

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

REGIONAL BENCH – COURT NO. III

Service Tax Appeal No.41362 of 2016

(Arising out of Order-in-Appeal No.219/2016 (STA-I) dated 23.03.2016
passed by Commissioner of Service Tax (Appeals-I), Chennai)

M/s. Tamil Nadu Salt Corporation Ltd.,Appellant
735, LLA Building, IV Floor,
Anna Salai,
Chennai-600 006.

Versus

Commissioner of GST & Central Excise ... Respondent
Chennai South Commissionerate
MHU Complex, No.692, Anna Salai,
Nandanam, Chennai-600 035.

APPEARANCE:

Shri S. Murugappan, Advocate for the Appellant
Shri N. Satyanarayana, Authorized Representative for the Respondent

CORAM:

HON'BLE MR. P. DINESHA, MEMBER (JUDICIAL)
HON'BLE MR. VASA SESHAGIRI RAO, MEMBER (TECHNICAL)

FINAL ORDER No.41400/2025**DATE OF HEARING: 25.06.2025**
DATE OF DECISION: 27.11.2025**Per: Shri P. Dinesha**

This Appeal is filed against the Order-in-Appeal No.219/2016 (STA-I) dated 23.03.2016 by the Assessee.

2. Brief facts are that Appellant is registered with service department for payment of service tax on Goods Transport Agency (GTA) services under reverse charge. During the audit of the Appellant, it was revealed that Appellant had not paid service tax on GTA services for the period from 2005-06 and 2006-07 and short paid service tax for the period 2007-08 and 2008-09 on GTA services. Hence a SCN dated 18.08.2010 was issued to the Appellant demanding service tax of Rs.13,82,734/- along with interest and to propose penalties under Sections 76, 77 & 78 of Finance Act, 1994. Upon adjudication, the Adjudicating Authority passed the Order-in-Original No.6/2012 dated

23.01.2012 confirming the service tax demand along with interest and imposed penalties under Sections 77 & 78 of the Act *ibid*. On appeal, the Commissioner (Appeals) *vide* the impugned Order-in-Appeal No.219/2016 dated 23.03.2016 upheld the Order-in-Original. Hence this Appeal before this forum.

3. Heard Shri S. Murugappan, Ld. Advocate for the Appellant and Shri N. Satyanarayana, Ld. Assistant Commissioner for the Respondent.

4.1 Ld. Advocate submitted that Appellant is a Public Sector Undertaking of the Tamil Nadu Government and engaged in production and distribution of salt to various industrial consumers and for Public Distribution System. The transportation of the salt produced is mostly undertaken by the buyers and in some cases, the Appellant also undertake transportation on behalf of the buyers based on contract terms. Considering this, the payment of service tax on GTA services was brought under reverse charge mechanism. The appellant took registration for providing GTA services from 31.07.2007.

4.2 Ld. Advocate submitted that they are not contesting the tax liability after the payment of tax was brought under reverse charge on GTA services by Appellant; however they were providing transport services earlier for distributing salt. When the registration was granted by the Service Tax authorities, they were aware of the services provided by the Appellant. However, no demands were raised when they applied for registration for past liabilities. Only when auditing was done in 2009, the issue payment of tax prior to registration was raised and notice itself was issued in 2010 by invoking extended period. Appellant, being a Government Undertaking there is no need for them for evading tax by suppressing the facts. He relied on the following decisions:

(i) Tamil Nadu State Transport Corpn. (Coimbatore) Ltd. Vs CGST & CE Coimbatore, 2019 (28) GSTL 225 (Tri.-Chennai)

(ii) Indian Oil Corporation Ltd. Vs CCE Delhi, 2017 (4) GSTL 190 (Tri-Del.)

(iii) Regional Testing Laboratory, 2021 (55) GSTL 514 (Mad.)

5. Shri N. Satyanarayana, Ld. Assistant Commissioner reiterated the findings of the impugned order.

6. A perusal of the Show Cause Notice reveals that though the Assessee had taken Service Tax registration under GTA services from 31.07.2007, however they did not pay Service Tax on the above services for the period from 2005–2006 to 2006–2007 i.e., for the period earlier to which they had obtained registration. It was thus felt by the Revenue that the above contravention of non-remittance of Service Tax came to the notice of the Department only when the accounts of the Assessee came to be audited but for which, the same would not have come to light. On this ground alone, it was assumed in the SCN that the extended period of limitation under the proviso to Section 73(1) of the Finance Act, 1994 was invocable.

7. Other than the above, we do not find any whisper about fraud, suppression, etc. being alleged in the SCN, which is the requirement of proviso to Section 73(1). It is the settled position of law that when the Revenue

chooses to invoke the extended period of limitation, it has to necessarily establish fraud, suppression, etc. as provided in the proviso to Section 73(1) *ibid.* and if the same is not done, it has been held that invoking the extended period of limitation was unjustified. We have noticed that even the SCN is silent about fraud, suppression, etc. and hence, it has to be assumed that the Department did not find any of such mischief within the meaning of the said proviso and therefore there is no mention of fraud, suppression, etc. The only natural corollary is the demand by invoking extended period of limitation sustained in the Order-in-Original and upheld in the Order-in-Appeal deserves to be set aside. In view of the above, the impugned Order-in-Appeal is set aside and the Appeal stands allowed with consequential reliefs, if any, as per law.

(Order pronounced in open court on 27.11.2025)

sd/-

(VASA SESHAGIRI RAO)
Member (Technical)

sd/-

(P. DINESHA)
Member (Judicial)