

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

WEST ZONAL BENCH

SERVICE TAX APPEAL NO: 87251 OF 2022

[Arising out of Order-in-Appeal No: PUN/EXCUS/001/APP/0200/2020-21 dated 27th November 2020 passed by Commissioner of Central Tax (Appeals-I), Pune.]

Eaton India Innovation Center LLP

Building No. B6, B7 & Lab at S1 & S2
Magarpatta City SEZ, Hadapsar, Pune-411 013.

... Appellant

versus

Commissioner of Central Tax & CGST

Pune – I
ICE House, 41-A Sassoon Road, Pune – 411 001

...Respondent

WITH

SERVICE TAX APPEAL NO: 87252 OF 2022

[Arising out of Order-in-Appeal No: PUN/EXCUS/001/APP/0199/2020-21 dated 27th November 2020 passed by Commissioner of Central Tax (Appeals-I), Pune.]

Eaton India Innovation Center LLP

Building No. B6, B7 & Lab at S1 & S2
Magarpatta City SEZ, Hadapsar, Pune-411 013.

... Appellant

versus

Commissioner of Central Tax & CGST

Pune – I
ICE House, 41-A Sassoon Road, Pune – 411 001

...Respondent

AND

SERVICE TAX APPEAL NO: 87253 OF 2022

[Arising out of Order-in-Appeal No: PUN/EXCUS/001/APP/0196/2020-21 dated 27th November 2020 passed by Commissioner of Central Tax (Appeals-I), Pune.]

Eaton India Innovation Center LLP

Building No. B6, B7 & Lab at S1 & S2
Magarpatta City SEZ, Hadapsar, Pune-411 013.

... Appellant

versus

Commissioner of Central Tax & CGST

Pune – I

ICE House, 41-A Sassoon Road, Pune – 411 001

...Respondent

APPEARANCE:

Shri Jay Chheda and Ms Foram Chheda, Advocates for the appellant

Shri Dhananjay Dahiwal, Deputy Commissioner (AR) for the respondent

CORAM:

HON'BLE MR C J MATHEW, MEMBER (TECHNICAL)

FINAL ORDER NO: 86984-86986/2025

DATE OF HEARING:

23/12/2025

DATE OF DECISION:

23/12/2025

These appeals arise from common order¹ of Commissioner of Central Tax (Appeals-I), Pune disposing off appeals against orders of original authority before whom claim for refund of tax discharged for export of service between October 2016 to June 2017 for ₹ 2,01,45,455 was processed and, ₹ 34,39,069 having been rejected, the rejection thereof, as upheld by the first appellant authority, is challenged only to the extent of ₹ 34,20,197.

2. Learned Counsel for the appellant submitted that the rejection

¹[order-in-appeal no. PUN/EXCUS/001/APP/0196, 0199 & 0200/2020-21 dated 27th November 2020]

was limited to certain aspects and pointed out that ₹ 21,72,910, exclusively for April 2017 to June 2017, related to non-submission of purchase orders corresponding to invoice produced as evidence of service rendered to 'interior designer' to the appellant. He further contended that the rejection of refund of tax paid on premium for insurance of employees had erred in invoking in CENVAT Credit Rules, 2004 which was not relevant to refund claim. He further submitted that ₹ 7,06,367, for the period from October 2016 to December 2016, was rejected without assigning any valid reason. He further contended that rejection of ₹ 2,82,170, for the period from January 2017 to March 2017 and April 2017 to June 2017, was solely on the ground of invoices not matching with the address on the ST-2 certificate of the appellant. He submitted that the service providers had since furnished the certificates indicating the rendering of service to the appellant at the specified locations. The rejection of the claim for ₹ 2,58,750, covering the period for January 2017 to March 2017 and April 2017 to June 2017, on the ground of not having obtained prior approval of the designated committee is not in accordance with the procedure laid down for refund inasmuch as the issue of two separate invoices does not detract from privilege available to the appellant as a unit functioning within the Special Economic Zone (SEZ) at Magarpatta and had, prior to obtaining of letter of approval (LoA) from the jurisdictional Development Commissioner, established an office at

Pondicherry that, consequent upon completion of procedures set out in Special Economic Zone Act, 2005 and Special Economic Rules, 2006, were relocated in entirety in the Special Economic Zone (SEZ). He contended that the appellant is entitled to exemption from tax on services utilized for the purpose of rendering various operations as set out in section 6 of Special Economic Zone Act, 2005.

3. According to Learned Authorized Representative the impugned order has elaborately set out the reason from rejection and that

'8. Refund in respect of employee insurance, viz. Group Health Policy/ Group Personal Accident Policy/ Premium towards new business/ Premium towards policy renewal. (Rs. 7,06,367/-).

Appellant has argued that they have incurred expenditure as employer, for the health insurance of the employees. I find that the benefits flow towards the employees, as a person, in case of any mishap or any fatalities, to the family of the employees. In any case the beneficiary is the individual employee and it falls definitely under the exclusion clause contained in rule 2(1) of the Cenvat Credit Rules. In this matter, I find that the credit pertains to the period post 01.04.2011 and the Hon'ble Tribunal has already dealt with the said situation in the case of S.K.D Lakshmanan Fireworks Industries Vs CCE & ST Tirunelveli (2016(42) STR 359 fTri-Chennai)] and the relevant portion is reproduced below;-

7. Also in terms of Rule 2(1)(C) of the Cenvat Credit Rules, 2004, they are not eligible to take credit of service tax paid on life insurance, health insurance since these services have been specifically excluded from the definition of 'input service'. Further, in terms of Rule 2(1)(C) of Cenvat Credit Rules, 2004,

credit of service tax paid on life insurance, health insurance etc. is not allowed when these services are used primarily for personal use of any employees. The group insurance taken by the assessee is only in favour of their employees, even though the claim is filed by them and the claim is settled on them, the final beneficiary are the workers only. Hence, it appears that they cannot take credit of service tax paid on insurance in respect of their employees, in terms of the above provisions.

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9. Based on the aforesaid legal position, I am of the view that Cenvat credit is not admissible to the appellant in respect of premium paid on employee insurance. The appellant has not produced any documentary evidence that the insurance policies are meant for employer and are not meant for personal use or consumption of the employees or that the employees are not the beneficiaries for such policies.'

does elaborate on the point.

4. The rejection of claim for refund of tax paid towards 'interior design services' was solely on the ground of non-submission of purchase order. The appellant has now furnished the same along with the appeal. Likewise, rejection of claim for refund on services invoiced to the address at the Pondicherry is now accompanied with certificates issued by the service provider. These documents were not available with the lower authorities and required verification. Accordingly, the claim relating to these two services, totaling to ₹ 24,55,080, requires re-ascertainment.

5. As far as the refund of tax paid towards premium on insurance of employees, these undoubtedly are 'input services' obtained for the

purpose of rendering various operations and yet not evinced in the impugned order as not in accordance with law. Accordingly, rejection of refund claim of ₹ 7,06,367 is set aside. It is seen that appellant had discharged tax liability in accordance with invoice raised by the developer of the Special Economic Zone for providing space to operate as cafeteria. The said facility is within the same building in the processing area of the zone and hence not required to discharge tax liability. In fact, the developer should not have raised a tax invoice for rendering of the said service as leasing of space is the authorized operation of a developer in a special economic zone (SEZ). Having submitted the tax invoice, it was inappropriate on the part of the lower authority to reject the claim. Accordingly, rejection of ₹ 2,58,750 is set aside.

6. The appeals are disposed off in the above terms.

(Dictated and Pronounced in Open Court)

(C J MATHEW)
Member (Technical)