/s Sogar Pvt Ltd (supra) that

7. The analysis of the definition of BOFS along with its taxability helps us to conclude that this definition is comprehensive one instead of it being the inclusive one. It also clarifies that under service of BOFS only such persons can be made liable to service tax who can be classified in the category of being called a Banking/ non-banking Company, Financial Institutions, any other body corporate or a commercial concern. Above all, the definition carves out the list of category of the persons who would be excisable to tax under the category. Also, the services provided by such persons which alone would be excisable to such taxes have been comprehensively and specifically listed out as is apparent from the use of words "namely"/ "means" in the said definition under section 65 (12) of the Finance Act. The present appellant do not under any of such categories/ lists, as there is no denial to the fact that appellant is not in busine financing, it is neither a banking nor a non-banking financial institute, nor it is any other body corporate or commercial concern which is into the business of extending financial supports. This fact is sufficient to hold that appellant cannot be covered under the category of such persons who would be excisable to tax under the category of BOFS)

8. We further observe that any activity cannot be called as service until there is an element of 'consideration'...

Now the definition of service in Section 65 B (44) of Finance Act, 1944 becomes relevant. reads as follows:

*Service means 'any activity carried out by a person for another for consideration and includes declared service but not includes the services listed in the negative list under section 66B of the Act'.*

9. Reverting to the facts of the present case, we observe that the Show Cause Notice itself recites that the appellant has given the corporate guarantee on behalf of their group companies but has not charged any commission or interest or fees for providing the said corporate guarantee. Same is also apparent from the letter given by the Syndicate Bank from where was issued the impugned corporate guarantee that the loanee company has undertaken that no commission is paid by them to their corporate guarantor. Thus, it becomes clear that there is no element of consideration involved in the present case applying the definition of service, as mentioned above, to these facts in the present appeal. We hold that question of the activity extending corporate guarantee by the appellant to its associate companies cannot be called as service terms of above provision in section 65 B (44) of the Act.

7. We find that this Bench as also held similarly in a number of cases cited above. Therefore, we find that the issue is no longer *Res Integra*. Therefore, we allow the appeal, with consequential relief, if any, as per law.

(Order pronounced in the open court on 19/11/2025)

**(S. S. GARG)**  
**MEMBER (JUDICIAL)**

**(P. ANJANI KUMAR)**  
**MEMBER (TECHNICAL)**