CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL, MUMBAI

REGIONAL BENCH - COURT NO. I

Service Tax Miscellaneous Application No. 87278 of 2025
(on behalf of the appellant)
In
Service Tax Appeal No. 86019 of 2018

AND

Service Tax Appeal No. 86019 of 2018

(Arising out of Order-in-Appeal No. PUN-EXCUS-001-1PP-882/2017-18 dated 14.12.2017 passed by the Commissioner of Central Tax (Appeals-I), Pune)

M/s Bosch Chassis Systems India Pvt. Ltd. .... **Appellant**
Gat No. 306, Nanekarwadi, Chakan,
Khed, Pune – 410 501

Versus

Principal Commissioner of Central Goods & Service Tax, Pune-I .... **Respondent**
41/A, 2nd Floor, GST Bhavan,
Sassoon Road, Opp. Wadia College,
Pune – 411 001

APPEARANCE:

Shri Jay Chheda a/w Shri Prithish, Advocates for the Appellant

Shri C.S. Pavan, Authorized Representative for the Respondent

CORAM:

HON'BLE MR. S.K. MOHANTY, MEMBER (JUDICIAL)
HON'BLE MR. M.M. PARTHIBAN, MEMBER (TECHNICAL)

FINAL ORDER NO. A/85157/2026

Date of Hearing: 19.01.2026
Date of Decision: 19.01.2026

PER: S.K. MOHANTY

Heard both sides and examined the case records.

2. Appellant has filed this miscellaneous application seeking for change of name and address of the respondent arising on account of change in territorial jurisdiction of the Central Excise authorities after introduction of GST regime vide Notification No.13/2017-C.E. (N.T) dated 09.06.2017 and as the appellants-assessee presently comes under their jurisdiction. As the

revised name and address of the respondent Commissionerate correctly reflect the revised jurisdictional departmental authorities, under whose jurisdiction the appellants-assessee is functioning for the purpose of indirect taxes viz., Central Excise/GST, the miscellaneous application filed by the appellant is allowed. The prayer made by the appellant is considered and the revised name and address of the respondent is duly incorporated for the purpose of disposal of the appeals. Registry is directed to incorporate the following changed name and address of the respondent in the appeal records for the purpose of office records.

"Principal Commissioner, Central Goods and Services Tax (CGST),
Pune-I Commissionerate,
2nd Floor, GST Bhavan,
Sassoon Road, Opp. Wadia College
Pune – 411 001.".

3. Brief facts of the case are that the appellants are engaged, *inter alia*, in the manufacture of Motor Vehicle Brake Parts, falling under Tariff Item 8708 3000 of the First Schedule to the Central Excise Tariff Act, 1985. The appellants purchased various materials required for their manufacturing operation from various suppliers/vendors. As per the prevailing trade and industry practice, the vendors offered cash discounts to the appellants for making prompt/early payments before the stipulated date provided in the agreement. The cash discounts so provided by the vendors are deducted from the invoice amount and the net amount was paid by the appellants towards the cost of materials supplied by the vendors. However, the offer of discount availed by the appellants was interpreted by the Department as rendering of financial services towards 'bill/cash discounting' and accordingly, should be categorized as a taxable service under the taxing head of "Banking and other Financial Services". The show-cause notice dated 25.02.2016 issued in this regard was adjudicated vide the Order-in-Original dated 23.03.2017, wherein the original authority had confirmed the proposals made in the show-cause notice. On appeal against the said adjudication order dated 23.03.2017, the learned Commissioner (Appeals) vide the impugned order No. PUN-EXCUS-001-1PP-882/2017-18 dated 14.12.2017 has dropped the demand confirmed for the period 01.07.2012 to 31.03.2015, holding that under the new Service Tax regime, the service falling under the negative list as per Section 66D of the Finance Act, 1994,

would not be subjected to payment of service tax. However, for the prior period, he has upheld confirmation of the adjudged demand in line with the observations made in the original order. Feeling aggrieved with the impugned order dated 14.12.2017, the appellants have preferred this appeal before the Tribunal.

4. We find that in the agreement entered into between the appellants and their vendors, there are specific clause that in case of prompt payment of the invoice amount, the appellant should be eligible for the cash discount, which the appellant avails by way of reducing the amount of discount from the net claim made by the vendors. Since this is an acknowledged practice across the trade and industry, such cash discount, in our considered view, should not be termed as provision of any taxable service, leviable to service tax. In this case, by way of availing the cash discount, the appellant had not provided any taxable services to its vendors in order to term themselves as a service provider. Thus, in absence of any relationship existing between the appellant and its vendors as 'service provider' and 'service recipient', service tax liability, in our considered view, cannot be fastened on them. We find that this Tribunal, in the case of *My Car (Pune) Pvt. Ltd. Vs. Pr. Commissioner of Customs, Central Excise & Service Tax, Pune-I – 2023 (6) TMI 995 – CESTAT MUMBAI,* has held that the incentives and commission is solely related to trade discount for sale of cars in accordance with the regular practice as well as the agreement/schemes that were in vogue in the industry, the same cannot be considered as compensation received for provision of any taxable service.

5. The Department in the present case, has confirmed the service tax demand on the appellants on the ground that they had provided taxable service under the category of Banking and other Financial Services. It is an admitted fact on the record that the appellant is engaged in the manufacture of motor vehicle brake parts and never indulged into any provision of taxable services under the category of Banking and other Financial Services. Since the appellant had availed the cash discount from the vendors and on the net of the amount had discharged the Central Excise duty liability, it cannot be said that they are again liable to pay service tax under the category of Banking and other Financial Services, as

it would amount to double taxation and the goods leviable to payment of central excise duty cannot be change its character to be construed as provision of a taxable service.

6. In view of the foregoing discussions, we do not find any merits in the impugned order, insofar as it has upheld the original order in confirming the part demand on the appellants. Therefore, the impugned order is set aside and the appeal is allowed in favour of the appellant.

(Dictated and pronounced in open court)

(S.K. MOHANTY)
MEMBER (JUDICIAL)

(M.M. PARTHIBAN)
MEMBER (TECHNICAL)

Sinha