CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
HYDERABAD

REGIONAL BENCH - COURT NO. – I

Service Tax Appeal No. 31132 of 2016

(Arising out of **Order-in-Original** No. HYD-SVTAX-000-COM-77-16-17 dated 30.08.2016 passed by Commissioner of Service Tax, Hyderabad)

The Deputy Commandant .. **APPELLANT**
Central Industrial Security Force Unit,
Salar Jung Museum, Hyderabad Telangana
500002

VERSUS

Commissioner of Service Tax .. **RESPONDENT**
Hyderabad - I
Kendriya Shulk Bhavan,
L.B Stadium Road, Basheerbagh
Hyderabad Telangana-500004

APPEARANCE:

None for the Appellant.
Shri K. Sreenivasa Reddy, Authorised Representative for the Respondent.

CORAM: **HON'BLE Mr. R. MURALIDHAR, MEMBER (JUDICIAL)**
HON'BLE Mr. A.K. JYOTISHI, MEMBER (TECHNICAL)

FINAL ORDER No. A/30344/2025

Date of Hearing:29.08.2025
Date of Decision:29.08.2025

[ORDER PER: R. MURALIDHAR]

The Deputy Commandant, hereinafter referred to as appellant, are in appeal against the Order-in-Original dated 30.08.2016, whereby demand of service tax of Rs. 69,00,017/- was confirmed along with interest and penalty under Section 78. This demand is for the period 01.04.2009 to 30.06.2012.

2. The issue involved is that the appellants were getting certain reimbursement of expenses from M/s Salar Jung Museum, Hyderabad when they had deployed personnel and the same was considered as a consideration in non-monetary form in terms of Section 67(1)(ii) of Finance Act 1994. Also, the appellants were not paying HR allowance to their personnel deployed to Salar Jung Museum as the residential accommodation was provided free of cost to their security personnel and it was felt that the

appellant was therefore receiving additional consideration in the form free accommodation from M/s Salar Jung Museum on which service tax was liable but not paid.

3. Learned Advocate for the appellant submits that these expenses are not required to be subjected to service tax as these were provided to the appellant free of cost and there was no nexus between the amount charged and the service provided. Therefore, the cost of free supply provided by the service recipient to the service provider is neither an amount charged nor any reasons with service provided by the service provider. She is relying on the judgment of Hon'ble Supreme Court in the case of Commissioner of Service Tax Vs Bhayana Builders P Ltd.,[2018 (2) TMI 1325 (SC)] and also on the judgment of the Hon'ble Supreme Court in the case of Union of India Vs Intercontinental Consultants and Technocrats Pvt Ltd., [2018 (10) GSTL 401 (SC)]. She further informs that for the same appellant for the earlier period on the same issue, this Bench has already decided in favour of the appellant vide order dated 01.04.2009 to 30.09.2011 CISF Vs Commissioner of Central Tax [2014 (5) TMI 565 – CESTAT, Hyd]. She is also relying on various other judgments of the Co-ordinate Benches, wherein, it was held that the charges for accommodation, medical expenses, vehicle running and maintenance, telephone, dog squad etc., were not includable in the assessable value for the payment of service tax.

4. On the other hand, Learned AR reiterates the finding of the Adjudicating Authority.

5. Heard both the sides and perused the records.

6. In view of the above, we find that issue is no longer res-integra and therefore the demand for Service Tax on free Residential accommodation and others will not sustain. Accordingly, the impugned order is set aside.

Since the order has been set aside on merit itself, the interest and penalty will also not sustain.

7. Appeal allowed.

(Dictated and pronounced in open court)

(R. MURALIDHAR)
MEMBER (JUDICIAL)

(A.K. JYOTISHI)
MEMBER (TECHNICAL)

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