IN THE CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL
EASTERN ZONAL BENCH: KOLKATA

REGIONAL BENCH – COURT NO. 2

Service Tax Appeal No. 76565 of 2017

(Arising out of Order-in-Original No. 03/PR.COMMR/ST-I/KOL/2017-18 dated 24.04.2017 passed by the Principal Commissioner of Service Tax-I, Kendriya Utpad Shulk Bhawan, 180, Shantipally, Rajdanga Main Road, Kolkata – 700 107)

Commissioner of C.G.S.T. and Central Excise : Appellant
Kolkata North Commissionerate,
G.S.T. Bhawan, 2nd Floor, 180, Shantipally, Rajdanga Main Road,
Kolkata – 700 107

VERSUS

M/s. Saanvi Developers & Realtors Pvt. Ltd. : Respondent
1/H/12, Ramesh Dutta Street, Beadon Street,
Kolkata – 700 006
[present declared address: 15, College Street,
Kolkata – 700 012]

APPEARANCE:

Shri Prasenjit Das, Authorized Representative,
For the Appellant / Revenue

Shri Ajay Sanwaria, Advocate,
Ms. Tanima Ghosh, Advocate
for the Respondent

CORAM:

HON'BLE SHRI R. MURALIDHAR, MEMBER (JUDICIAL)
HON'BLE SHRI K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NO. 77528 / 2025

DATE OF HEARING: 26.09.2025

DATE OF DECISION: 14.10.2025

ORDER: [PER SHRI K. ANPAZHAKAN]

This is an Appeal filed by Revenue against the Order-in-Original No. 03/PR. COMMR/ST-I/KOL/2017-18 dated 24-04-2017 passed by Ld. Principal Commissioner of Service Tax-I, Kolkata North Commissionerate, wherein the Ld. Principal Commissioner has dropped the demand of Service Tax raised against M/s. Saanvi Developers & Realtors Pvt. Ltd. in the Show Cause Notice.

2. In the instant case, it has been alleged that the company M/s. Saanvi Developers & Realtors Pvt. Ltd., 1/H/12, Ramesh Dutta Street, Beadon Street, Kolkata (hereinafter referred to as the Respondent / SDRPL) existed only on papers. It generated bogus invoices which could help interested business entities managing their Service Tax liability and/or books of accounts. The company has no establishment at the addresses declared to the various Government authorities. Also they have no staff, no expertise or no infrastructure even to run an office.

2.1. The company issued two sets of invoices - one set of invoices where the copies were kept with the Respondent and they did not record charging of Service Tax in the said invoices and the other set of invoices the copies of which were sent to the clients wherein the Respondent recorded charging of Service Tax. It is alleged that the Respondents are liable to pay the Service Tax collected by them from the customers as per the provisions of Section 73A of the said Act. Accordingly, the Revenue was of the view that the Respondent was liable to pay Service Tax of Rs. 18,05,51,745/- collected and not deposited in the government account. Admittedly, the Respondent had paid Service Tax amounting to Rs.1,53,40,510/- during the material period in respect of the services rendered by them.

2.2. It has also been alleged that the Respondent has fabricated ST-3 returns and availed CENVAT credit on paper without actual receipt of input service and thus tried to create an impression that they were a genuine service provider. Their availing/utilization of CENVAT credit was allegedly fraudulent because they could not submit any documents in this regard and with existence only in papers, it was gathered that there could not be any purpose to get input services/capital goods. Thus, it was also alleged that Rs. 90,32,108/- paid by the Respondent by using the CENVAT credit cannot considered as payment of Service Tax, as the Respondent was not eligible for the said credit.

2.3. On the basis of the aforesaid allegations, a Show Cause Notice dated 16.11.2015 was issued *inter alia* to the Respondent demanding Service tax on the invoices allegedly issued by the Respondent without actual supply of services, under Section 73A(2) of the Finance Act.

2.4. The said Notice was adjudicated, wherein the Ld. adjudicating authority has accepted the contentions of the Respondent and confirmed the demand of Rs.1,53,40,510/-, while dropping the rest of the demand of service tax raised in the Notice amounting to Rs.16,52,11,235/-, besides ordering for payment of interest and imposition of penalty of Rs. 10,000/- under Section 77(2) and Rs. 1,00,000/- (each) on Director and Consultant of the Respondent, vide Order-in-Original No. 03/PR. COMMR/ST-I/KOL/2017-18 dated 24.04.2017.

