

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE
TRIBUNAL
BANGALORE**

REGIONAL BENCH - COURT NO. 2

Service Tax Appeal No. 20435 of 2019

(Arising out of Order-in-Appeal No.582 & 583/2018-CT dated 11.02.2019 passed by the Commissioner of Central Tax (Appeals-II), Bangalore.)

**ANZ Support Services India
Private Limited**

Eucalyptus,
Manyata Embassy Business Park-SEZ,
Outer Ring Road,
Nagavara & Rachenahalli Village,
K. R. Puram Hobli,
Bangalore – 560 045.

Appellant(s)

VERSUS

The Commissioner of Central Tax

North Division-VII,
Bengaluru North Commissionerate,
4th Floor, S.P. Complex, Lalbagh Road,
Bengaluru – 560 027.

Respondent(s)

WITH

Service Tax Appeal No. 20436 of 2019

(Arising out of Order-in-Appeal No.582 & 583/2018-CT dated 11.02.2019 passed by the Commissioner of Central Tax (Appeals-II), Bangalore.)

**ANZ Support Services India
Private Limited**

Eucalyptus,
Manyata Embassy Business Park-SEZ,
Outer Ring Road,
Nagavara & Rachenahalli Village,
K. R. Puram Hobli,
Bangalore – 560 045.

Appellant(s)

VERSUS

The Commissioner of Central Tax

North Division-VII,
Bengaluru North Commissionerate,
4th Floor, S.P. Complex, Lalbagh Road,
Bengaluru – 560 027.

Respondent(s)

APPEARANCE:

Ms. Preetha Mahadevan, Advocate for the Appellant

Shri M. A. Jithendra, Asst. Commissioner, Authorised Representative for the Respondent

CORAM:

HON'BLE MR. P.A. AUGUSTIAN, MEMBER (JUDICIAL)
HON'BLE MRS. R. BHAGYA DEVI, MEMBER (TECHNICAL)

Final Order No. 20417 - 20418 / 2026

DATE OF HEARING: 25.11.2025

DATE OF DECISION: 25.03.2026

PER : R. BHAGYA DEVI

These two appeals are filed by the appellant M/s. ANZ Support Services India Pvt. Ltd. against Order-in-Appeal No. 582 & 583/2018-CT dated 11.02.2019 passed by the Commissioner of Central Tax (Appeals-II), Bangalore.

2. Briefly the facts are the appellant filed refund claims seeking refund of service tax paid on the specified services used for authorized operations in the Special Economic Zone (SEZ) during from April 2016 to June 2016 and January 2017 to March 2017 vide Notification No. 12/2013-ST dated 01.07.2013. The same has been rejected on the ground that the Group Medical Insurance and Personal Accident Insurance of employees and their family dependents are not included in the list of input services approved by Unit approval Committee (UAC) of the Development Commissioner. Further, the Commissioner observed that the 'General Insurance Business' services which have been approved by the Development Commissioner do not include above insurances claimed by the appellant as a refund, accordingly, same has been rejected. Aggrieved by this order, the appellant is in appeal before us.

2. The Learned Counsel submits that the appellant is a SEZ unit and primarily engaged in exporting Information Technology (IT) enabled services. During the period in question, the appellant received Group Insurance and Personal Accident Insurance, on which service tax was paid to the service provider, for which they claimed refund. It is submitted that Notification No. 12/2013-ST dated 01.07.2013 does not require a service to

be qualified as 'input service' to claim refund because it is not governed by Cenvat Credit Rules. The only mandate as per the said Notification is that it should be used for the authorisation of the SEZ unit, hence, the impugned order cannot be sustained. The Authorised Representative reiterated the findings of the Commissioner (Appeals) in the impugned order.

3. The learned Authorised Representative (AR) for the Revenue reiterated the findings of the Commissioner.

4. Heard both sides. The relevant Notification under which the refund claims have been filed is Notification No. 12/2013-ST dated 01.07.2013 which is reproduced below:

Notification No. 12/2013-S.T., dated 1-7-2013

Exemption to Services provided in SEZ Unit or Developer of SEZ for authorised operations — New Refund Procedures

In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Act) read with sub-section (3) of section 95 of Finance (No. 2), Act, 2004 (23 of 2004) and sub-section (3) of section 140 of the Finance Act, 2007 (22 of 2007) and in supersession of the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 40/2012-Service Tax, dated the 20th June, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 482(E), dated the 20th June, 2012, 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 exempts the services on which service tax is leviable under section 66B of the said Act, received by a unit located in a Special Economic Zone (hereinafter referred to as SEZ Unit) or Developer of SEZ (hereinafter referred to as the Developer) and used for the authorised operation from the whole of the service tax, education cess, and secondary and higher education cess leviable thereon.

