IN THE CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
West Block No. 2, R.K. Puram, New Delhi – 110 066.
Principal Bench, New Delhi

COURT NO. IV

DATE OF HEARING: 13/12/2017
DATE OF DECISION: 15/12/2017

Appeal No. ST/52893/2014- [DB]
[Arising Out of Order in Original No. 18 (OPD) ST/JPR-II/2014 dated 31.01.2014 passed by Commissioner (Appeals-II) Customs and Central Excise, Jaipur.]

Sangam India Ltd. Appellant

Versus

CCE Jaipur Respondents

Appearance
Shri Kr. Vikram, Advocate for the appellant.
Shri Ranjan Khanna, AR for the Respondents.

CORAM: **Hon'ble Shri S.K. Mohanty, Member (Judicial)**
Hon'ble Shri B. Ravichandran, Member (Technical)

Final Order No. 58381/2017

Per. S.K. Mohanty :-

1. Brief facts of the case are that the appellant runs a staff club to conduct the activities of organizing tours, quiz competition, distribution of prizes and other cultural functions etc. for its staff members. For the said purpose, the appellant had collected the amount of Rs. 1,93,954/- during the period April, 2011 to December, 2011 in the name of club membership from its employees. Since, the appellant did not pay Service Tax on such amount under the taxable category of 'Club or Association Service', the department initiated proceedings against the appellant and confirmed the Service Tax

demand of Rs. 19,977/- along with interest and imposed penalties under Section 76 of the Finance Act, 1994.

2. The Ld. Advocate appearing for the appellant submits that the appellant runs a staff club to conduct various activities for its employees and also registered under Club or Association Service defined under Section 65 (25a) and 65(105) (zzze) of the Finance Act, 1994. He further submits that there is no difference between the members of the club, who availed the facilities and the club, providing such facilities. Thus, he submits that in the transaction between club and its members, since there is no involvement of two parties, the activities cannot be taxed under such category of service. The Ld. Advocate has relied on the judgment of Hon'ble Jharkhand High Court in the case of Ranchi Club Ltd. V/s Chief Commissioner of C. EX. & ST., Ranchi Zone, 2012 (26) STR 401 (Jhar.) .

3. On the other hand, the Ld. DR appearing for the Revenue reiterates the findings recorded in the impugned order.

4. Heard both sides.

5. In this case, it is an admitted fact on record that the appellant is registered with the Service Tax Department for providing Club or Association Service. Since, the employees of the appellant, who availed the services from the club are not separate entities and there is mutuality, it cannot be said that there is separate existence of the club as service provider and its members as service receivers. Thus, in absence of existence of two entities, the services provided by the club to its members will not be subjected to levy of Service Tax

under the category of Club or Association service. We find that Hon'ble Jharkhand High Court in the case Ranchi Club Ltd. (supra) held that rendering of service by the club to its members is not taxable service under the Finance Act, 1994.

6. In view of above, we do not find any merits in the impugned order. Accordingly, after setting aside the same, we allow the appeal in favour of the appellant.

(Order pronounced in open court on _15/12/2017__)

(B. Ravichandran)
Member (Technical)

S.K.Mohanty
Member (Judicial)

Rekha