



::आयुक्त (अपील्स) का कार्यालय, केन्द्रीय वस्तु एवं सेवा कर और उत्पाद शुल्क::
O/O THE COMMISSIONER (APPEALS), CENTRAL GST & EXCISE,



द्वितीय तल, जी एस टी भवन / 2nd Floor, GST Bhavan,

रेस कोर्स रिंग रोड, / Race Course Ring Road,

राजकोट / Rajkot - 360 001

Tele Fax No. 0281 - 2477952/2441142

Email: cexappealsrajkot@gmail.com

रजिस्टर्ड डाक ए. डी. द्वारा :-

क	अपील / फाइल संख्या / Appeal / File No. V2/56,57,58,59 /GDM/2017 V2/60,61/GDM/2017	मूल आदेश सं / O.I.O. No. ST/27,24,25,26/2017-18 ST/604,561/2016-17	दिनांक / Date 06.04.2017 06.02.2017
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ख अपील आदेश संख्या (Order-In-Appeal No.):

KCH-EXCUS-000-APP-178-TO-183-2017-18

आदेश का दिनांक / Date of Order:	06.02.2018	जारी करने की तारीख / Date of issue:	12.02.2018
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Passed by **Shri Lalit Prasad, Commissioner, Central Goods and Service Tax & Central Excise, Rajkot**

अधिसूचना संख्या २६/२०१७-के.उ.शु. (एन.टी.) दिनांक १७.१०.२०१७ के साथ पठे बॉर्डे ऑफिस आदेश सं. ०५/२०१७-एस.टी. दिनांक १६.११.२०१७ के अनुसरण में, श्री ललित प्रसाद, आयुक्त, केन्द्रीय वस्तु एवं सेवा कर और उत्पाद शुल्क, राजकोट को वित्त अधिनियम १९९४ की धारा ८५, केन्द्रीय उत्पाद शुल्क अधिनियम १९४४ की धारा ३५ के अंतर्गत दर्जे की गई अपीलों के सन्दर्भ में आदेश पारित करने के उद्देश्य से अपील प्राधिकारी के रूप में नियुक्त किया गया है.

In pursuance to Board's Notification No. 26/2017-C.Ex.(NT) dated 17.10.2017 read with Board's Order No. 05/2017-ST dated 16.11.2017, Shri Lalit Prasad, Commissioner, Central Goods and Service Tax & Central Excise, Rajkot has been appointed as Appellate Authority for the purpose of passing orders in respect of appeals filed under Section 35 of Central Excise Act, 1944 and Section 85 of the Finance Act, 1994.

ग अपर आयुक्त/ सयुक्त आयुक्त/ उपायुक्त/ सहायक आयुक्त, केन्द्रीय उत्पाद शुल्क/ सेवाकर, राजकोट / जामनगर / गांधीधाम। द्वारा उपरलिखित जारी मूल आदेश से सृजित: /
Arising out of above mentioned OIO issued by Additional/Joint/Deputy/Assistant Commissioner, Central Excise / Service Tax, Rajkot / Jamnagar / Gandhidham :

घ **अपीलकर्ता & प्रतिवादी का नाम एवं पता / Name & Address of the Appellants & Respondent :-**
M/s Rankers International P. Ltd., Ranker House, Plot No. 12, Section No. 1, Gandhidham (Kutch)

इस आदेश(अपील) से व्यथित कोई व्यक्ति निम्नलिखित तरीके में उपयुक्त प्राधिकारी / प्राधिकरण के समक्ष अपील दायर कर सकता है।/
Any person aggrieved by this Order-in-Appeal may file an appeal to the appropriate authority in the following way.

(A) सीमा शुल्क, केन्द्रीय उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण के प्रति अपील, केन्द्रीय उत्पाद शुल्क अधिनियम, 1944 की धारा 35B के अंतर्गत एवं वित्त अधिनियम, 1994 की धारा 86 के अंतर्गत निम्नलिखित जगह की जा सकती है। /
Appeal to Customs, Excise & Service Tax Appellate Tribunal under Section 35B of CEA, 1944 / Under Section 86 of the Finance Act, 1994 an appeal lies to:-

(i) वर्गीकरण मूल्यांकन से सम्बन्धित सभी मामले सीमा शुल्क, केन्द्रीय उत्पादन शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण की विशेष पीठ, वेस्ट ब्लॉक नं 2, आर. के. पुरम, नई दिल्ली, को की जानी चाहिए। /
The special bench of Customs, Excise & Service Tax Appellate Tribunal of West Block No. 2, R.K. Puram, New Delhi in all matters relating to classification and valuation.

