

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI.**

PRINCIPAL BENCH,
COURT NO. III

SERVICE TAX APPEAL NO. 50753 OF 2021

[Arising out of the Order-in-Original No. JAI-EXCUS-000-COM-09-20-21 dated 24/03/2021 passed by The Principal Commissioner of Central Goods and Service Tax and Central Excise Commissionerate, Jaipur.]

**M/s Rajasthan State Road
Transportation Corporation,**
Chomu House, Prithviraj Marg, C-Scheme,
Jaipur – 302 001 – Rajasthan.

.....Appellant

Versus

**The Principal Commissioner of
Central Goods and Service Tax and
Central Excise Commissionerate, Jaipur**
N.C.R. Building, Statue Circle, C-Scheme,
Jaipur (Rajasthan).

....Respondent

APPEARANCE:

Shri Sameer Sood, Shri Jatin Mandovaria and Shri Jiten Yadav,
Advocates for the appellant.
Shri S.K. Meena, Authorized Representative for the Department

CORAM:

**HON'BLE MS. BINU TAMTA, MEMBER (JUDICIAL)
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)**

FINAL ORDER NO. 51885/2025

DATE OF HEARING : 06.08.2025

DATE OF DECISION: 18.12.2025

P.V. SUBBA RAO

The order-in-original dated 24.3.2021¹ passed by the Principal Commissioner, CGST & Central Excise, Jaipur-I² deciding the proposals made in the show cause notice dated 27.3.2019³ covering the period April 2017 to June 2017 and confirming demand of service tax of Rs. 2,20,12,526/- with

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- 1. impugned order**
 - 2. Commissioner**
 - 3. SCN**

interest and penalty is assailed by M/s. Rajasthan State Road Transport Corporation⁴ in this appeal.

2. The appellant is a corporation of the Rajasthan State Government and it provides transportation of passengers and issues tickets. Along with every ticket, the appellant also collects a small amount as 'accidental compensation surcharge' and uses the amounts so collected to give compensation to victims of any accidents.

3. The case of the Department is that the appellant is rendering General Insurance Service to passengers for a consideration and therefore it is liable to pay service tax on the amounts collected as 'Accidental compensation surcharge'. The case of the appellant is that it was only providing service of transport of passengers and it was not providing any insurance service.

4. We have heard learned counsel for the appellant and learned authorized representative for the Revenue and perused the records. Both sides fairly submit that the issue involved in this appeal was decided by this Tribunal in the appellant's own case for a previous period as reported in **M/s. Rajasthan State Road Transport Corporation** versus **Commissioner of Central Goods and Service Tax, Central Tax, Jaipur**⁵ decided on 16 July 2024 which decision still holds the field.

4. appellant

5. 2024 (7) TMI 1458 -CESTAT New Delhi

5. We find that the aforesaid decision of the Tribunal covered both the pre-negative list period (before 2012 when service tax could be levied only on taxable services) and post negative list period (after 2012 when service tax could be levied if any service which is not in the negative list is rendered) and it was decided that appellant was not rendering any general insurance service for the period before 2012 and therefore no service tax was payable. For the period after 2012, it was decided the nature of the service provided was transportation of passengers which was under the negative list and hence no service tax was payable. Further, it was held that even if the provision of compensation in lieu of accidental compensation surcharge was considered as an additional service, it is bundled with the service of transportation of passengers which gives the essential character of the service. Therefore, no service tax was payable.

6. Respectfully following the previous order, we hold that the impugned order is not sustainable. The impugned order is set aside and the appeal is allowed with consequential relief to the appellant.

(Order pronounced in open court on 18/12/2025.)

(BINU TAMTA)
MEMBER (JUDICIAL)

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)