CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
CHANDIGARH

REGIONAL BENCH - COURT NO. I

Service Tax Appeal No. 60928 of 2018

[Arising out of Order-in-Appeal No. LUD-EXCUS-001-APP-1059-18 dated 26.04.2018 passed by the Commissioner (Appeals), CGST, Chandigarh]

Nagar Panchayat **......Appellant**
Khamano, Fatehgarh Sahib,
Punjab-141801

VERSUS

Commissioner of Central Excise **......Respondent**
& Service Tax, Ludhiana
GST Bhawan, F-Block, Rishi Nagar,
Ludhiana, Punjab-141001

WITH

Service Tax Appeal No. 60929 of 2018

[Arising out of Order-in-Appeal No. LUD-EXCUS-001-APP-885-18 dated 28.03.2018 passed by the Commissioner (Appeals), CGST, Chandigarh]

Nagar Panchayat
Khamano, Fatehgarh Sahib, **......Appellant**
Punjab-141801

VERSUS

Commissioner of Central Excise **......Respondent**
& Service Tax, Ludhiana
GST Bhawan, F-Block, Rishi Nagar,
Ludhiana, Punjab-141001

AND

Service Tax Appeal No. 60930 of 2018

[Arising out of Order-in-Appeal No. LUD-EXCUS-001-APP-886-18 dated 28.03.2018 passed by the Commissioner (Appeals), CGST, Chandigarh]

Nagar Panchayat **......Appellant**
Khamano, Fatehgarh Sahib,
Punjab-141801

VERSUS

Commissioner of Central Excise **......Respondentnt**
& Service Tax, Ludhiana
GST Bhawan, F-Block, Rishi Nagar,
Ludhiana, Punjab-141001

APPEARANCE:

Shri Sudeep Singh Bhangoo, Advocate for the Appellant
Shri Kanish Saini, Authorized Representative for the Respondent

CORAM: HON'BLE MR. S. S. GARG, MEMBER (JUDICIAL)
HON'BLE MR. P. ANJANI KUMAR, MEMBER (TECHNICAL)

FINAL ORDER NO. 60459-60461/2026

DATE OF HEARING: 20.07.2026
DATE OF DECISION: 23.07.2026

P. ANJANI KUMAR:

Nagar Panchayat, Khamano, filed these three appeals ST/60928/2018, ST/60929/2018 & ST/60930/2018, contesting the respective impugned orders passed by the Commissioner (Appeals); the appellants have provided shelters/ empty spaces with toilets facilities so that the bus operators can stopped their buses for the passengers to alight and board the buses. Revenue was of the opinion that the Adda Fees collected by Nagar Panchayat amounted to consideration towards "Business Support Services" rendered by the appellants to the bus operators; accordingly, three show cause notices were issued to the appellants proposing to recover service tax along with interest and penalty. The original authority as well as the appellate authority have confirmed the proposals in the show cause notice. Hence, these appeals.

2. Shri Sudeep Singh Bhangoo, learned counsel for the appellants submits that the Nagar Panchayat has created the facilities for the public in discharge of the application under Article 243W of the Constitution of India along with Sl. No.17 of the Twelfth Schedule of the Constitution of India; District Magistrate fixes the Adda Fee from time to time in terms of the Rule 200(3) of the Punjab Motor Vehicles

Rules, 1989. He submits that CBEC Circular No.96/7/2007-ST dated 23.08.2007 clarified that activities assigned to and performed by sovereign/ pubic authorities are statutory duties and the fee charged, if any, for the same is not liable to service tax; prior to 01.07.2012, no service tax is leviable as per the clarification as above and that prior to 01.07.2012, service tax was leviable on the services rendered by a person to another person; Nagar Panchayat is not included in the definition of 'a person' under General Clauses Act. He also submits that even in the Negative List Regime i.e. from 01.07.2012, Notification No.30/2012 dated 20.06.2012 exempts services provided or agree to be provided by the government or local authority by way of support services. He relies on State of Punjab Vs UOI – 2016 (43) STR 177 (P&H) and the Final Order No.60184/2023 dated 07.07.2023 passed by this Bench in respect of Chandigarh Transport Corporation.

3. Learned Authorized Representative for the Department reiterates the findings of the impugned order.

4. Heard both sides and perused the records of the case. We find that the issue is no longer res integra. It is not denied that the appellant is a statutory body and performed the impugned functions in terms of Article 243W of the Constitution of India. It is not proved by the Revenue that the appellant has created any other facilities/ infrastructure to the bus operators other than providing a place with or without a shed for the buses to stop and toilets. Understandably, these are the facilities created by the Nagar Panchayat in public interest. It cannot be said that they are created to support the business of the bus operators. In view of our decision in the Final Order cited above in the case of Chandigarh Transport Corporation, no service tax is leviable before 01.07.2012.

5. For the period after 01.07.2012, in the Negative List Regime, we find that in terms of Sl. No.06 of the Notifications No.30/2012- ST dated 20.06.2012, the service tax, if any, is required to be paid by the recipient of service and not the appellants. In view of the same, we find that the appellants are not liable to pay service tax on the facilities created by them for common public use even if they have collected some parking or Adda Fee from the bus operators for the purpose of the maintenance of the facility.

6. In view of the above, all the appeals are allowed.

(Order pronounced in the open court on 23/07/2026)

(S. S. GARG)
MEMBER (JUDICIAL)

(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

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