(ii) उपरोक्त परिच्छेद 1(a) में बताए गए अपीलों के अलावा शेष सभी अपीलें सीमा शुल्क, केन्द्रीय उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (सिस्टेट) की पश्चिम क्षेत्रीय पीठिका, द्वितीय तल, बहुमाली भवन असावा अहमदाबाद- 380016 को की जानी चाहिए। /

To the West regional bench of Customs, Excise & Service Tax Appellate Tribunal (CESTAT) at, 2nd Floor, Bhaumali Bhawan, Asarwa Ahmedabad-380016 in case of appeals other than as mentioned in para- 1(a) above

- (iii) अपीलीय न्यायाधिकरण के समक्ष अपील प्रस्तुत करने के लिए केन्द्रीय उत्पाद शुल्क (अपील) नियमावली, 2001, के नियम 6 के अंतर्गत निर्धारित किए गये प्रपत्र EA-3 को चार प्रतियों में दर्ज किया जाना चाहिए। इनमें से कम से कम एक प्रति के साथ, जहां उत्पाद शुल्क की मांग, व्याज की मांग और लगाया गया जुर्माना, रुपए 5 लाख या उससे कम, 5 लाख रुपए या 50 लाख रुपए तक अथवा 50 लाख रुपए से अधिक है तो क्रमशः 1,000/- रुपये, 5,000/- रुपये अथवा 10,000/- रुपये का निर्धारित जमा शुल्क की प्रति सलग्न करें। निर्धारित शुल्क का भुगतान, संबंधित अपीलीय न्यायाधिकरण की शाखा के सहायक रजिस्टार के नाम से किसी भी सार्वजनिक क्षेत्र के बैंक द्वारा जारी रेखांकित बैंक ड्राफ्ट द्वारा किया जाना चाहिए। संबंधित ड्राफ्ट का भुगतान, बैंक की उस शाखा में होना चाहिए जहां संबंधित अपीलीय न्यायाधिकरण की शाखा स्थित है। स्थगन आदेश (स्टे ऑर्डर) के लिए आवेदन-पत्र के साथ 500/- रुपए का निर्धारित शुल्क जमा करना होगा। /

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.5000/-, Rs.10,000/- where amount of duty demand/interest/penalty/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 Asst. Registrar of branch of any nominated public sector bank of the place where the bench of any nominated public sector bank of the place where the bench of the Tribunal is situated. Application made for grant of stay shall be accompanied by a fee of Rs. 500/-.

- (B) अपीलीय न्यायाधिकरण के समक्ष अपील, वित्त अधिनियम, 1994 को धारा 86(1) के अंतर्गत सेवाकर नियमावली, 1994, के नियम 9(1) के तहत निर्धारित प्रपत्र S.T.-5 में चार प्रतियों में की जा सकेगी एवं उसके साथ जिस आदेश के विरुद्ध अपील की गयी हो, उसकी प्रति साथ में सलग्न करें (उनमें से एक प्रति प्रमाणित होनी चाहिए) और इनमें से कम से कम एक प्रति के साथ, जहां सेवाकर की मांग, व्याज की मांग और लगाया गया जुर्माना, रुपए 5 लाख या उससे कम, 5 लाख रुपए या 50 लाख रुपए तक अथवा 50 लाख रुपए से अधिक है तो क्रमशः 1,000/- रुपये, 5,000/- रुपये अथवा 10,000/- रुपये का निर्धारित जमा शुल्क की प्रति सलग्न करें। निर्धारित शुल्क का भुगतान, संबंधित अपीलीय न्यायाधिकरण की शाखा के सहायक रजिस्टार के नाम से किसी भी सार्वजनिक क्षेत्र के बैंक द्वारा जारी रेखांकित बैंक ड्राफ्ट द्वारा किया जाना चाहिए। संबंधित ड्राफ्ट का भुगतान, बैंक की उस शाखा में होना चाहिए जहां संबंधित अपीलीय न्यायाधिकरण की शाखा स्थित है। स्थगन आदेश (स्टे ऑर्डर) के लिए आवेदन-पत्र के साथ 500/- रुपए का निर्धारित शुल्क जमा करना होगा। /

The appeal under sub section (1) of Section 86 of the Finance Act, 1994, to the Appellate Tribunal Shall be filed in quadruplicate in Form S.T.5 as prescribed under Rule 9(1) of the Service Tax Rules, 1994, and shall be accompanied by a copy of the order appealed against (one of which shall be certified copy) and should be accompanied by a fee of Rs. 1000/- where the amount of service tax & interest demanded & penalty levied of Rs. 5 Lakhs or less, Rs.5000/- where the amount of service tax & interest demanded & penalty levied is more than five lakhs but not exceeding Rs. Fifty Lakhs, Rs.10,000/- where the amount of service tax & interest demanded & penalty levied is more than fifty Lakhs rupees, in the form of crossed bank draft in favour of the Assistant Registrar of the bench of nominated Public Sector Bank of the place where the bench of Tribunal is situated. / Application made for grant of stay shall be accompanied by a fee of Rs.500/-.