2. The exemption shall be provided by way of refund of service tax paid on the specified services received by the SEZ Unit or the Developer and used for the authorised operations :

Provided that where the specified services received by the SEZ Unit or the Developer are used exclusively for the authorised operations, the person liable to pay service tax has the option not to pay the service tax *ab initio*, subject to the conditions and procedure as stated below.

3. This exemption shall be given effect to in the following manner :

(I) The SEZ Unit or the Developer shall get an approval by the Approval Committee of the list of the services as are required for the authorised operations (referred to as the 'specified services' elsewhere in the notification) on which the SEZ Unit or Developer wish to claim exemption from service tax.

(II) The *ab initio* exemption on the specified services received by the SEZ Unit or the Developer and used exclusively for the authorised operation shall be allowed subject to the following procedure and conditions, namely :-

(a) the SEZ Unit or the Developer shall furnish a declaration in Form A-1, verified by the Specified Officer of the SEZ, along with the list of specified services in terms of condition (I);

(b) on the basis of declaration made in Form A-1, an authorisation shall be issued by the jurisdictional Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, as the case may be to the SEZ Unit or the Developer, in Form A-2;

(c) the SEZ Unit or the Developer shall provide a copy of said authorisation to the provider of specified services. On the basis of the said authorisation, the service provider shall provide the specified services to the SEZ Unit or the Developer without payment of service tax;

(d) the SEZ Unit or the Developer shall furnish to the jurisdictional Superintendent of Central Excise a quarterly statement, in Form A-3, furnishing the details of specified services received by it without payment of service tax;

(e) the SEZ Unit or the Developer shall furnish an undertaking, in Form A-1, that in case the specified services on which exemption has been claimed are not exclusively used for authorised operation or were found not to have been used exclusively for authorised operation, it shall pay to the government an amount that is claimed by way of exemption from service tax and cesses along with interest as applicable on delayed payment of service tax under the provisions of the said Act read with the rules made thereunder.

(III) The refund of service tax on (i) the specified services that are not exclusively used for authorised operation, or (ii) the specified services

on which *ab initio* exemption is admissible but not claimed, shall be allowed subject to the following procedure and conditions, namely :-

(a) the service tax paid on the specified services that are common to the authorised operation in an SEZ and the operation in domestic tariff area [DTA unit(s)] shall be distributed amongst the SEZ Unit or the Developer and the DTA unit (s) in the manner as prescribed in rule 7 of the Cenvat Credit Rules. For the purpose of distribution, the turnover of the SEZ Unit or the Developer shall be taken as the turnover of authorised operation during the relevant period.

(b) the SEZ Unit or the Developer shall be entitled to refund of the service tax paid on (i) the specified services on which *ab-initio* exemption is admissible but not claimed, and (ii) the amount distributed to it in terms of clause (a).

(c) the SEZ Unit or Developer who is registered as an assessee under the Central Excise Act, 1944 (1 of 1944) or the rules made thereunder, or the said Act or the rules made thereunder, shall file the claim for refund to the jurisdictional Deputy Commissioner of Central Excise or Assistant Commissioner of Central Excise, the as the case may be, in Form A-4;

(d) the amount indicated in the invoice, bill or, as the case may be, challan, on the basis of which this refund is being claimed, including the service tax payable thereon shall have been paid to the person liable to pay the service tax thereon, or as the case may be, the amount of service tax payable under reverse charge shall have been paid under the provisions of the said Act;

(e) the claim for refund shall be filed within one year from the end of the month in which actual payment of service tax was made by such Developer or SEZ Unit to the registered service provider or such extended period as the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise, as the case may be, shall permit;

(f) the SEZ Unit or the Developer shall submit only one claim of refund under this notification for every quarter :

Explanation. - For the purposes of this notification "quarter" means a period of three consecutive months with the first quarter beginning from 1st April of every year, second quarter from 1st July, third quarter from 1st October and fourth quarter from 1st January of every year.

(g) the SEZ Unit or the Developer who is not so registered under the provisions referred to in clause (c), shall, before filing a claim for refund under this notification, make an application for registration under rule 4 of the Service Tax Rules, 1994.