2.5. Aggrieved by the dropping of the demand, Revenue has filed this appeal.

3. In the Appeal, the Revenue has raised the following grounds:

(i) The Adjudicating Authority failed to appreciate that the Respondent was registered with the department and had paid service tax amounting to Rs.1,53,40,510/– which has already been admitted by the Respondent during the material period in respect of services rendered by them and the same is reflected in their ST-3 Returns. The Adjudicating Authority also failed to appreciate the fact that the amount of Rs.1,53,40,510/– was not included in the demand (Para 3.4 of the SCN) whereas the Adjudicating authority while adjudicating the case made error on this count as he has confirmed the amount of Rs.1,53,40,510/– and dropped the amount of Rs.16,52,11,235/– [Rs.18,05,51,745/– (minus) Rs.1,53,40,510/–] after deducting this amount from the amount of Rs.18,05,51,745/– as demanded in the SCN. Thus, the Adjudicating Authority in actual dropped the entire demand of Rs.18,05,51,745/–.

(ii) The Adjudicating authority in para 10.7.3 of the O-I-O has acknowledged that the amount of Rs.1,53,40,510/– has been received and paid to the government exchequer as Service Tax by the Respondent as per the ST-3 returns but simultaneously has not acknowledged the CENVAT Credit amounting to Rs. 90,32,108/- utilized towards payment of Service Tax and shown in the same ST-3 returns of the Respondent. Thus, the Adjudicating Authority made an error by not acknowledging Rs. 90,32,108/– as an admitted Service Tax liability of the Respondent as the same has been reflected in their ST-3 returns.

(iii) The Adjudicating authority in para 10.6.1 of the O-I-O has observed that data in respect of details of invoices found at the end of the clients of SDRPL and details of invoices found at the end of SDRPL as detailed in Table B of SCN is not matching but failed to appreciate and discuss the comparative chart as mentioned in para 2.16 of the SCN which clearly indicates that the invoice/bills were fabricated by the SDRPL at their end to make appear that they had not collected service tax. The Adjudicating authority has not addressed and discussed the fact that the total gross amount mentioned in the invoices which were recovered from the clients wherein the service tax shown separately was found to be equal to the invoice value where Service Tax was not shown separately as recovered from the Respondent i.e. SDRPL. Thus, the Adjudicating authority made an error by ignoring the evidences put forth by the investigation.

(iv) Vide para 2.14 to 2.17 of SCN, it was mentioned that the clients have received the bills/invoices issued by M/s SDRPL and have taken credit for payment of their Service Tax liability on the basis of these bills/invoices. The accumulated figure of all the invoices is reflected in their financial statement for the corresponding period. The financial statements are maintained by the Respondent under the Income Tax Act 1961. The said financial statements are part and parcel of the Statute other than the Finance Act 1994 as such the details mentioned/maintained therefore cannot be brushed aside without any established evidences and also in view of the fact that neither the Respondent nor any of their clients have submitted any such records to substantiate their claim. The Adjudicating Authority appears to have failed to appreciate the same.

(v) The follow up actions were also made at the recipients ends and as a result of follow up actions by the jurisdictional officers of this department it was ascertained that the recipients had taken CENVAT Credit on the basis of bills/invoices issued by SDRPL as mentioned in para 2.14 to 2.17 of the SCN. Therefore, the recipient availed CENVAT and also made the payment thereforth. In the said bills/invoices Service Tax elements have been mentioned separately for utilisation of the same. This fact appears to have not been appreciated by the adjudicating authority.

(vi) The provisions of services are not tangible which could be physically seen afterwards or be placed on records. The provision of service can only be verified by way of concerned bills/payments/ledgers maintained therefor. In the instant case, the Adjudicating Authority in para 10.7.3 has mentioned that it was clear that there was proof that the Respondent had collected Service Tax in some cases. This proves that the alleged Respondent has raised bills for providing service and on that basis the recipients have taken credit. All the payments have been received through cheque and recorded in particular ledger. This fact has been ignored by the adjudicating authority.

(vii) Bills issued for rendering same services cannot be assumed as bogus or genuine merely on the basis of non-mentioning or mentioning Service Tax amount therein.

(viii) As regards the quantification of demand based on Balance sheet figure it is mentioned that the

Respondent is purely service provider and they have issued Service Tax invoice. Therefore their entire income/revenue is from service. Thus, the figure mentioned in the Balance Sheet has been considered for demand. This fact has been ignored by the adjudicating authority.

