



सत्यमेव जयते

केंद्रीय कर आयुक्त (अपील)

O/O THE COMMISSIONER (APPEALS), CENTRAL TAX,

केंद्रीय कर भवन,
सातवीं मंजिल, पोलिटेकनिक के पास,
आम्बावाडी, अहमदाबाद-380015

7th Floor, GST Building,
Near Polytechnic,
Ambavadi, Ahmedabad-380015



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रजिस्टर्ड डाक ए.डी. द्वारा

क फाइल संख्या : File No : V2(ST)24/Ahd-South/2018-19
Stay Appl.No. /2018-19

ख अपील आदेश संख्या Order-In-Appeal Nos. AHM-EXCUS-001-APP-037-2018-19
दिनांक Date : 27-08-2018 जारी करने की तारीख Date of Issue _____

श्री उमा शंकर आयुक्त (अपील) द्वारा पारित

Passed by Shri. Uma Shanker, Commissioner (Appeals)

ग Arising out of Order-in-Original No. CGST/WS-08/Ref-75/PV/17-18 दिनांक: 28.03.2018 issued by
Assistant Commissioner, Div-I, Central Tax, Ahmedabad-South

घ अपीलकर्ता का नाम एवं पता Name & Address of the Appellant / Respondent
Vodafone Mobile Services Ltd.
Ahmedabad

कोई व्यक्ति इस अपील आदेश से असंतोष अनुभव करता है तो वह इस आदेश के प्रति यथास्थिति नीचे बताए गए सक्षम अधिकारी को अपील या पुनरीक्षण आवेदन प्रस्तुत कर सकता है।

Any person aggrieved by this Order-In-Appeal may file an appeal or revision application, as the one may be against such order, to the appropriate authority in the following way :

भारत सरकार का पुनरीक्षण आवेदन

Revision application to Government of India :

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1994 की धारा अतत नीचे बताए गए मामलों के बारे में पूर्वोक्त धारा को उप-धारा के प्रथम परन्तुक के अंतर्गत पुनरीक्षण आवेदन अधीन सचिव, भारत सरकार, वित्त मंत्रालय, राजस्व विभाग, चौथी मंजिल, जीवन दीप भवन, संसद मार्ग, नई दिल्ली : 110001 को की जानी चाहिए।

(i) A revision application lies to the Under Secretary, to the Govt. of India, Revision Application Unit Ministry of Finance, Department of Revenue, 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi - 110 001 under Section 35EE of the CEA 1944 in respect of the following case, governed by first proviso to sub-section (1) of Section-35 ibid :

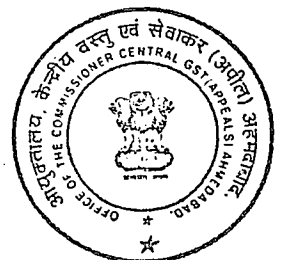
(ii) यदि माल की हानि के मामले में जब ऐसी हानि कारखाने से किसी भण्डागार या अन्य कारखाने में या किसी भण्डागार से दूसरे भण्डागार में माल ले जाते हुए मार्ग में, या किसी भण्डागार या भण्डार में चाहे वह किसी कारखाने में या किसी भण्डागार में हो माल की प्रकिया के दौरान हुई हो।

(ii) In case of any loss of goods where the loss occur in transit from a factory to a warehouse or to another factory or from one warehouse to another during the course of processing of the goods in a warehouse or in storage whether in a factory or in a warehouse.

(b) In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.

(ग) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।

... 2 ...



(ख) भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित माल पर या माल के विनिर्माण में उपयोग शुल्क कच्चे माल पर उत्पादन शुल्क के रिबेट के मामलों में जो भारत के बाहर किसी राष्ट्र या प्रदेश में निर्यातित है।

(b) In case of rebate of duty of excise on goods exported to any country or territory outside India of on excisable material used in the manufacture of the goods which are exported to any country or territory outside India.

(ग) यदि शुल्क का भुगतान किए बिना भारत के बाहर (नेपाल या भूटान को) निर्यात किया गया माल हो।

(c) In case of goods exported outside India export to Nepal or Bhutan, without payment of duty.