- (ii) वित्त अधिनियम, 1994 की धारा 86 की उप-धाराओं (2) एवं (2A) के अंतर्गत दर्ज की गयी अपील, सेवाकर नियमावली, 1994, के नियम 9(2) एवं 9(2A) के तहत निर्धारित प्रपत्र S.T.-7 में की जा सकेगी एवं उसके साथ आयुक्त, केन्द्रीय उत्पाद शुल्क अथवा आयुक्त (अपील), केन्द्रीय उत्पाद शुल्क द्वारा पारित आदेश की प्रतियाँ सलग्न करें (उनमें से एक प्रति प्रमाणित होनी चाहिए) और आयुक्त द्वारा सहायक आयुक्त अथवा उपायुक्त, केन्द्रीय उत्पाद शुल्क/ सेवाकर, को अपीलीय न्यायाधिकरण को आवेदन दर्ज करने का निर्देश देने वाले आदेश की प्रति भी साथ में सलग्न करनी होगी। /

The appeal under sub section (2) and (2A) of the section 86 the Finance Act 1994, shall be filed in For ST.7 as prescribed under Rule 9 (2) & 9(2A) of the Service Tax Rules, 1994 and shall be accompanied by a copy of order of Commissioner Central Excise or Commissioner, Central Excise (Appeals) (one of which shall be a certified copy) and copy of the order passed by the Commissioner authorizing the Assistant Commissioner or Deputy Commissioner of Central Excise/ Service Tax to file the appeal before the Appellate Tribunal.

- (iii) सीमा शुल्क, केन्द्रीय उत्पाद शुल्क एवं सेवाकर अपीलीय प्राधिकरण (सेस्टैट) के प्रति अपीलों के मामले में केन्द्रीय उत्पाद शुल्क अधिनियम 1944 की धारा 35एफ के अंतर्गत, जो की वित्तीय अधिनियम, 1994 की धारा 83 के अंतर्गत सेवाकर को भी लागू की गई है, इस आदेश के प्रति अपीलीय प्राधिकरण में अपील करते समय उत्पाद शुल्क/सेवा कर मांग के 10 प्रतिशत (10%), जब मांग एवं जुर्माना विवादित है, या जुर्माना, जब केवल जुर्माना विवादित है, का भुगतान किया जाए, बशर्त कि इस धारा के अंतर्गत जमा कि जाने वाली अपेक्षित देय राशि दस करोड़ रुपए से अधिक न हो।

केन्द्रीय उत्पाद शुल्क एवं सेवाकर के अंतर्गत "मांग किए गए शुल्क" में निम्न शामिल है

- धारा 11 डी के अंतर्गत रकम
- सेनवैट जमा की ली गई गलत राशि
- सेनवैट जमा नियमावली के नियम 6 के अंतर्गत देय रकम

- बशर्त यह कि इस धारा के प्रावधान वित्तीय (सं 2) अधिनियम 2014 के आरंभ से पूर्व किसी अपीलीय प्राधिकारी के समक्ष विचाराधीन स्थगन अर्जों एवं अपील को लागू नहीं होगा। /

For an appeal to be filed before the CESTAT, under Section 35F of the Central Excise Act, 1944 which is also made applicable to Service Tax under Section 83 of the Finance Act, 1994, 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, provided the amount of pre-deposit payable would be subject to a ceiling of Rs. 10 Crores.

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

- amount determined under Section 11 D;
- amount of erroneous Cenvat Credit taken;
- amount payable under Rule 6 of the Cenvat Credit Rules

- provided further that the provisions of this Section shall not apply to the stay application and appeals pending before any appellate authority prior to the commencement of the Finance (No.2) Act, 2014.

