



सत्यमेव जयते

आयुक्त का कार्यालय
Office of the Commissioner
केंद्रीय जीएसटी, अपील अहमदाबाद आयुक्तालय
Central GST, Appeals Ahmedabad Commissionerate
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आजादी का
अमृत महोत्सव

By SPEED POST

DIN:- 20240164SW0000222AA6

(क)	फ़ाइल संख्या / File No.	GAPPL/COM/STP/4430/2023 / 853-57
(ख)	अपील आदेश संख्या और दिनांक / Order-In -Appeal and date	AHM-EXCUS-001-APP-230/23-24 and 18.01.2024
(ग)	पारित किया गया / Passed By	श्री ज्ञानचंद जैन, आयुक्त (अपील) Shri Gyan Chand Jain, Commissioner (Appeals)
(घ)	जारी करने की दिनांक / Date of Issue	29.01.2024
(ङ)	Arising out of Order-In-Original No. CGST-VI/Dem - 287/DC/NAUSAD/DIV-8/A'bad South/PMT/ 2022-23 dated 22.02.2023 passed by The Deputy Commissioner (Tech.), CGST, Ahmedabad South.	
(च)	अपीलकर्ता का नाम और पता / Name and Address of the Appellant	M/s. Nausad Hansanbhai Ansari, 1/109, Fazal Rehmani Society, Near Husaini Park, Juhapura, Ahmedabad - 380055.

कोई व्यक्ति इस अपील-आदेश से असंतोष अनुभव करता है तो वह इस आदेश के प्रति यथास्थिति नीचे बताए गए सक्षम अधिकारी को अपील अथवा पुनरीक्षण आवेदन प्रस्तुत कर सकता है, जैसा कि ऐसे आदेश के विरुद्ध हो 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 :-

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 :-

(क) यदि माल की हानि के मामले में जब ऐसी हानिकार खाने 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 किसी भण्डागार में हो माल की प्रक्रिया के दौरान हुई हो।

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.

(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।



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।

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

(घ) 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।

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.

(2) केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001 के नियम 9 के अंतर्गत विनिर्दिष्ट प्रपत्र संख्या डए-8 में दो प्रतियों में, प्रेषित आदेश के प्रति आदेश प्रेषित दिनांक से तीन मास के भीतरमूल-आदेश एवं अपील आदेश की दो-दो प्रतियों के साथ उचित आवेदन किया जाना चाहिए। उसके साथ खाता इ का मुख्य शीर्ष 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.

(3) रिविजन आवेदन के साथ जहाँ संलग्न रकम एक लाख रुपये या उससे कम होतो रुपये 200/- फीस भुगतान की जाए और जहाँ संलग्नरकम 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 सेवा कर 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 :-

(2) उक्तलिखित परिच्छेद 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 2nd माला, बहुमाली भवन, असरवा, गिरधरनागर, अहमदाबाद-380004।

To the west regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at 2ndfloor, Bahumali Bhawan, Asarwa, Girdhar Nagar, Ahmedabad: 380004. In case of appeals other than as mentioned above para.

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 Appellant 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 मूलआदेश यथास्थिति निर्णयन प्राधिकारी के आदेश में से प्रत्येक की एक प्रतिपर रू 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) एके प्रति अपील के मामले में कर्तव्यमांग (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 सेवाकर के अंतर्गत, शामिल होगा कर्तव्य की मांग (Duty Demanded)।

- (1) खंड (Section) 11D के तहत निर्धारित राशि;
- (2) लिया गलत सेनवैट क्रेडिट की राशि;
- (3) 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.

(6) (i) 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

The present appeal has been filed by M/s. Nausad Hasanbhai Ansari, 1/109, Fazal Rehmani Society, near Husaini park, Juhapura, Ahmedabad - 380055 (hereinafter referred to as "the appellant") against Order-in-Original No. 287/DC/NAUSAD/DIV-8/A'BAD-South/PMT/2022-23 dated 22.02.2023 (hereinafter referred to as "the impugned order") passed by the Deputy Commissioner (Technical), Central GST, Ahmedabad South (hereinafter referred to as "the adjudicating authority").

