IN THE CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL, KOLKATA

REGIONAL BENCH – COURT NO.2

Service Tax Appeal No. 76264 of 2019

(Arising out of Order-in-Appeal No. 152/ST/RKL-GST/2018 dated 28.11.2018 passed by Commissioner of CGST & Central Excise, Bhubaneswar.)

M/s Bank of India,
(Ghasipura Branch, AT/P.O.-Ghasipura, Dist.-Keonjhar (Odisha-758015)

...Appellant

VERSUS

Commissioner of CGST & Central Excise, Rourkela,
(C. R. Building, Rajaswa Vihar Bhubaneswar-07, Odisha)

.. ...**Respondent**

APPERANCE :

None, for the Appellant
Shri S. Dutta, Authorized Representative for the Respondent

CORAM:

HON'BLE MR. R. MURALIDHAR MEMBER (JUDICIAL)

FINAL ORDER No…76043/2026

DATE OF HEARING : 06.08.2026
DATE OF DECISION : 06.08.2026

PER R. Muralidhar :

The appellant has filed this appeal on 2nd April 2019. They have not been appearing for the hearings whenever the same is communicated to them. In the interest of justice, I have taken up the appeal itself for disposal with the help of the Learned AR.

2. On going through the records, I find that the proceedings have been initiated against the appellant on the ground that they have not maintained separate accounts for the input services used both for providing the taxable services as well as towards provision of exempted services. The demand has been raised based on 5%, 6%, and 8% of the tax payable on the exempted services. After the due process, the

adjudicating authority has confirmed the demand of Rs.5,41,352/-. On appeal, the Commissioner (Appeals) has affirmed the same. Therefore, the appellant is before the Tribunal.

3. From the records and statement of facts and the grounds of appeal taken by the appellant, it is seen that the appellant is claiming that they have taken the CENVAT Credit in respect of commonly used services to the extent of only Rs.9297/-. Their grievance is that when they have taken the CENVAT Credit to this extent, the demand has been made for Rs.5,41,352/-.

4. I find that this issue has reached Tribunals and High Courts on several occasions. The Allahabad High Court in the case of **Hello Minerals Water Pvt. Ltd. v. UOI** has held that in cases where the input tax has been taken as credit for usage in provision of taxable and exempted services, the reversal of the Service Tax itself would be sufficient. Similar decisions have been given by various Tribunals.

5. Therefore, I find that in this case also, such this remedy should be given to the appellant. The appellant should be asked to clarify the exact quantification of the CENVAT Credit input services which have been used commonly between the taxable and exempted services and should be asked reverse the same alongwith interest. Once the appellant brings out all the documentary evidence and then reverses

this amount, the balance demand amount should be set aside. All the penalties are being set aside.

6. For this purpose and for verification of all the details to be given by the appellant, I remand the matter to the adjudicating authority.

7. The issue pertains to the year 2019. The appellant is also directed to cooperate with the adjudicating authority to ensure that the matter gets closed within four months from the date of this order.

8. The appeals stand disposed off by way of remand to the adjudicating authority.

(Dictated and pronounced in the open court)

Sd/-
(R. Muralidhar)
Member (Judicial)

Tushar Kr.