(C) भारत सरकार की पुनरीक्षण आवेदन :

Revision application to Government of India:

इस आदेश की पुनरीक्षण याचिका निम्नलिखित मामलों में, केंद्रीय उत्पाद शुल्क अधिनियम, 1994 की धारा 35EE के प्रथम परंतुक के अंतर्गत अवर सचिव, भारत सरकार, पुनरीक्षण आवेदन इकाई, वित्त मंत्रालय, राजस्व विभाग, चौथी मंजिल, जीवन दीप भवन, संसद मार्ग, नई दिल्ली-110001, को किया जाना चाहिए। /

A revision application lies to the Under Secretary, to the Government of India, Revision Application Unit, Ministry of Finance, Department of Revenue, 4th Floor, Jeevan Deep Building, Parliament Street, New Delhi-110001, under Section 35EE of the CEA 1944 in respect of the following case, governed by first proviso to sub-section (1) of Section 35B (ibid):

- (i) यदि माल के किसी नुकसान के मामले में, जहां नुकसान किसी माल को किसी कारखाने से भंडार गृह के पारगमन के दौरान या किसी अन्य कारखाने या फिर किसी एक भंडार गृह से दूसरे भंडार गृह पारगमन के दौरान, या किसी भंडार गृह में या भंडारण में माल के प्रसंस्करण के दौरान, किसी कारखाने या किसी भंडार गृह में माल के नुकसान के मामले में। /

In case of any loss of goods, where the loss occurs 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

- (ii) भारत के बाहर किसी राष्ट्र या क्षेत्र को निर्यात कर रहे माल के विनिर्माण में प्रयुक्त कच्चे माल पर अरी गई केन्द्रीय उत्पाद शुल्क के छुट (रिवेट) के मामले में, जो भारत के बाहर किसी राष्ट्र या क्षेत्र को निर्यात की गयी 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.

- (iii) यदि उत्पाद शुल्क का भुगतान किए बिना भारत के बाहर, नेपाल या भूटान को माल निर्यात किया गया है। /

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

- (iv) सुनिश्चित उत्पाद के उत्पादन शुल्क के भुगतान के लिए जो ड्यूटी क्रेडिट इस अधिनियम एवं इसके विभिन्न प्रावधानों के तहत मान्य की गई है और ऐसे आदेश जो आयुक्त (अपील) के द्वारा वित्त अधिनियम (नं. 2), 1998 की धारा 109 के द्वारा नियत की गई तारीख अथवा संभाव्यविधि पर या बाद में पारित किए गए हैं। /

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 such order is passed by the Commissioner (Appeals) on or after, the date appointed under Sec. 109 of the Finance (No.2) Act, 1998.

- (v) उपरोक्त आवेदन की दो प्रतियां प्रपत्र संख्या EA-8 में, जो की केन्द्रीय उत्पादन शुल्क (अपील) नियमावली, 2001, के नियम 9 के अंतर्गत विनिर्दिष्ट है, इस आदेश के संप्रेषण के 3 माह के अंतर्गत की जानी चाहिए। उपरोक्त आवेदन के साथ मूल आदेश व अपील आदेश की दो प्रतियां संलग्न की जानी चाहिए। साथ ही केन्द्रीय उत्पाद शुल्क अधिनियम, 1944 की धारा 35-EE के तहत निर्धारित शुल्क की अदायगी के साक्ष्य के तौर पर TR-6 की प्रति संलग्न की जानी 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 O/O 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.

- (vi) पुनरीक्षण आवेदन के साथ निम्नलिखित निर्धारित शुल्क की अदायगी की जानी चाहिए। /

जहाँ संलग्न रकम एक लाख रुपये या उससे कम हो तो रुपये 200/- का भुगतान किया जाए और यदि संलग्न रकम एक लाख रुपये से ज्यादा हो तो रुपये 1000 -/ का भुगतान किया जाए। /

The revision application shall be accompanied by a fee of Rs. 200/- where the amount involved in Rupees One Lac or less and Rs. 1000/- where the amount involved is more than Rupees One Lac.

- (D) यदि इस आदेश में कई मूल आदेशों का समावेश है तो प्रत्येक मूल आदेश के लिए शुल्क का भुगतान, उपरोक्त ढंग से किया जाना चाहिये। इस तथ्य के होते हुए भी की लिखा पेटी कार्य से बचने के लिए यथास्थिति अपीलीय न्यायाधिकरण को एक अपील या केंद्रीय सरकार को एक आवेदन किया जाता है। / In case, if the order covers various numbers 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 filed to avoid scriptoria work if excising Rs. 1 lakh fee of Rs. 100/- for each.

- (E) यथासंशोधित न्यायालय शुल्क अधिनियम, 1975, के अनुसूची-1 के अनुसार मूल आदेश एवं स्थगन आदेश की प्रति पर निर्धारित 6.50 रुपये 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 adjudicating authority shall bear a court fee stamp of Rs. 6.50 as prescribed under Schedule-1 in terms of the Court Fee Act, 1975, as amended.