2. Briefly stated, the facts of the case are that the appellant are holding PAN No. ALCPA5736A. On scrutiny of the data received from the Central Board of Direct Taxes (CBDT) for the F.Y's 2014-15 and 2015-16, it was noticed that the appellant had earned an income of Rs. 77,57,271/- during the FY's 2014-15 and 2015-16. Accordingly, it appeared that the appellant had earned the said substantial income by way of providing taxable services but had neither obtained Service Tax Registration nor paid the applicable service tax thereon. The appellant were called upon to submit copies of Balance Sheet, Profit & Loss Account, Income Tax Return, Form 26AS, for the said period. However, the appellant had not responded to the letters issued by the department.

2.1. Subsequently, the appellant were issued Show Cause Notice bearing F.No. CGST/Div-VIII/O&A/TPD/80/ALCPA5736A/2020-21 dated 21.09.2020 wherein it was proposed to:

- a) Demand and recover an amount of Rs. 9,58,798/- for F.Y. 2014-15 and 2015-16 under proviso to Sub Section (1) of Section 73 of the Finance Act, 1994 along with interest under section 75 of the Finance Act 1994 (hereinafter referred to as '*the Act*').
- b) Impose penalty under the provisions of Section 77 (1), 77 (2) and 78 of the Act.

2.2.. The SCN was adjudicated vide the impugned order wherein:

- a) The demand of service tax amounting to Rs. 9,58,798/- confirmed



under proviso to Sub-Section (1) of Section 73 of the Act along with interest under Section 75 of the Act for the period from FY's 2014-15 and 2015-16.

- b) Penalty amounting to Rs. 9,58,798/- was imposed under section 78 of the Act.
- c) Penalty was imposed under section 77(1) of the Finance Act, 1994.
- d) Penalty amounting to Rs. 10,000/- was imposed under section 77(2) of the Finance Act, 1994..

3. Being aggrieved with the impugned order passed by the adjudicating authority, the appellant have preferred the present appeal, inter alia, on the following grounds:

- The appellant has been provided with fabric and from that it converted into apparel or readymade garments and hence such process of converting fabric into apparel or readymade garments amounts to manufacturing of goods because-there is change of name, use and characteristics.
- AS per section 66D(f) of Finance Act, 1994 (Negative list of services) services by way of carrying out any process amounting to manufacture or production of goods excluding alcoholic liquor for human consumption is not subject to Service tax at all.

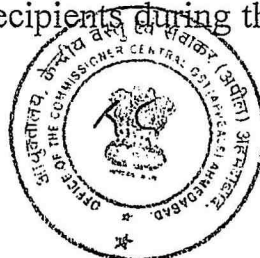
ACTIVITY UNDERTAKEN BY THE APPELLANT FALLS UNDER ENTRY 30(a) OF MEGA EXEMPTION NOTIFICATION NO. 25/2012-ST.

- The appellant has carrying out an intermediate production process as Job Work in relation to textile processing which is exempted from service tax by virtue of Entry 30(a) of Mega Exemption Notification No. 25/2012-ST.
- The appellant has carrying out an intermediate production process as Job Work in relation to textile processing which is exempted from service tax by virtue of Entry 30(a) of Mega Exemption Notification No. 25/2012-ST.

*"Entry 30. Services by way of carrying out an intermediate production process as job work in relation to
(a) agriculture, printing or textile processing"*