अंतिम उत्पादन की उत्पादन शुल्क के भुगतान के लिए जो ड्यूटी क्रेडिट मान्य की गई है और ऐसे आदेश जो इस धारा एवं नियम के मुताबिक आयुक्त, अपील के द्वारा पारित वो समय पर या बाद में वित्त अधिनियम (नं.2) 1998 धारा 109 द्वारा नियुक्त किए गए हो।

(d) Credit of any duty allowed to be utilized towards payment of excise duty on final products under the provisions of this Act or the Rules made there under and such order is passed by the Commissioner (Appeals) on or after, the date appointed under Sec.109 of the Finance (No.2) Act, 1998.

(1) केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001 के नियम 9 के अंतर्गत विनिर्दिष्ट प्रपत्र संख्या इए-8 में दो प्रतियों में, प्रेषित आदेश के प्रति आदेश प्रेषित दिनांक से तीन मास के भीतर मूल-आदेश एवं अपील आदेश की दो-दो प्रतियों के साथ उचित आवेदन किया जाना चाहिए। उसके साथ खाता इ. का मुख्यशीर्ष के अंतर्गत धारा 35-इ में निर्धारित फी के भुगतान के सबूत के साथ टीआर-6 चालान की प्रति भी होनी चाहिए।

The above application shall be made in duplicate in Form No. EA-8 as specified under Rule, 9 of Central Excise (Appeals) Rules, 2001 within 3 months from the date on which the order sought to be appealed against is communicated and shall be accompanied by two copies each of the OIO and Order-In-Appeal. It should also be accompanied by a copy of TR-6 Challan evidencing payment of prescribed fee as prescribed under Section 35-EE of CEA, 1944, under Major Head of Account.

(2) रिविजन आवेदन के साथ जहाँ संलग्न रकम एक लाख रुपये या उससे कम हो तो रुपये 200/- फीस भुगतान की जाए और जहाँ संलग्न रकम एक लाख से ज्यादा हो तो 1000/- की फीस भुगतान की जाए।

The revision application shall be accompanied by a fee of Rs.200/- where the amount involved is Rupees One Lac or less and Rs.1,000/- where the amount involved is more than Rupees One Lac.

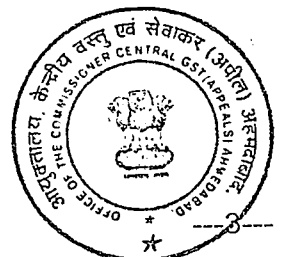
सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण के प्रति अपील:-
Appeal to Custom, Excise, & Service Tax Appellate Tribunal.

(1) केन्द्रीय उत्पादन शुल्क अधिनियम, 1944 की धारा 35-बी/35-इ के अंतर्गत:-

Under Section 35B/ 35E of CEA, 1944 an appeal lies to :-

(क) उक्तलिखित परिच्छेद 2 (1) क में बताए अनुसार के अलावा की अपील, अपीलो के मामले में सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) की पश्चिम क्षेत्रीय पीठिका, अहमदाबाद में ओ-20, न्यू मैन्टल हॉस्पिटल कम्पाउण्ड, मेघाणी नगर, अहमदाबाद-380016

(a) To the west regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at O-20, New Metal Hospital Compound, Meghani Nagar, Ahmedabad : 380 016. in case of appeals other than as mentioned in para-2(i) (a) above.



The appeal to the Appellate Tribunal shall be filed in quadruplicate in form EA-3 as prescribed under Rule 6 of Central Excise(Appeal) Rules, 2001 and shall be accompanied against (one which at least should be accompanied by a fee of Rs.1,000/-, Rs.5,000/- and Rs.10,000/- where amount of duty / penalty / demand / refund is upto 5 Lac, 5 Lac to 50 Lac and above 50 Lac respectively in the form of crossed bank draft in favour of Asstt. Registrar of a branch of any nominate public sector bank of the place where the bench of any nominate public sector bank of the place where the bench of the Tribunal is situated.

- (3) यदि इस आदेश में कई मूल आदेशों का समावेश होता है तो प्रत्येक मूल आदेश के लिए फीस का भुगतान उपर्युक्त ढंग से किया जाना चाहिए इस तथ्य के होते हुए भी कि लिखा पढी कार्य से बचने के लिए यथास्थिति अपीलीय न्यायाधिकरण को एक अपील या केन्द्रीय सरकार को एक आवेदन किया जाता है।

In case of the order covers a number of order-in-Original, fee for each O.I.O. should be paid in the aforesaid manner notwithstanding the fact that the one appeal to the Appellate Tribunal or the one application to the Central Govt. As the case may be, is filled to avoid scriptoria work if excising Rs. 1 lacs fee of Rs.100/- for each.

