

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

REGIONAL BENCH - COURT NO. – I

**Service Tax Appeal No. 30500 of 2017**

(Arising out of **Order-in-Original** No.HYD-EXCUS-003-COM-068-16-17 dt.30.11.2016  
passed by Commissioner of Customs, Central Excise & Service Tax, Hyderabad-III)

**National Geophysical  
Research Institute**

Post Bag No.724, Uppal Road,  
Hyderabad, Telangana – 500 007.

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**APPELLANT**

*VERSUS*

**Commissioner Of Central Tax  
Medchal - GST**

Kendriya Shulk Bhavan, L B Stadium Road,  
Basheerbagh, Hyderabad, Telangana – 500 004.

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**RESPONDENT**

**APPEARANCE:**

Shri Joseph Dominic, Consultant for the Appellant.

Shri A. Rangadham, Authorized Representative for the Respondent.

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

**FINAL ORDER No. A/30488/2025**

Date of Hearing: 22.07.2025

Date of Decision: 21.11.2025

**[ORDER PER: A.K. JYOTISHI]**

National Geophysical Research Institute (hereinafter referred to as the appellants) are in appeal against the Order of the Commissioner dt.30.11.2016 passed by the adjudicating authority, whereby, he has confirmed the demand raised in terms of SCN dt.20.04.2015 and also imposed a penalty under section 78 of the Finance Act.

2. The issue, in brief, is that the appellant is a constituent unit of Council of Scientific & Industrial Research (CSIR) under the Ministry of Science & Technology and were having service tax registration under the category of 'Survey and Exploration of Mineral services' (SEMS) and 'Survey and Map Making services' (SMS). In order to execute project assigned by the Government of India concerning study of seismic data in Eastern Continental Margin for the purpose of identifying the presence of hydrates for further exploration, the appellants engaged a company by name M/s Marine Geology Services LLP (MGS for short), headquartered in the UK. Subsequently, a survey vessel by name SSV Akademik Fersman was imported into India for collecting the data from the designated area. The said activity commenced on 16.03.2010 and got completed on 25.05.2011.

3. The department felt that the service is being provided by the provider located abroad and therefore, in terms of section 66A of the Finance Act, 1994, the appellants are liable to pay service tax under Reverse Charge Mechanism (RCM). In the course of adjudication, the appellant's argument has been that the MGS has an authorized representative in India with full-fledged office and with power of attorney under which he was, inter alia, authorized for various activities including signing of contract or any other document with the appellant, coordination with the activity in relation to the contract, signing of various letters, bills, etc. However, the adjudicating authority has not considered this plea and on the contrary, has held that the said power of attorney given to a person would be a mere communication office and the responsibilities were restricted to the project being undertaken by the appellant. In addition, the basis for arriving at the said conclusion was that the tenders for the contract were finalized by the MGS from the UK and the invoices were addressed to the UK office of MGS and even payments were being received by the UK office in foreign exchange and that the said service was being termed as 'import of service' by them, whereas, explanation (1) to section 66A implies that if there was an office, it will be subject to Indian law and payments should be made in Indian currency.

4. Learned AR has reiterated the findings on merit as well as the argument taken by the appellant with regard to non-tenability of invoking extended period in the facts of the case. He has relied on certain judgments including CCE, Surat-I Vs Neminath Fabrics Pvt Ltd [2010 (256) ELT 369 (Guj)] in support that extended period has been rightly invoked.

5. Heard both sides and perused the records.

6. The core issue to be decided in this appeal is whether the appellants were required to pay service tax under RCM and if so, whether the demand is hit by time bar or otherwise. We find that the department's case is that the appellants had received the service from MGS located in the UK and therefore, under section 66A, they will be liable to pay service tax on 'survey and exploration of mineral service', as defined under section 65(104)(a) of the Finance Act, 1994, as recipient of said service. Whereas, the appellant's main contention is that MGS has appointed a Country Manager based in Mumbai, whose duties and responsibilities are also mentioned in Para 6(b) of the impugned notice and discussed at para 17.9 of the impugned order. We find that department has taken note of the fact that one, Mr. Abhineet Pathak, S/o Mr. R.G. Pathak, was given power of attorney by MGS for certain activities like signing contract or any documents with the appellant, prompt decision, coordination with customer, etc. The scope of power of attorney was considered as neither having any establishment or permanent address in India nor it can be treated as any branch/ agency as he has been given only limited power. One more aspect noted by the department was that the invoices were addressed to MGS by GPA holder on their address located in the UK and even tenders were finalized in UK. The Adjudicating Authority examined the scope of LOA vis-à-vis explanation (1) to section 66A of the Finance Act, 1994 and held that they can be covered within the scope of said explanation.