- The appellant has carrying out an intermediate production process i.e., Stitching of trousers of different size and lengths from the fabric provided by the service recipients as Job Work in relation to textile processing mainly on behalf of M/s. Snatch Exports Private Limited during the period 2014-15 & 2015-16 and job work charges taken on per piece basis. After completing intermediate production process of stitching, trousers are given back to service recipients and then after completing remaining processes like packing and labelling such trousers are sold by service recipients in the open market.
- Declaration made by M/s. Snatch Exports Private Limited certifying the fact that the appellant has carried out intermediary production process in relation to textile processing or manufacturing of textile product on job work basis on their behalf and for that payment of Rs. 27,23,745/- & Rs. 25,56,450/- have been made to the appellant during the F,Y. 2014-15 & 2015-16.respectively.
- The appellant has submitted Copies of all invoices issued by the appellant for the stitching of trousers on job work by charging on per piece basis on behalf of M/s. Snatch Exports Private Limited during the F.Y. 2014-15 & 2015-16, Copies of all invoices issued by the appellant for the stitching of trousers on job work by charging on per piece basis on behalf of M/s. Snatch Exports Private Limited during the F.Y. 2014-15 & 2015-16, Payments have been made by M/s. Snatch Exports Private Limited through cheques and NEFT only. For verification purposes extract of passbook for the period 2014-15 & 2015-16, The photographs of the factory premise where machinery and tools are lying which are used for stitching work carried out by the appellant. Municipal tax bill issued by Ahmedabad where the name of the occupier "Nausad Hasan Ansari", category of building 'Non-resident" and purpose of utilization of premises "Factory-A" written which proves that the appellant is engaged in doing job work activity at FAZAL REHMANI Building, Copy of profit and loss account and Balance sheet and Extract Copy of Income Tax Return (ITR) for the F.Y. 2014-15 and 2015-16 and Sample copies of invoices issued by the appellant to some small service recipients during the F.Y. 2014-15 & 2015-16.



- From the above mentioned evidences, it is crystal clear that appellant is engaged in manufacturing/ job work activity in relation to textile processing which is covered under section 66D(f)/ exempted by virtue of Entry 30(a) of mega exemption notification no. 25/2012-ST and hence, not liable to pay service tax with interest and penalty as demanded in the impugned order
- We request you to quash the demand and set aside the defective OIO, which has been passed merely based on third party information without following the principle of natural justice and without considering the facts of the case.

ISSUING SCN AND CONFIRMING DEMAND BASED ON ITR AND 26AS IS LIABLE TO BE QUASHED

- We bring into notice that, order cannot be issued merely on the fact that amount reflected in 26AS/ITR becomes Value for the purpose of payment of service tax and for this we would like to quote some recent judgments which clearly quashed such kind of activity of the department.

- (i) M/s. Amrish Rameshchandra Shah V/s. Union of India and others (TS-77-HC-2021 Bom ST)
- (ii) Sharma Fabricators & Erectors Pvt. Ltd. [2017 (5) G.S.T.L. 96 (Tri. - All.)],
- (iii) Kush Constructions v. CGST NACIN 2019 (24) GSTL 606 (Tri. - All.)
- (iv) Alpa Management Consultants P. Ltd. v. CST (confirmed by Hon'ble Supreme Court), 2007 (6) S.T.R. 181 (Tri. - Bang.)
- (v) Advertising (P) Ltd. v. CCE - 2007 (5) ST.R. 312 (Tri. - Bang.);
- (vi) Alpa Management Consultants P. Ltd. v. CST - 2007 (6) S.T.R. 181 (Tri.- Bang.);
- (vii) Free Look Outdoor Advertising v. CCE - 2007 (6) S.T.R. 153 (Tri.- Bang.);
- (viii) Kiroskar Oil Engines Ltd. V. CCE - 2004 (178) E.L.T. 998 (Tribunal) and Hindalco Industries v. CCE - 2003-(161) E.L.T. 346 (T).
- (ix) FORWARD RESOURCES PVT LTD Versus C.C.E, & S.T.-SURAT-I.

NO SERVICE TAX LIABILITY DURING THE F.Y. 2014-15 & 2015-16, BECAUSE OF THRESHOLD EXEMPTION (small service provider) NOTIFICATION NO. 33/2012- ST DATED 20.06.2012.

- During the preceding F.Y. 2013-14 appellant had received total income of Rs. 9,32,250 only which is less than 10,00,000 which suggest that the



appellant is eligible for small service provider threshold exemption For the F.Y 2014-15 as per NOTIFICATION NO. 33/2012- ST DATED 20/06/2012. Similarly the appellant is eligible for threshold exemption in the F.Y. 2015-16 also.

- Imposing the penalty of under Section 78(1), of the Finance Act, 1994 despite the fact is no suppression on the part of appellant.

4. Personal hearing in the case was held on 12.01.2024. Sh. Keyur Kamdar, Chartered Accountant and Punit Prajapati, Chartered Accountant, appeared on behalf of the appellant for personal hearing and reiterated the written contents during filling of the appeal and during personal hearing. He stated that the client is textile job-worker. They get the fabric from the principal and stitch it and return back. Both covered in negative list 66D(f) and exempt under Sr. No. 30 of Notification No. 25/2012-ST dated 20th June, 2012. Hence no liability for service Tax.