(h) if there are more than one SEZ Unit registered under a common service tax registration, a common refund may be filed at the option of the assessee.

(IV) The SEZ Unit or Developer, who intends to avail exemption or refund under this notification, shall maintain proper account of receipt and use of the specified services, on which exemption or refund is claimed, for authorised operations in the SEZ.

4. Where any sum of service tax paid on specified services is erroneously refunded for any reason whatsoever, such service tax refunded shall be recoverable under the provisions of the said Act and the rules made thereunder, as if it is recovery of service tax erroneously refunded:

5. Notwithstanding anything contained in this notification, SEZ Unit or the Developer shall have the option not to avail of this exemption and instead take CENVAT credit on the specified services in accordance with the CENVAT Credit Rules, 2004.

6. Words and expressions used in this notification and defined in the Special Economic Zones Act, 2005 (28 of 2005) or the rules made thereunder, or the said Act, or the rules made thereunder shall apply, so far as may be, in relation to refund of service tax under this notification as they apply in relation to a SEZ.

As seen from the above Notification, the services should be authorised services specified by the Development Commissioner used in the authorised operations in the SEZ unit and tax should have been discharged on the specified services on which refund is being claimed. There is no dispute that 'General Insurance Services' are specified by the Development Commissioner on which service tax has been discharged and these services are also used in the authorised operations in the SEZ unit. The only reason for rejection of the refund claim is that the Personal Accident Insurance and Group Medical Insurance of employees and dependents do not qualify as General Insurance. The fact remains that any services specified by the Development Commissioner and used in the authorised operation *ab initio* are exempted but the said Notification also provides refund of the same, if tax is discharged on these services. Therefore, the question of rejecting the refund claim on a ground that General

Insurance does not include the specific insurance claimed by the appellant is absolutely irrelevant, in as much as the insurance is for the employees of the appellant. Moreover, the question of referring to the Cenvat Credit Rules for the admissibility of the refund is also misplaced since the refund is based only on the ground that specified services on which tax is discharged is used in the authorised operations which admittedly the appellant has satisfied.

5. In a similar set of facts, in the case of **Lowe's Services India Pvt. Ltd. vs. Commissioner of Central Tax, Bangalore North West Commissionerate, Bengaluru: 2021 (52) G.S.T.L. 70 (Tri. - Bang.)** dated 05.03.2021 observed as follows:

"7. Further I find that in the show cause notice as well as in Order-in-Original, the refund has been rejected only on the ground that the said insurance services have not been approved by the Approval Committee of the SEZ and hence the appellants are not entitled to the refund. Further I find that the Commissioner (Appeals) in the impugned order has accepted the fact that approval is merely a procedural formality and by relying upon the decision of the Tribunal in the appellant's own case cited supra, he has allowed the refund but further proceeded to reject the refund by resorting to exclusion Clause (C) in the definition of "input service" as provided in Rule 2(l) of Cenvat Credit Rules, 2004. Hence, I find that both the impugned orders are not sustainable on this ground alone. Besides this, I find that even on merit the said services fall in the definition of 'insurance service' and has also been approved by the Unit Approval Committee read with Ministry of Commerce & Industry letter dated 16-9-2013 and subsequent letters dated 19-11-2013, 19-6-2014, 9-7-2014 which includes "General Insurance Business Services" at Sl. No. 26. Further, I find that the General Insurance Business Services also form part of the default list of services specified by the Karnataka Special Economic Zone *vide* Circular No. 2/2014, dated 25-7-2014. Further I find that this Tribunal in the case of *Barclays Global Service Centre Pvt. Ltd.* cited by the appellant it has been held that Medical Insurance and Personal Accident Insurance are covered under the General Insurance Business. I also find that it has been consistently held by the Tribunal in the appellant's own case as well as in other cases that

mere non-inclusion of services in the list of Unit Approval Committee shall not be a ground for rejection of refund claim. It has also been held in the decision cited supra that the provisions of Special Economic Zones Act, 2005 has an overriding effect over other laws in force. In view of my discussion above and by following the ratios of the various decisions cited supra, I am of the considered view that the impugned orders are not sustainable in law and therefore I set aside the same by allowing both the appeals of the appellant.”

6. In view of the above, we do not find any merit in the impugned order in rejecting the refund claims filed by the appellant, hence the same is set aside.

Appeals are allowed with consequential relief, if any, as per law.

(Order pronounced in Open Court on 25.03.2026.)

(P.A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

iv