(ix) The Adjudicating Authority failed to appreciate the fact that the Respondent throughout the material period issued the invoices where under the services were provided by them & they also paid the service tax and further they also received the payment by way cheques from their clients for service provided by them but the recipients have not produced any such documents/cash voucher/Audited Balance Sheet to substantiate their claim as to receipt of cash amount against the paid amount through cheque to the Respondents by them. The Adjudicating Authority failed to appreciate the fact that the Respondent or their recipients of the services have failed to establish that a) the Respondent had not rendered the services or the recipient has not received the services; and b) they had fudged the books of accounts to accommodate books of entries of bogus expenditure.

3.1. In view of the above submissions, the Revenue prays for setting aside the impugned order to the extent of dropping of the demand and allowing their appeal.

4. The submissions made by the Respondent are summarised below:

(i) The Respondent submits that the admitted demand of service tax stands discharged and therefore there can be no further demand liable to be paid by them.

(ii) The allegation has been made on the assumption that the invoices found at the end of the Respondent clients is the same invoice which was issued by the Respondent. In the instant case, the show cause notice admits that during the investigation huge number of invoices were recovered wherein in some cases service tax was charged and the other wherein no service tax was charged (Page 56). Further, no further investigation or cross verification was done to check the difference in invoices at both the places. In fact, the Ld. adjudicating authority at paragraph 10.6.1 specifically observed that no tangible evidence has been unearthed during the investigation which can absolutely confirm that the bills/challans found at the Clients place were issued by the Respondent. Further, the Show Cause Notice fails to rebut the contention of the Respondent that the documents recovered from a client, namely, M/s AMR Construction Ltd., were not issued by them. It was held that there is weakness in the allegation that the bills/challans recovered from M/s AMR Construction Ltd. were issued by the Respondent and such weakness can be noticed from the discrepancy of data between those appended against details of invoices found at the end of M/s. AMR

Constructions Ltd. and the ones found at the end of the Respondent. Further, the difference in the number of invoices and bill amounts takes away the credibility of the allegation of raising two sets of bills/challans to a great extent.

(iii) The Respondent further submits that the same principle has been applied for the bills/challans against which various companies enjoyed CENVAT credit because the investigation could not recover any invoice from the Respondent end. Thus, the allegation of raising two sets of invoices fails here as well. Moreover, it was held that from the analysis of the 'proofs' relied upon in the Show Cause Notice it can be observed that the principle of quantification of demand has been erroneous and only if it is proved that all the bills/challans showing charging of Service Tax were issued by the Respondent and the amount of Service Tax involved therein have been collected by them, the Service Tax so collected could have been recovered with the application of Section 73A of the said Act.

(iv) It is submitted that it is an admitted fact that the entire transaction was a sham transaction and the Respondent was accommodating entries for various clients against commission charges. Further, it is an admitted fact that the Respondent in some cases had issued invoices and charged service tax which was duly disclosed in the ST-3 return and tax was also paid in cash. The same thing was observed by the Learned Adjudicating Authority at Para 10.7.3. The investigation has not brought in any further evidence to show that the Respondent has actually collected more service tax than what was disclosed in the ST-3 returns filed by them. Thus, the Respondent submits that any demand over above what has been paid by the Respondent is not sustainable.

(v) The demand of service tax under the provision of Section 73A(2) of the Finance Act is completely based on assumption and presumption basis. The Respondent submits that in support of their contentions, the revenue in the impugned show cause notice has made reference of two invoices issued in the Financial Year 2010-11 to M/s AMR Construction Ltd recovered from the premises of the Noticee. Out of the said two invoices, only in one invoice bearing no. ACL/2010-11/001 DATED 31.03.2011 an amount of Rs. 808512.00 has been shown separately as service tax whereas in the other invoice bearing no. ACL/SDRPL/2010-11/001 dated 31.03.2011, no service tax has been mentioned. On the contrary, it is alleged that as a follow up measure 15 invoices were said to be recovered from the premises of M/s AMR Construction Ltd alleged to be issued by the Respondent for the financial year 2010-11. Though total value of the invoices remains the same but the amount of service tax totals to 1,22,86,040/- because in each of the invoices service tax has been shown separately and accordingly the department has assumed that the Respondent collected an amount of Rs. 1,22,86,040/- as service tax on the assumption that for the same value two sets of invoices have been issued. Such assumption on the part of the department is not corroborated by any evidence about genuineness of the invoices recovered from the premises of M/s AMR Construction Ltd. The respondent strongly denies that 15 invoices recovered from the premises of M/s AMR Construction Ltd have been issued by them.