- (F) सीमा शुल्क, केन्द्रीय उत्पाद शुल्क एवं सेवाकर अपीलीय न्यायाधिकरण (कार्य विधि) नियमावली, 1982 में वर्णित एवं अन्य संबंधित मामलों को सम्मिलित करने वाले नियमों की ओर भी ध्यान आकर्षित किया जाता है। /

Attention is also invited to the rules covering these and other related matters contained in the Customs, Excise and Service Appellate Tribunal (Procedure) Rules, 1982.

:: ORDER-IN-APPEAL ::

Being aggrieved with the following Orders-in-Original (**hereinafter referred to as "the impugned order"**) passed by the Assistant Commissioner of Service Tax Division, Gandhidham (Kutch) (**hereinafter referred to as "the Lower Adjudicating Authority"**), **M/s. Rankers International Private Limited**, "Rankers House", Plot No. 12, Section No. 1, Gandhidham (Kutch) (**hereinafter referred to as "the appellants"**) have filed following appeals:

Appeal No	Order-in-Original		Rejected Refund of		
	Number	Dated	Swachh Bharat Cess	Krishi Kalyan Cess	Total
56/GDM/17	ST/27/17-18	06.04.2017	61,889/-	61,889/-	1,23,778/-
57/GDM/17	ST/24/17-18	06.04.2017	43,589/-	43,589/-	87,178/-
58/GDM/17	ST/25/17-18	06.04.2017	16,585/-	16,585/-	33,170/-
59/GDM/17	ST/26/17-18	06.04.2017	16,268/-	16,268/-	32,536/-
60/GDM/17	ST/604/16-17	06.02.2017	20,947/-	20,947/-	41,894/-
61/GDM/17	ST/561/16-17	06.02.2017	17,816/-	17,816/-	35,632/-
Total	→		1,77,094/-	1,77,094/-	3,54,188/-

2. The appellants had filed applications seeking refund of Service Tax paid by them on the services utilized for export, under Notification No. 41/2012-ST dated 29-06-2012, as amended (**hereinafter referred to as "the said notification"**), before the Lower Authority. The Lower Adjudicating Authority while sanctioning the refund held that refund of Swachh Bharat Cess and Krishi Kalyan Cess is not admissible as there is no such provision for their refund in the said notification. Accordingly, the Lower Adjudicating Authority rejected the above mentioned amount of refund of Swachh Bharat Cess and Krishi Kalyan Cess and sanctioned the remaining amount vide above mentioned impugned orders.

3. Being aggrieved with the impugned orders, rejecting the refund of Swachh Bharat Cess and Krishi Kalyan Cess, the appellants have filed these 6 appeals, wherein they have contended that the Lower Adjudicating Authority has wrongly rejected their refund claims. They further requested that interest be granted since the findings of Lower Adjudicating Authority are not justified and the same are bad in law.

4. The Central Board of Excise and Customs vide Notification No. 26/2017-Central Excise (N.T.) dated 17.10.2017 read with Order No. 05/2017-Service Tax dated 16.11.2017, has appointed undersigned as

appellate authority, under Section 35 of the Central Excise Act, 1944, for the purpose of passing orders in these appeals.

5. Accordingly, a personal hearing in the matter was held on 23.01.2018. Shri Abhishek Doshi, Chartered Accountant appeared on behalf of the appellants for personal hearing wherein he submitted written submissions and other corroborative documents in support of their argument against Order-in-Original. Further, Ld. Chartered Accountant argued against the Order-in-Original rejecting the refund of Swachh Bharat Cess and Krishi Kalyan Cess.

6.1 In the written submissions filed during the personal hearing the appellant contended that Lower Adjudicating Authority has erred in rejecting their claim for refund of Swachh Bharat Cess and Krishi Kalyan Cess by holding that there is no clarification in Notification No. 41/2012-ST dated 29-06-2012, as amended, since Swachh Bharat Cess and Krishi Kalyan Cess are not separate tax and are part and partial of Service Tax only.

6.2 The appellant while referring to Section 119 of the Finance Act, 2015 and Section 161 of the Finance Act, 2016, governing Swachh Bharat Cess and Krishi Kalyan Cess, respectively, contended that all provisions of Chapter V of the Finance Act, 1994 including those relating to refunds shall govern the levy and collection of Swachh Bharat Cess and Krishi Kalyan Cess.

6.3 The appellant contended that it is well established economic principle that no tax should be exported along with export of goods and services, therefore if refund of Swachh Bharat Cess and Krishi Kalyan Cess is not allowed then it would result in loss to the exporters; that Swachh Bharat Cess and Krishi Kalyan Cess are levied from November, 2015 and June, 2016 respectively and prior to that refund of Education Cess and Secondary & Higher Education Cess has been sanctioned; that there are number of judgments which provides that cess are part of tax only and same cannot be separated from tax; that vide Order-in-Appeal No: KCH-EXCUS-000-APP-128-135-2017-18 the refund of Swachh Bharat Cess and Krishi Kalyan Cess has been allowed by the



Commissioner (Appeals); that there is a violation of natural justice as refund has been rejected without any Show Cause Notice and personal hearing; that therefore the impugned orders rejecting the refund of Swachh Bharat Cess and Krishi Kalyan Cess are required to be set aside.