5. In their appeal memorandum they have submitted following copy of documents (1) Copy of Declaration made by M/s. Snatch Exports Private Limited, (2) Copies of all invoices issued by the appellant for the stitching of trousers on job work by charging on per piece basis on behalf of M/s. Snatch Exports Private Limited during the F.Y. 2014-15 & 2015-16, (3) FORM 26AS of Financial Year 2014-15 & 2015-16 in that it is clearly reflected that TDS has been deducted by M/s. Snatch Exports Private Limited and some other service recipients. (4) Payments have been made by M/s. Snatch Exports Private Limited through cheque and NEFT only, for verification purposes extract of passbook for the period 2014-15 & 2015-16. (5) Photographs of the factory premise where machinery and tools are lying which are used for stitching work carried out by the appellant, (6) Copy of profit and loss account and Balance sheet and Extract Copy of Income Tax Return (ITR) for the F.Y. 2014-15 and 2015-16 and (7) Sample copies of invoices issued by the appellant to some small service recipients during the F.Y. 2014-15 & 2015-16.

6. I have carefully gone through the facts of the case, the impugned order passed by the adjudicating authority, submissions made in the Appeal



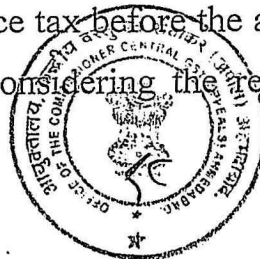
Memorandum as well as those made during the course of personal hearing and documents available on record. The issue to be decided in the present appeal is whether the impugned order passed by the adjudicating authority, confirming the demand of service tax against the appellant along with interest and penalty, in the facts and circumstance of the case, is legal and proper or otherwise. The demand pertains to the period F.Y. 2014-15 and 2015-16.

7. I find that in the SCN in question, the demand has been raised for the period FY 2015-16 based on the Income Tax Returns filed by the appellant. **I further find that the order has been passed ex-parte.**

8. It is observed that the main contentions of the appellant in the appeal memorandum are that (i) They provided job Worker to their client which is from service tax in the light of provision mentioned in Sr. No. 30 of the Notification No. 25/2012-Service Tax dated 20th June, 2012; (ii) their income below threshold limit.

9. I find that the appellant submitted various documents in support of their claim for exemption from service tax, which was not produced by them before the adjudicating authority and first time submitted at appeal stage. In this regard, I am of the considered view that the appellant cannot seek to establish their eligibility for exemption at the appellate stage by bypassing the adjudicating authority. They should have submitted the relevant records and documents before the adjudicating authority, who is best placed to verify the authenticity of the documents as well as their eligibility for exemption.

10. Considering the facts of the case as discussed hereinabove and in the interest of justice, I am of the considered view that the case is required to be remanded back to the adjudicating authority to examine the case on merits and also to consider the claim of the appellant for exemption from the service tax. The appellant is directed to submit all the records and documents in support of their claim for exemption from the service tax before the adjudicating authority. The adjudicating authority shall after considering the records and documents



submitted by the appellant decide the case afresh by following the principles of natural justice.

11. In view of the above discussion, I remand the matter back to the adjudicating authority to reconsider the issue a fresh and pass a speaking order after following the principles of natural justice.

12. अपीलकर्ता द्वारा दायर अपील का निपटान उपरोक्त तरीके से किया जाता है।

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

G.C.
17.01.2024

ज्ञानचंद जैन

आयुक्त (अपील्स)

Date : 17.01.2023



Amit Kumar
Attested

(अमरेंद्र कुमार)

अधीक्षक (अपील्स)

सी.जी.एस.टी, अहमदाबाद

Copy to :

- 1) The Principal Chief Commissioner, Central GST, Ahmedabad Zone
- 2) The Commissioner, CGST, Ahmedabad South
- 3) The Assistant Commissioner, CGST, Division VIII, Ahmedabad South
- 4) The Supdt. (Systems) Appeals Ahmedabad, with a request to upload on Website,
- 5) Guard File
- 6) PA file