(vi) It is also the Respondent's case that they had not issued any invoice to M/s AMR Construction Ltd in the financial year 2008-09 though it is alleged in the impugned show cause notice that 10 invoices recovered from the premises of M/s AMR Construction Ltd have been issued by the Respondent. That the said invoices have been issued by the Respondents are not corroborated by any documentary evidence. It is therefore, submitted that the Respondent cannot bear the burden of some incriminating documents recovered from the premises of others which are uncorroborated.

(vii) The Respondent submits that on account of incomplete and faulty investigation without verifying the contention of the Respondent and in absence of corroborative evidence substantiating issuance of tax invoice and receipt of service tax from the Client, the Learned Adjudicating Authority after a detailed discussion and finding dropped the demand against the Respondent.

(viii) Moreover, with respect to recovery of tax pertaining to fake invoice cases (issuance of tax invoice without actual supply of goods or services or both), the Central Board of Indirect Taxes and Customs vide Circular No. 171/03/2022-GST dated 06.07.2022 clarified that no tax demand and recovery can be made from the person who issued the fake invoices. In such cases, recovery is to be effected from the ultimate client who actually used the irregular credit. In the present case, the Respondent has submitted that the department has initiated action by writing to Chief Commissioners of 16 Zones where the clients who received such fake invoices are located. This is evident from the findings of the Ld. Adjudicating authority in the impugned order. Accordingly, the Respondent submits that the demand of service tax from them is against the Circular issued by CBEC.

(ix) Since no service was rendered and the entire transaction being a sham transaction, question of recovery of Service Tax would not arise. In support of this contention, the Respondent relied upon the decision of Tribunal, Delhi in the case of *M/s. MGM Tools Pvt. Ltd. vs. CCE [2014 (313) E.L.T. 589 (Tri. – Del)].*

4.1. Accordingly, the Respondent prays for upholding the impugned order and rejection of the appeal preferred by the Revenue against the same.

5. Heard both sides and perused the appeal records.

6. We find that the investigation conducted by the Department established that the Respondent company existed only on papers. It generated bogus invoices which could help interested business entities managing their Service Tax liability and books of accounts. The company has no establishment at the

addresses declared to the various Government authorities. Also, they have no staff, no expertise or no infrastructure even to run an office. Thus, we observe that the entire transactions recorded by the Respondents are only sham transactions and the Respondent was accommodating entries for various clients against commission charges. Now, the Department is presuming that the Respondent has actually provided services to the client and therefore, there are required to pay Service Tax for the services rendered. This clearly contradicts their own finding that the Respondent-company was only established on paper and rendered sham transactions. Thus, we observe that Service Tax demand cannot be confirmed against the Respondent unless it is established that the Respondent had actually rendered taxable services and not paid Service Tax. Since the investigation themselves admitted that the Respondent is only a fake entity and has not actually rendered the service, we are of the view that the demand of Service Tax cannot be sustained against the Respondent in this case.

6.1. We further take note of the fact that the Respondent, in some cases, had issued invoices and charged service tax which was duly disclosed in the ST-3 return and tax was also paid in cash. The same fact has been observed by the Ld. adjudicating authority at Para 10.7.3 of the adjudication order. The investigation has not brought in any further evidence to show that the Respondent has actually collected more Service Tax than what was disclosed in the ST-3 returns filed by them. We also observe that the Revenue has claimed that the Respondent has issued two set of invoices one with Service Tax and the other without Service Tax. However, we find that the investigation has not brought in any evidence to substantiate this allegation. Thus, we hold that any demand over above what has been paid by the Respondent is not sustainable.