Discussion and findings:

7.1 I have carefully gone through the appeal memorandum and the submissions made by the Ld. Advocate during personal hearing. I find that Section 35(1) of the Central Excise Act, 1944, made applicable in Service Tax matters vide Section 83 of the Finance Act, 1994, stipulates that appeal against the order of an officer below the rank of Commissioner should be filed within 60 days from the date of communication of order. Further, proviso empowers Commissioner to condone further delay of 30 days if sufficient cause prevented the appellant to file appeal. The time chart of appeal filed is as under:

Appeal No	Order-in-Original		Crucial Dates		
	Number	Dated	Date of Service	Date of filing Appeal	Days, within filed
56/GDM/17	ST/27/17-18	06.04.2017	28-04-2017	23-05-2017	25
57/GDM/17	ST/24/17-18	06.04.2017	28-04-2017	23-05-2017	25
58/GDM/17	ST/25/17-18	06.04.2017	28-04-2017	23-05-2017	25
59/GDM/17	ST/26/17-18	06.04.2017	28-04-2017	23-05-2017	25
60/GDM/17	ST/604/16-17	06.02.2017	06-03-2017	23-05-2017	78
61/GDM/17	ST/561/16-17	06.02.2017	06-03-2017	23-05-2017	78

7.2 The appellants have sought condonation of delay of 18 days in respect of appeals against Order-in-Original No: ST/604/16-17 dated 06.02.2017 (Appeal No: 60/GDM/2017) and Order-in-Original No: ST/561/16-17 dated 06.02.2017 (Appeal No: 61/GDM/2017) on the grounds that the person handling the Service Tax matters was out of station and was not aware of receipt of such orders and when the orders for subsequent period were received they came to know about receipt of earlier orders also. While taking a lenient view, in exercise of powers conferred upon me by proviso to Section 35(1) of the Central Excise Act, 1944, made applicable in Service Tax matters vide Section 83 of the Finance Act, 1994, I hereby condone the delay of 18 days in filing Appeal No. 60/GDM/2017 and 61/GDM/2017 and allow the appeal and proceed to decide the case on merits.



8. I find that since these appeals are against rejection of refund of Swachh Bharat Cess and Krishi Kalyan Cess, therefore there is no need for compliance to requirement of Section 35F(i) of Central Excise Act, 1944.

9. I find that limited issue required to be decided in this case is whether the refund of Swachh Bharat Cess and Krishi Kalyan Cess can be granted to the appellants under Notification No. 41/2012-ST dated 29-06-2012, as amended, in the facts and circumstances of the case.

10.1 I find that Notification No. 41/2012-ST dated 29-06-2012, as amended, which governs the refund of Service Tax paid on services, applicable in the present case, reads as under:

*"In exercise of the powers conferred by section 93A of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Act) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue) number 52/2011-Service Tax, dated the 30th December, 2011, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 945(E), dated the 30th December, 2011, except as respects things done or omitted to be done before such supersession, **the Central Government**, on being satisfied that it is necessary in the public interest so to do, **hereby grants rebate of service tax paid** (hereinafter referred to as rebate) **on the taxable services which are received by an exporter** of goods (hereinafter referred to as the exporter) and used for export of goods, subject to the extent and manner specified herein below, namely :- "*

(emphasis supplied)

Thus, I find that the said notification provides for grant of refund of Service Tax paid by the exporter on the services which were used for export.

10.2 I find that statutory provisions governing Swachh Bharat Cess, as per Section 119 of the Finance Act, 2015, reads as under:

**CHAPTER VI
SWACHH BHARAT CESS**

119. Swachh Bharat Cess. —

(1) This Chapter shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.



