CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL CHENNAI

Regional Bench – Court No. III

Service Tax Appeal No.42484 of 2015

(Arising out of Order-in-Original No.TCP/EXCUS/009/2015 (ST) dt.21.09.2015 passed by the Commissioner of Central Excise and Service Tax, Tiruchirappalli)

The Karur Vysya Bank : **Appellant**
PB No.21,Erode Road,
Karur 639 002

VERSUS

The Commissioner of Central Excise & ST, : **Respondent**
No.1, Willams Road, Cantonment,
Tiruchirappalli 620 001**.**

WITH

(ii) Service Tax Appeal No.42288 of 2017
(The Karur Vysya Bank)

(iii) Service Tax Appeal No.40416 of 2018
(The Karur Vysya Bank)

(iv) Service Tax Appeal No.41653 of 2019
(The Karur Vysya Bank)

(v) Service Tax Appeal No.42485 of 2015
(V.Krishnaswamy)

(vi) Service Tax Appeal No.42371 of 2015
(City Union Bank Ltd.)

(vii) Service Tax Appeal No.41249 of 2018
(City Union Bank Ltd.)

(viii) Service Tax Appeal No.41250 of 2018
(City Union Bank Ltd.)

(ix) Service Tax Appeal No.42370 of 2015
(S. Sundar)

(x) Service Tax Appeal No.42341 of 2015
(The Lakshmi Vilas Bank Ltd.)

(xi) Service Tax Appeal No.42289 of 2017
(The Lakshmi Vilas Bank Ltd.)

(xii) Service Tax Appeal No.40592 of 2018
(The Lakshmi Vilas Bank Ltd.)

[Arising out of Order-in-Original No.08/COMMR/ST/2017 dt. 31.08.2017 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No.26/COMMR/ST/2017 dt. 29.11.2017 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No.53/COMMR/ST/2019 dt. 28.08.2019 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No. TCP/EXCUS/009/2015 (ST) dt.21.09.2015 passed by CCE & ST, Trichy]

[Arising out of Order-in-Original No. TCP/EXCUS/007/2015 (ST) dt.21.09.2015 passed by CCE & ST, Trichy]

[Arising out of Order-in-Original No.07/COMMR/ST/2017 dt. 31.08.2017 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No.27/COMMR/ST/2017 dt. 29.11.2017 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No. TCP/EXCUS/007/2015 (ST) dt.21.09.2015 passed by CCE & ST, Trichy]

[Arising out of Order-in-Original No.08/COMMR/ST/2017 dt. 21.09.2015 passed by CCE & ST, Trichy]

[Arising out of Order-in-Original No.28/COMMR/ST/2017 dt. 29.11.2017 passed by CGST & Central Excise, Trichy]

[Arising out of Order-in-Original No.09/COMMR/ST/2017 dt. 31.08.2017 passed by CGST & Central Excise, Trichy]

APPEARANCE:

Shri S. Ananthan, Consultant
Ms. Lalitha Rameswaran, Consultant
For the Appellant

Shri L. Nandakumar, AC (AR)
For the Respondent

CORAM : HON'BLE MS. SULEKHA BEEVI C.S., MEMBER (JUDICIAL)
HON'BLE MR. P. ANJANI KUMAR, MEMBER (TECHNICAL)

FINAL ORDER NO. 40832-40843 / 2020

DATE OF HEARING: 29.10.2020
DATE OF DECISION: 29.10.2020

PER : ANJANI KUMAR

All the above appeals, except Appeals ST/42485/2015 and ST/42370/2018, are filed by different banks viz., the Karur Vysya Bank, City Union Bank Ltd., the Lakshmi Vilas Bank Ltd. The appellant banks are engaged in providing taxable services under the category of Banking and Other Financial Services. As a part of their business the Banks accept deposits in various forms from general public. In terms of Banking Regulation Act, 1949, they need to obtain a banking licence from R.B.I; in terms of the Deposit Insurance and Credit Guarantee Corporation Act, 1961, (DICGC Act) the banks are required to be registered with the corporation and are required to pay a premium on the deposits. The DICGC Act, 1961 also provides for licence of the banks to liable to be terminated on failure of paying of such premiums.

2. Therefore, the banks have been paying such insurance and have been claiming the tax paid as input service credit. However, the department issued SCNs stating that the same is not input service; the banks are not eligible for availing credit of the same.

3. Ld. Counsel for the appellant-banks submits that the issue is no longer *res integra* and has been finally decided by the Larger Bench of the Tribunal in the case of *South Indian Bank Vs CC Kozhikode* – 2020-TIOL-861-CESTAT-BANG-LB and was also followed in the case of *Yes Bank Ltd. Vs CST Mumbai* -2020-TIOL-1538-CESTAT-MUM.

4. Ld.A.R for the department reiterates the findings of the impugned orders.

5. We have gone through the submissions of the appellant as well as the department and the records of the case. We find that the issue is no longer *res integra* as the same stands settled by the decision of the Larger Bench as cited above. We find that the Larger Bench has gone into different facets of the case in detail and have decided in the appellants' favour. The Larger Bench vide their order cited above have observed as under :

> "…..65. The reference is, accordingly, answered in the following terms: "The insurance service provided by the Deposit Insurance Corporation to the banks is an "input service" and CENVAT credit of service tax paid for this service received by the banks from the Deposit Insurance Corporation can be availed by the banks for rendering „output services."

6. In view of the above, we find that nothing survives against the appellants and therefore the appeals are liable to be allowed. As the main issue is settled in favour of the appellants, penalty imposed also

do not survive and thus personal appeals are also liable to be allowed.

7. In the result, all the appeals are allowed.

(Operative part of the order pronounced in open court)

(SULEKHA BEEVI C.S.)
MEMBER (JUDICIAL)

(P. ANJANI KUMAR)
MEMBER (TECHNICAL)

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