- (4) न्यायालय शुल्क अधिनियम 1970 यथा संशोधित की अनुसूची-1 के अंतर्गत निर्धारित किए अनुसार उक्त आवेदन या मूल आदेश यथास्थिति निर्णयन प्राधिकारी के आदेश में से प्रत्येक की एक प्रति पर रु.6.50 पैसे का न्यायालय शुल्क टिकट लगा होना चाहिए।

One copy of application or O.I.O. as the case may be, and the order of the adjournment authority shall a court fee stamp of Rs.6.50 paise as prescribed under scheduled-I item of the court fee Act, 1975 as amended.

- (5) इन ओर संबंधित मामलों को नियंत्रण करने वाले नियमों की ओर भी ध्यान आकर्षित किया जाता है जो सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (कार्याविधि) नियम, 1982 में निहित है।

Attention is invited to the rules covering these and other related matter contended in the Customs, Excise & Service Tax Appellate Tribunal (Procedure) Rules, 1982.

- (6) सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट), के प्रति अपील के मामले में कर्तव्य मांग (Demand) एवं दंड (Penalty) का 10% पूर्व जमा करना अनिवार्य है। हालांकि, अधिकतम पूर्व जमा 10 करोड़ रुपए है। (Section 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994)

केन्द्रीय उत्पाद शुल्क और सेवा कर के अंतर्गत, शामिल होगा "कर्तव्य की मांग"(Duty Demanded) -

- (i) (Section) खंड 11D के तहत निर्धारित राशि;
- (ii) लिया गलत सेनवैट क्रेडिट की राशि;
- (iii) सेनवैट क्रेडिट नियमों के नियम 6 के तहत देय राशि.

⇒ यह पूर्व जमा 'लंबित अपील' में पहले पूर्व जमा की तुलना में, अपील दाखिल करने के लिए पूर्व शर्त बना दिया गया है।

For an appeal to be filed before the CESTAT, 10% of the Duty & Penalty confirmed by the Appellate Commissioner would have to be pre-deposited, provided that the pre-deposit amount shall not exceed Rs.10 Crores. It may be noted that the pre-deposit is a mandatory condition for filing appeal before CESTAT. (Section 35 C (2A) and 35 F of the Central Excise Act, 1944, Section 83 & Section 86 of the Finance Act, 1994).

Under Central Excise and Service Tax, "Duty demanded" shall include:

- (i) amount determined under Section 11 D;
- (ii) amount of erroneous Cenvat Credit taken;
- (iii) amount payable under Rule 6 of the Cenvat Credit Rules.

इस इस आदेश के प्रति अपील प्राधिकरण के समक्ष जहाँ शुल्क अथवा शुल्क या दण्ड विवादित हो तो माँग किए गए शुल्क के 10% भुगतान पर और जहाँ केवल दण्ड विवादित हो तब दण्ड के 10% भुगतान पर की जा सकती है।

In view of above, an appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty where penalty alone is in dispute."



ORDER-IN-APPEAL

M/s. Vodafone Mobile Services Limited having it's office at Vodafone House, Prahaladnagar, Off;SG Highway, Ahmedabad (henceforth, "appellant") has filed the present appeal against the Order-in-original No. GST-/WS-08/Ref-75/PV/17-18 dated 28.03.2018 (henceforth, "impugned order") issued by the Assistant Commissioner, CGST Division-VIII, Ahmedabad-South (henceforth, "adjudicating authority").