6.2. In the present case, the provision of Section 73A(2) of the Finance Act has been invoked to demand Service Tax from the Respondent. The said section reads, "where any person who has collected any amount which is not required to be collected from any other person, in any manner representing service tax, such person shall forthwith pay the amount so collected to the credit of the Central Government". From a plain reading of the said sub-section, it clearly transpires that for raising demand on the basis of the said sub-section, it requires to be proved that the Respondent has collected an amount representing Service Tax on the basis of documents viz. invoices/challans issued in terms of Rule-4A of Service Tax Rules, 1994. In the present case, it is seen that the Respondent collected an amount of Rs.1,53,40,510/– representing service tax in the invoices raised by them. We find that the above fact has also been acknowledged by the Ld. adjudicating authority at paragraph 10.7.3 of the impugned order. It is also a fact on record that the amount of Rs.1,53,40,510/– collected by the Respondent as Service Tax has been paid to the Government exchequer. We also find that the investigation has not brought in any further evidence to show that the Respondent has actually collected more service tax than what was paid by them and disclosed in the ST-3 returns filed. Thus, under these facts and circumstances, we are of the opinion that any demand of service tax over and above the amount paid by the Respondent under the provision of Section 73A(2) of the Finance Act, is only based on assumptions and presumptions. Hence, we hold that that the rest of the demand of Service Tax as raised in the Show Cause Notice, only on an assumption and presumption basis, is not sustainable..

6.3. In this connection, we have examined the Circular No. 171/03/2022-GST dated 06.07.2022 issued by the Central Board of Indirect Taxes and Customs vide which has clarified that no tax demand and recovery can be made from the person who issued the fake invoices. In such cases, recovery is to be effected from the ultimate client who actually used the irregular credit. The relevant portion of the said Circular is reproduced below for ease of reference:

" *….*

Sl. No	***Issues***	***Clarification***
1.	*In case where a registered person "A" has issued tax invoice to another registered person "B" without any underlying supply of goods or services or both, whether such transaction will be covered as "supply" under section 7 of CGST Act and whether any demand and recovery can be made from 'A' in respect of the said transaction under the provisions of section 73 or section 74 of CGST Act.* *Also, whether any penal action can be taken against*	*Since there is only been an issuance of tax invoice by the registered person 'A' to registered person 'B' without the underlying supply of goods or services or both, therefore, such an activity does not satisfy the criteria of "supply", as defined under section 7 of the CGST Act.* ***As there is no supply by 'A' to 'B' in respect of such tax invoice in terms of the provisions of section 7 of CGST Act, no tax liability arises against 'A' for the said transaction, and accordingly, no demand and recovery is required to be made against 'A' under the provisions of section 73 or section 74 of CGST Act in respect of the same.*** *Besides, no penal action under the provisions of section 73 or section 74*

	registered person 'A' in such cases.	*is required to be taken against 'A' in respect of the said transaction.* *The registered person 'A' shall, however, be liable for penal action under section 122(1)(ii) of the CGST Act for issuing tax invoices without actual supply of goods or services or both.*
	A registered person "A" has issued tax invoice to another registered person "B" without any underlying supply of goods or services or both. 'B' avails input tax credit on the basis of the said tax invoice. B further issues invoice along with underlying supply of goods or services or both to his buyers and utilizes ITC availed on the basis of the above mentioned invoices issued by 'A', for payment of his tax liability in respect of his said outward supplies. Whether 'B' will be liable for the demand and recovery of the said ITC, along with penal action, under the provisions of section 73 or section 74 or any other provisions of the CGST Act	*Since the* ***registered person 'B' has availed and utilized fraudulent ITC on the basis of the said tax invoice, without receiving the goods or services or both, in contravention of the provisions of section 16(2)(b) of CGST Act, he shall be liable for the demand and recovery of the said ITC, along with penal action,*** *under the provisions of section 74 of the CGST Act, along with applicable interest under provisions of section 50 of the said Act. Further, as per provisions of section 75(13) of CGST Act, if penal action for fraudulent availment or utilization of ITC is taken against 'B' under section 74 of CGST Act, no penalty for the same act, i.e. for the said fraudulent availment or utilization of ITC, can be imposed on 'B' under any other provisions of CGST Act, including under section 122.*

…"

(Emphasis supplied)

6.4. It is observed that the above said clarification was issued in respect of GST regime. However, it is clear that the same principle would be applicable for similar issues in the pre-GST regime also. In the present case, the Department has initiated action by writing to the Chief Commissioner of 16 zones about passing of fake credit by the Respondents and to initiate recovery action at the end of the Clients. This is evident from the findings of the Ld. adjudicating authority in the impugned order. We hold that the demand of Service Tax from the Respondent in respect of the credit passed on by them by issuing fake invoices, is against the clarification issued by Board in the said Circular. Thus, we hold that there will be no service tax liability in the hands of the Respondents.