- (2) There shall be **levied and collected in accordance with the provisions of this Chapter, a cess to be called the Swachh Bharat Cess, as service tax** on all or any of the taxable services at the rate of two per cent. on the value of such services for the purposes of financing and promoting Swachh Bharat initiatives or for any other purpose relating thereto.
- (3) The Swachh Bharat Cess leviable under sub-section (2) shall be in addition to any cess or service tax leviable on such taxable services under Chapter V of the Finance Act, 1994 (32 of 1994), or under any other law for the time being in force.
- (4) The proceeds of the Swachh Bharat Cess.....
- (5) **The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax, interest and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Swachh Bharat Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994 or the rules made thereunder, as the case may be.**

10.3 The provisions of Section 161 of the Finance Act, 2016 governing Krishi Kalyan Cess, are as under:

**CHAPTER VI
KRISHI KALYAN CESS**

161. Krishi Kalyan Cess. —

- (1) This Chapter shall come into force on the 1st day of June, 2016.
- (2) There shall be **levied and collected in accordance with the provisions of this Chapter, a cess to be called the Krishi Kalyan Cess, as service tax** on all or any of the taxable services at the rate of 0.5 per cent. on the value of such services for the purposes of financing and promoting initiatives to improve agriculture or for any other purpose relating thereto.
- (3) The Krishi Kalyan Cess leviable under sub-section (2) shall be in addition to any cess or service tax leviable on such taxable services under Chapter V of the Finance Act, 1994 (32 of 1944), or under any other law for the time being in force.
- (4) The proceeds of the Krishi Kalyan Cess levied under sub-section (2) shall first be credited to the Consolidated Fund of India and the Central Government may, after due appropriation made by Parliament by law in this behalf, utilise such sums of money of the Krishi Kalyan Cess for such purposes specified in sub-section (2), as it may consider necessary.



- (5) *The provisions of Chapter V of the Finance Act, 1994 (32 of 1944) and the rules made thereunder, including those relating to refunds and exemptions from tax, interest and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Krishi Kalyan Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under the said Chapter or the rules made thereunder, as the case may be.*

11. Upon reading of Notification No. 41/2012-ST dated 29.06.2012, as amended, I find that it **provides for grant of rebate of service tax paid** on the taxable services received by the exporter and used for export of services. Further, Section 119 (2) of Finance Act, 2015 states that **Swachh Bharat Cess is a Service Tax**. Likewise, Section 161(2) of Finance Act, 2016 also stipulates that **Krishi Kalyan Cess is a Service Tax**. In view of Section 119 (5) of Finance Act, 2015 and Section 161(5) of the Finance Act, 2016, which clearly stipulates that provisions of Chapter V of the Finance Act, 1994, and the rules made thereunder, including those relating to refund, shall apply *mutatis mutandis* as they apply in relation to levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994. I find that Service Tax, Krishi Kalyan Cess and Swachh Bharat Cess stand on same footing as far as their refunds are concerned under the said notification.

12.1 I find that this is not for the first time that the issue of refund of cess has arisen. In the past, I find that vide Section 95 of the Finance Act, 2004, **Education Cess** was levied and the said provisions reads as under:

- (1) *The Education Cess levied under section 91, in the case of all services which are taxable services, shall be a tax (in this section referred to as the Education Cess on taxable services) at the rate of two per cent., calculated on the tax which is levied and collected under section 66 of the Finance Act, 1994.*
- (2) *The Education Cess on taxable services shall be in addition to the tax chargeable on such taxable services, under Chapter V of the Finance Act, 1994.*
- (3) **The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Education Cess on taxable services, as they apply in relation to the**



levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994 or the rules, as the case may be.

12.2 I also find that **Secondary & Higher Education Cess** was levied under Section 140 of the Finance Act, 2007, and the provision reads as under:

- (1) *The Secondary and Higher Education Cess levied under section 126, in the case of all services which are taxable services, shall be a tax (in this section referred to as the Secondary and Higher Education Cess on taxable services) at the rate of one per cent., calculated on the tax which is levied and collected under section 66 of the Finance Act, 1994.*
- (2) *The Secondary and Higher Education Cess on taxable services shall be in addition to the tax chargeable on such taxable services, under Chapter V of the Finance Act, 1994 and the Education Cess chargeable under section 95 of the Finance (No. 2) Act, 2004.*
- (3) ***The provisions of Chapter V of the Finance Act, 1994 and the rules made thereunder, including those relating to refunds and exemptions from tax and imposition of penalty shall, as far as may be, apply in relation to the levy and collection of the Secondary and Higher Education Cess on taxable services, as they apply in relation to the levy and collection of tax on such taxable services under Chapter V of the Finance Act, 1994 or the rules made thereunder, as the case may be.***

12.3 I find that provisions of Section 95(3) of the Finance Act, 2004, Section 140 (3) of the Finance Act, 2007, Section 119 (5) of the Finance Act, 2015 and Section 161 (5) of the Finance Act, 2016, are identically worded and they clearly stipulate that provisions of Chapter V of the Finance Act, 1994 shall apply to refund of cess. Thus, when as per provisions of the Finance Act, 1994, it has been notified that refund of service tax is admissible then Swachh Bharat Cess and Krishi Kalyan Cess, are also service tax by virtue of Section 119 (5) of the Finance Act, 2015 and Section 161 (5) of the Finance Act, 2016 respectively and therefore refund thereof is admissible as specified in terms of the said notification.