2. The facts of the case, in brief, are that the appellant, a service tax registrant, filed a refund claim under rule 5 of Export Service Rules, 2005 for Rs. 75,01,161/- on 29.09.2011 of service tax paid by them during the period from October 2010 to March 2011 on the ground that they have provided services to customers/clients of Foreign Telecom Operators(FTO) when they were on a visit to India. For said services to such inbound customers, the appellant made bills to Foreign Telecom Operators(FTO) and received the amount in foreign currency and hence it was claimed that such services would be considered as export of services and therefore they filed refund claim. Said International Inbound Roaming services provided by Foreign Telecom Operators(FTO) was not considered as export of services service by the original adjudicating authority and refund claim was rejected vide OIO No. SD-01/Rebate/24/DC/11-12 dated 27.12.2011. Appeal filed against said OIO dated 27.12.2011 was rejected by Commissioner(Appeals-IV), Central Excise, Ahmedabad on 03.09.2012. The appellant then after filed the Revision Application before the Government of India against said OIA dated 03.09.2012 which was decided vide Revision Order No. 01-05/2018-ST/ASRA/Mumbai dated 23.01.2018 wherein the application of the appellant was allowed and International Inbound Roaming(IIR) services was held as export of services. The matter was also remanded back to original adjudicating authority for the limited purpose of looking into time bar issue only and to pass appropriate speaking order within eight weeks time. Pursuant to the order of Revision Authority, refund of Rs.75,01,161/- was sanctioned under impugned order dated 28.03.2018. The appellant then vide letter dated 03.05.2018 claimed interest @ 6% UNDER Section 11BB of the Central Excise Act read with Noti. No. 67/2003-CE(NT) dated 12.09.2013 towards delayed sanction of rebate which was denied by the original adjudicating authority on 03.05.2018 on the ground that application for refund was



processed and sanctioned well within the time limit given in the Revision Order.

3. Being aggrieved with the impugned order dated 28.03.2018 the appellant preferred this appeal contesting *inter alia*, the following:

- Respondent has erred in considering the time limit granted by Revision Authority to follow its order by granting statutory interest under Section 11BB of Excise Act.
- Directions passed by the Revision Authority in respect of time bar issue cannot have any impact in granting statutory interest in case rebate claim is sanctioned beyond three months from the date of filing of the claim.
- Section 11BB of the Excise Act read with Section 83 of the Finance Act suggests that due rebate must be disbursed within three months from the date of application, if not so paid the applicant will be entitled for interest.
- As per the provisions under Excise Act, Interest is automatic and is right of the appellant. The appellant is not required to make an application for such interest on refund.
- Respondent has erred in holding that in case refund is granted pursuant to order of the appellant authority, interest is required to be paid only when the rebate is not sanctioned within 3 months from the date of such order.
- Section 11BB of the Excise Act clearly states that interest shall be payable after expiry of six months from the date of receipt of rebate application.
- Circular No. 670/61/202-CX dated 01.10.2002 issued by CBEC states that provisions of section 11BB of Central Excise Act, 1944 are attracted automatically for any refund sanctioned beyond a period of three months.
- Interest is compensatory in nature and is payable when someone uses the money belonging to someone else.
- Interest on refund is the right of the assessee. The same has been provided in the statute in the form of Section 11BB, the same cannot be overlooked or scuttle down on any feign ground.
- In support of their claim, the appellant cited case laws i.e. Ranbaxy Laboratories Ltd v/s UOI 2012(27) STR 193(SC) and Mazda Ld v/s



UOI 2009 (235)ELT 788(Bom), Satindersingh v. Umrao Singh, AIR 1961 SC 908.

4. In the Personal hearing held on 21.08.2018 Shri Sumit Jain, Ld. CA reiterated the grounds of appeal and submitted copy of case law Kamakshi Tradexim (India) Pvt Ltd v/s Union of India reported in 2017 (351) ELT 102(Guj).

5. I have carefully gone through the appeal memorandum. The limited issue which requires determination in the case is whether the appellant is entitled for interest on refund amount and if yes for what period it would be applicable. Section 11BB of the Central Excise Act 1944 deals with interest on delayed refunds which is reproduced below for ease of reference:

“Section 11BB. Interest on delayed refunds. ---

If any duty ordered to be refunded under sub-section (2) of section 11B to any applicant is not refunded within three months from the date of receipt of application under sub-section (1) of that section, there shall be paid to that applicant interest at such rate, not below five per cent and not exceeding thirty per cent per annum as is for the time being fixed by the Central Government, by Notification in the Official Gazette, on such duty from the date immediately after the expiry of three months from the date of receipt of such application till the date of refund of such duty :

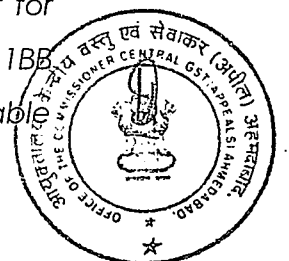
Provided that where any duty ordered to be refunded under sub-section (2) of section 11B in respect of an application under sub-section (1) of that section made before the date on which the Finance Bill, 1995 receives the assent of the President, is not refunded within three months from such date, there shall be paid to the applicant interest under this section from the date immediately after three months from such date, till the date of refund of such duty.”