6.5. Since no service was rendered and the entire transaction was admittedly a sham transaction, the question of recovery of Service Tax from the Respondent would not arise. In this connection, we find reliance placed by the Respondent on the decision of Tribunal, Delhi in the case of *M/s. MGM Tools Pvt. Ltd. vs. Commissioner of C.Ex., Indore [2014 (313) E.L.T. 589 (Tri. – Del)]* to be apt, wherein it has been held as under:

> *"7. So far as, the demand under section 11D on M/s. MGM Tools Pvt. Ltd. is concerned, this section is applicable to the manufacturer who has collected some amount from his customers as duty in respect of certain goods sold by him and that amount collected as duty has not been paid to the Government. In this matter, the case against MGM Tools Pvt. Ltd. is that they have issued bogus invoices for 3% commission without supply any goods just to enable his customer M/s. Polymermann Asia Pvt. Ltd., Nasik avail Cenvat Credit and this fact is confirmed not only by the statement of the Directors of the appellant company Sh. S.N. Godia and Sh. Dilip Mehta, but also by the evidence of the transporters. When no goods have*

> *been supplied against the invoices issued to M/s. Polymermann Asia Pvt. Ltd. and except for 3% commission, the appellant have not received any thing, there is no question of the appellant having received any amount towards duty which was not paid by them to the Government. Just because the invoices were issued by the appellant to M/s. Polymermann Asia Pvt. Ltd. showing sales of duty paid capital goods, it cannot be presumed that they had received the payment against those invoices when the evidence on record shows otherwise. In view of this so far as the demand under section 11D is concerned, the order of the Commissioner (Appeals) is not sustainable."*

6.5.1. We find the ratio of the aforesaid decision to be squarely applicable in the facts and circumstances of the instant. As observed by the Tribunal in the said case, the application of provision of Section 11D of the Central Excise Act, which is *pari materia* with the provision of Section 73A of the Finance Act, would be warranted only when it is established that Service Tax has been collected by the company, but not paid to the exchequer. In the instant case, it is an admitted fact that Service Tax of Rs.1,53,40,510/- as collected by the Respondent has been paid to the exchequer. There is no other evidence available on record to establish that the Respondent has collected any amount over and above the amount of Rs.1,53,40,510/- already paid by them. Thus, by relying upon the decision cited supra, we hold that the demand of service tax over and above this amount already paid by the Respondent is not sustainable under Section 73A of the Finance Act.

6.6 Consequently, we hold that the Ld. adjudicating authority has rightly dropped the demand Rs.16,52,11,235/- and therefore, we do not find any infirmity in the dropping of the said demand in the impugned order.

7. Regarding allegation of irregular availment of CENVAT Credit amounting to Rs. 90,32,108/-, we observe that the stand taken by the Revenue is that the Respondent has fabricated the documents and availed CENVAT Credit on paper without actual receipt of input service, thereby attempting to create an impression that they were a genuine service provider. In this context, we note that the Respondent has availed the fake credit only to make payment of their service tax liability. In view of the discussions the preceding paragraphs, it is established that there is no Service Tax liability on the part of the Respondent other than those collected by them and paid as per the provisions of Section 73A(2) of the Finance Act, 1994. Thus, we find that the irregular credit availed by the Respondent is of no use, as they cannot use the said credit for payment of their Service Tax liability, which is not there.

7.1. In any case, we find that the irregular credit availed by the Respondent has been discussed in the Notice, but there is no demand of recovery of the said credit in the final portion of the Notice raising the demand on the Respondents. Thus, we find that the Notice is in error in not demanding the recovery of the CENVAT credit in the final recovery portion of the Notice. It is clear the Respondent cannot use the credit and they are not required to use the credit for discharging their service tax liability. Hence, we hold that the allegation on this count by the Revenue in the Grounds of Appeal does not have any merit. Accordingly, we reject this ground raised in the Grounds of Appeal by the Revenue.

8. In view of the above findings, we uphold the dropping of the demand of Service Tax in the impugned order and reject the appeal filed by the Revenue.

(Order pronounced in the open court on **14.10.2025**)

Sd/-

(R. MURALIDHAR)
MEMBER (JUDICIAL)

Sd/-

(K. ANPAZHAKAN)
MEMBER (TECHNICAL)

Sdd