7. We have perused the provision of section 66A as indicated in the SCN, where it has been, inter alia, provided by way of explanation (1) that if a person is carrying on a business through a branch or agency in any country, the same will be treated as having a business establishment in that country. In other words, if the LOA awarded by MGS to one, Mr. Abhineet Pathak for carrying out various activities in relation to the contract, is treated as a branch or agency working for MGS then in that very case, it would be a case where service would have been provided by MGS in India itself and therefore, there would be a need to discharge service tax liability, if any, by the service provider themselves and not under RCM by the appellant. There is no dispute that the said taxable service is falling under section 65(105)(zzv), which is covered under Rule 3(ii) of Taxation of Services (Provided from Outside India and Received in India) Rules, 2006. Therefore,

the first argument of the appellant is that since the LOA holder was acting as an agent or agency executing various works on behalf of MGS, Rule 66A would not be applicable for the purpose of demanding tax from the appellant under RCM. Alternatively, his argument is that since the service has been provided by the ship, which was specifically imported into India by MGS for which regular customs formalities were also completed, therefore, a part of the service has been performed in India and even by this logic, in terms of proviso to Rule 3, it has to be treated as performed in India. Since it is nobody's case that said ship was being operated by the appellant and therefore, it is the MGS, which has performed these activities for providing services to the appellant, for which the contract has been signed by them. It is also noted that under section 66A, the expression "India" includes installations, structures, vessels located in the continental shelf of India and exclusive economic zone. Therefore, when the service is being provided within India, then there is no question of section 66A coming into play, and therefore, there cannot be import of service into India. He has relied on the judgment of Hon'ble High Court of Delhi in the case of Orient Crafts Ltd Vs UOI [2006 (4) STR 81 (Del)]. Therefore, even though MGS may have their office in foreign country but they have not provided any service of survey and exploration from there and if they have done so within the jurisdiction of India, they are supposed to get themselves registered and pay tax on the services rendered by them. In fact, we note that in terms of agreement of the appellant with MGS, there is a clause/stipulation that all taxes payable in India have to be paid by the contractor.

8. Firstly, we find merit in the submission that the service of the nature alleged to have been provided has not been provided from the UK and in fact, it is the survey ship, which was brought into India, which has done the said survey and generated necessary data, copies, etc., and the same was furnished to the appellant. Therefore, even if it is considered as only a part performance because the agreement was signed with the UK entity, still by virtue of Rule 3(ii) of Taxation Rules, it will be considered as services provided in India. Therefore, if the service provided by MGS is deemed to be service provided in India to the appellant, who is located in India, then obviously the provider of service will be liable to pay service tax and not the recipient. We also find force in the submission of the appellant that the activities being performed by the LOA holder in itself has got all the elements of being an agency working on behalf of MGS. We note that the

words 'Branch' and 'Agency' has not been defined in the Act and therefore, it has to be understood in terms of contract and certain expressions used in said contract, power of attorney, etc. We have perused the power of attorney dt.06.02.2010 given by MGS to one, Mr. Abhineet Pathak. We find that Mr. Pathak was designated as country manager to do and execute on behalf of MGS in the territory of India certain acts and things. He was authorized to sign, inter alia, the contract or any other document according to LOI No. 57(41)2009-PUR/T-118 dt.30.12.2009 for Project of Marine Multichannel and Ocean Bottom Seismic Data Acquisition for Gas Hydrates Investigation in the Eastern Indian Continental Margin for the appellant. Therefore, we find that in terms of said contract, he is not a dummy person without any power and he has been vested with substantial power including power to sign contract, etc. Therefore, it is not correct to say that his office and he cannot be treated as agency or branch in terms of expression used in explanation (1) to section 66A. Therefore, on this count also, the service would be deemed to have been provided by Mr. Pathak, as a country manager of MGS, who is located in India. We note that in terms of The Indian Contract Act, 1872, an 'agent' is a person employed to do any act for another, or to represent another in dealings with third persons. The person for whom such act is done, or who is so represented, is called the 'Principal'. Therefore, in this case, obviously Mr. Pathak is the 'agent' and MGS is the 'principal'. Since the agent is located within India, therefore, by virtue of the same, he would become liable to pay service tax and the liability cannot be fastened on the appellant under RCM in terms of section 66A. Further, in terms of Power of Attorney Act, 1882, the 'power of attorney' is delegation of authority in writing by which one person is empowered to do and act in the name of another and the person who acts on behalf of another person (principal) by his authority, expressed or implied, is called an agent and the relationship between him and the principal is called agency. Therefore, it is obvious that MGS was running their Indian business through this mechanism by appointing country manager with definitive office and empowering him to carry out various functions. Merely because the invoices were addressed to MGS, UK or the payments were made in foreign exchange, it would not take away the fact that there was an office or agency, which was acting on behalf of the principal i.e., MGS, UK, in India. Therefore, on this count also, demand cannot sustain.

9. In view of the same, we do not find any merit in upholding the demand against the appellant in terms of section 66A. Further, since the demand is not sustainable on merit itself, no penalty is leviable. We also make it clear that since the demand is liable to be set aside on merit itself, therefore, we have not examined the issue of limitation, in view of various arguments from both sides.

10. Appeal allowed.

(Pronounced in open court on 21.11.2025)

**(A.K. JYOTISHI)**  
**MEMBER (TECHNICAL)**

**(ANGAD PRASAD)**  
**MEMBER (JUDICIAL)**