12.4 I find my views are well supported by **Circular No. 134/3/2011-S.T. dated 08.04.2011**, issued from F. No. 354/42/2011-TRU, wherein it has been clarified:

"Education Cess and Secondary and Higher Education Cess – reg

Representations have been received from the field formations, seeking clarification regarding the applicability of service tax exemption to Education Cess (refers to both Education Cess leviable under Finance (No.2) Act, 2004 and Secondary and Higher Education Cess leviable under Finance Act, 2007), under notifications where 'whole of service tax' stands exempted. Apparently the doubt arises in the context of Tribunal's Order in the matter of M/s. Balasore Alloys Ltd. Vs CCE, Customs and Service Tax, BBSR-I(2010-TIOL-1659-CESTAT-KOL).

2. The issue has been examined. Though Tribunal's Order referred above is in favor of revenue, it is inconsistent with the **policy intention of the Government to exempt education cess in addition to service tax, where 'whole of service tax' stands exempted. According to section 95(1) of Finance (No.2) Act, 2004 and section 140(1) of Finance Act, 2007, Education Cess and Secondary and Higher Education Cess are leviable and collected as service tax, and when whole of service tax is exempt, the same applies to education cess as well. Since Education Cess is levied and collected as percentage of service tax, when and wherever service tax is NIL by virtue of exemption, Education Cess would also be NIL.**

3. This being the principle, field formations are directed not to initiate proceedings to recover the education cess, **where 'whole of service tax' stands exempted under the notification. Extending the same principle, where education cess has been refunded to exporters along with service tax, by virtue of exemption notifications where 'whole of service tax' is exempt, the same need not be recovered. "**

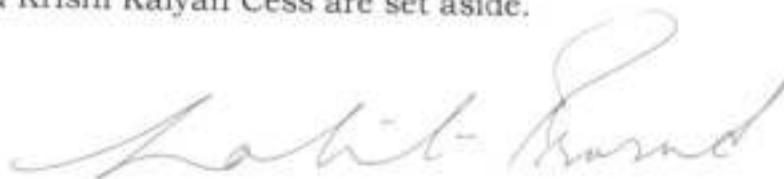
13. I find that similar views were taken by Tribunal in the case of **Kudermukh Iron Ore Company Limited – 2013 (31) S.T.R. 633 (Tri. Bang)** and **Tumkar Minerals Private Limited – 2016 (41) S.T.R. 434 (Tri Mumbai).**

14. Recently, in an identical situation of area-based exemption notification no reference was made to the sections governing Education Cess and Secondary & Higher Education Cess levied under provisions of the Finance Act, 2004 and the Finance Act, 2007, however **Hon'ble**



Supreme Court of India in the case of **SRD Nutrients Private Limited - 2017 (355) ELT 481 (SC)**, held by relying upon circular dated 08.04.2011, that when duty was exempted, there cannot be surcharge. Thus, it was held that refund of Education Cess and Secondary & Higher Education Cess was admissible. Likewise, in the case of said notification since the rebate of Service Tax is to be granted, then it goes without saying that refund of Swachh Bharat Cess and Krishi Kalyan Cess cannot be denied as the same has been collected as Service Tax.

15. Accordingly, I allow the appeals filed by the appellants and the impugned orders, as far as they relates to rejection of refund of Swachh Bharat Cess and Krishi Kalyan Cess are set aside.



(LALIT PRASAD)

COMMISSIONER, CGST & CEX, RAJKOT/
COMMISSIONER (APPEALS-III),
CGST & CEX, RAJKOT

By Speed Post

F. N. V.2/56/GDM/2017

Place: Rajkot

Dated: 06.02.2018

To,
M/s. Rankers International Private Limited,
"Rankers House",
Plot No. 12,
Sector No. 1,
Gandhidham (Kutch)

Copy to:

- 1) The Chief Commissioner, GST & Central Excise, Ahmedabad Zone, Ahmedabad.
- 2) The Commissioner, GST & Central Excise, Kutch.
- 3) The Commissioner, GST & Central Excise, Rajkot.
- 4) The Assistant Commissioner, GST & Central Excise, Gandhidham Urban Division, Gandhidham
- 5) Appeal File No: V.2/57/GDM/2017
- 6) Appeal File No: V.2/58/GDM/2017
- 7) Appeal File No: V.2/59/GDM/2017
- 8) Appeal File No: V.2/60/GDM/2017
- 9) Appeal File No: V.2/61/GDM/2017
- 10) Guard File.