Explanation provided under said section stipulates that;

“Explanation. - Where any order of refund is made by the Commissioner (Appeals), Appellate Tribunal, National Tax Tribunal or any court against an order of the Assistant Commissioner of Central Excise or Deputy Commissioner of Central Excise, under sub-section (2) of section 11B, the order passed by the Commissioner (Appeals), Appellate Tribunal, National Tax Tribunal or, as the case may be, by the court shall be **deemed to be an order passed under the said sub-section (2) for the purposes of this section.**”

6. I find that the issue of interest and its interpretation has already been settled by Hon'ble Apex court in case of Ranbaxy Laboratories Ltd v/s Union of India [2012 (027)ELT 193 SC] and any contrary interpretation is bad in law and not tenable. The original authority should have scrupulously followed this wherein it is held that:

(9) “ It is manifest from the a fore-extracted provisions that Section 11 BB of the Act comes in to play only after an order for refund has been made under Section 11BB of the Act. Section 11BB of the Act lays down that in case any duty paid is found refundable



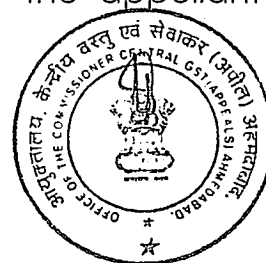
and if the duty is not refunded within a period of three months from the date of receipt of an application to be submitted under sub-section (1) of Section 11BB of the Act, then the applicant shall be paid interest at such rate, as may be fixed by the Central Government, on expiry of a period of three months from the date of receipt of an application. The explanation appearing below the proviso to Section 11BB introduced a deeming fiction that where the order for refund of duty is not made by the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise but by the court shall be deemed to be an order made under sub-section (2) of Section 11BB of the Act. It is clear that the explanation has nothing to do with the postponement of the date from which interest becomes payable under Section 11BB of the Act.

Manifestly, interest under Section 11BB of the Act becomes payable, if on expiry of a period three months from the date of receipt of the application for refund, the amount claimed is still not refunded. Thus, the only interpretation of Section 11BB that can be arrived at is that interest under the said section becomes payable on the expiry of a period of three months from the **date of receipt of the application** under sub-section (1) of Section 11B of the Act and that the said explanation does not have any bearing or connection with the date from which interest under Section 11BB of the Act becomes payable."

7. From the above citation it is clear that interest under Section 11BB *ibid* becomes payable on the expiry of a period of three months from the date of receipt of the application and the explanation appearing below the proviso to Section 11BB does not allow reduction of interest. Respectfully following the decision of Hon'ble Apex court I hold that the interest should be calculated and paid accordingly.

8. Hon'ble High Court of Gujarat in case of Kamakshi Tradexim (India) Pvt Ltd v/s Union of India reported in 2017 (351) ELT 102(Guj) has categorically stated that department can't take stand contrary to the decision given by the Apex court. The facts of the case on hand are similar to the said cases and categorically applicable.

9. In view of the above, the appeal filed by the appellant is allowed.



10. अपीलकर्ता द्वारा दर्ज की गई अपील का निपटारा उपरोक्त तरीके से किया जाता है।

The appeal filed by the appellant stands disposed of in above terms.

उमा शंकर

(उमा शंकर)

केन्द्रीय कर आयुक्त (अपील्स)

Date:

Attested



(D.A. Patil)
Superintendent
Central Tax (Appeals)
Ahmedabad

By R.P.A.D.

To,

M/s. Vodafone Mobile Services Limited,
Vodafone House, Prahladnagar,
Off S G Highway, Ahmedabad .

Copy to:

1. The Chief Commissioner of Central Tax, Ahmedabad Zone.
2. The Commissioner of Central Tax, Ahmedabad - South.
3. The Additional Commissioner, Central Tax (System), Ahmedabad South.
4. The Asstt./Deputy Commissioner, CGST Division-VIII, Ahmedabad - South.
- ✓ 5. Guard File.
6. P.A. File

