

**CUSTOMS, EXCISE AND SERVICE TAX APPELLATE TRIBUNAL  
CHENNAI**

REGIONAL BENCH – COURT No. I

**Service Tax Appeal No.42361 of 2015**

(Arising out of Order-in-Appeal No.211/2015, (STA -II) dated 25.08.2020 passed by the Commissioner of Service Tax, (Appeals – II), 26/1, Mahatma Gandhi Marg, Nungambakkam, Chennai 600 034)

**Sathya Jyothi Films**

270/1, Lloyds Road  
Royapettah  
Chennai 600 014

**...Appellant**

***Versus***

**Commissioner of GST & Central Excise**

No.26/1, Mahathma Gandhi Road  
Nungambakkam, Chennai 600 034

**...Respondent**

**APPEARANCE:**

Ms. Radhika Chandrasekhar, Advocate for the appellant  
Mr. N. Satyanarayana, Authorised Representative for the Respondent

**CORAM:**

**HON'BLE MR. M. AJIT KUMAR, MEMBER (TECHNICAL)**  
**HON'BLE MR. AJAYAN T.V., MEMBER (JUDICIAL)**

**FINAL ORDER No.40462/2026**

DATE OF HEARING:15.12.2025  
DATE OF DECISION :02.04.2026

**Per Mr. AJAYAN T.V.**

Sathya Jyothi Films, the appellant herein has preferred this appeal aggrieved by the Order in Appeal No.211/2015 (STA - II) dated 25.08.2020 (the impugned order) whereby the Appellate Authority has upheld the Order in Original No.STC/14/2012 – ADC (LTU) dated 28.03.2012.

2. Briefly stated, the facts of the case are that the appellant is registered with the Service Tax Department under the category of Television or Radio Programme Producer's Service, Video take Production services and 'sale of space or time for advertisement' service. During the course

of audit of Sun TV network by CERA, it was noticed that Gemini TV had received recorded commercial programme for which payments have been made to the Appellant. On perusal of the documents submitted by the Appellant, it is stated to have been found that the amounts have been received as consideration from Gemini TV on account of assignment of exclusive Telugu dubbing rights of the Tamil serial "Anandam", after duly dubbing into Telugu language. It is stated that on perusal of the assignment agreement it was found that the appellant had agreed to assign exclusive copy rights and all the ownership rights of all the episodes of the serial for a perpetual period to Gemini TV. It is stated that clause 7 of the agreement stipulated that the appellant shall undertake production work as directed by Gemini TV. It is also stated that the assignee was required to pay to the assignor a sum of Rs.10,000/- per episode and the said amount shall be paid for every five episodes after the telecast of the same and in the succeeding week. The Department was of the view that the said activity of production on behalf of others and assigning the copyright of the programme produced by the appellant to the broadcaster for a perpetual period, amounts to sale of programmes which was a taxable service covered under "Programme Producer's Services" as per Section 65 (105) (zzu) of the Finance Act, 1994 (Act).

3. The Department therefore issued a Show Cause Notice No.743/2010 dated 22.10.2010 (SCN) invoking the extended period of limitation alleging willful suppression and mis-declaration of facts as well as contravening of various provisions of the Act since the appellant had not disclosed the actual fact of providing taxable services and payments received thereon. The SCN demanded service tax of Rs.7,85,621/- for the period from 2005-06, 2007-08 under *proviso* to Section 73 (1) of the Act along with appropriate interest and proposed to impose penalties under Section 76, 77 and 78 of the Act. After due process of law, the Adjudicating Authority vide the Order in Original mentioned above confirmed the demand along with interest and imposed an equivalent penalty under Section 78 of the Act. Aggrieved, the appellant preferred an appeal which came to be rejected vide the impugned order. Hence this appeal.

4. Ms. Radhika Chandrasekhar, Ld. Advocate appearing for the appellant contended that the appellant is the copy right owner of the Television serial 'Anandam' and had assigned the exclusive rights including all ownership rights of the dubbed Telugu version to Gemini TV for a perpetual period through a Copyright Assignment Agreement. The appellant has assigned copyrights to the broadcaster to exploit the right to the exclusion of other persons, which also included telecasting the same. Ld. counsel argued that when the transaction is in the nature of assignment of copyright, it would not fall under the category of Television or Radio Programme Production Service. It is contended that only when the Television or Radio Programme is produced on behalf of the broadcasting agency it would come under the said category. Ld. Counsel further argued that the Appellate Authority has failed to appreciate the fundamental fact that the appellant is the owner of copyright and the copyright was duly assigned to a third party through a valid copyright assignment agreement. It is further argued that Section 65 (105) (zzzzt) of the Act which deals with copyrights services was introduced only with effect from 01.07.2010. Drawing attention to the definition of taxable service therein, Ld. Counsel further contends that even under the said definition of copyright services the present assignment of exclusive copy right by the appellant with respect to the said serial to Gemini TV cannot be levied to service tax since there is a perpetual / permanent transfer which would amount to sale. Reliance is placed on the **Final Order No.20823/2020 dated 10.11.2020 in Service Tax Appeal No.2017/2012** in the case of **SKOL Broweries Ltd. vs. CCE** and the decision in **AGS entertainment Pvt Ltd v. UOI, 2013 (32) STR 129 (Mad)**. Ld. counsel further argued that as per the principles of classification given in Section 65A of the Finance Act 1994, the specific description would prevail for a general description. The Tribunal in the case of **Dr.Lal Path Lab Pvt. Ltd. v. CCE, Ludhiana, 2006 (4) STR 527** has held that an item covered by a specific entry in a tax code cannot be taken out and tax under another entry. The said decision has been affirmed by the High Court of Punjab and Haryana as reported in the **2007 (8) STR 337 (P & H)**.

5. Ld. Counsel also argues that none of the ingredients required for invoking the extended period is present or has been invoked is neither present, nor has been invoked in the Show Cause Notice. The notice is for the period 2005-06 to 2007-08 and the Show Cause Notice was issued on 22.10.2010. The issue also involves the interpretation of the relevant service category that would be attractive and for these reasons when none of the conditions such as fraud, willful suppression of facts or willful mis statement are evidenced in the present matter the extended period of limitation could not have been invoked. Hence the appeal may be allowed.
6. Shri N. Satyanarayana, Ld. Authorised Representative appearing for the respondent reiterated the findings in the impugned order. Ld. A.R. submitted that the Appellate Authority has rightly appreciated the facts to hold that the appellants are falling under the taxable service and Programme Producers Service. He also argued that the appellant has not disclosed the above income in their ST-3 return for the material period and had instead filed nil returns and therefore in the impugned order it has been rightly held that the appellant suppressed the facts with intend to evade payment of service tax and that therefore the imposition of penalty is also justified.
7. We have heard rival submissions and perused the material available on records.
8. The sole issue that arises for our determination is whether the demand of service tax on the appellant for 'programme producer's services' premised on the assignment agreement between the appellant and M/s. Gemini TV Pvt Ltd is tenable.
9. It is seen from the Appeal records that the SCN while stating that the appellant has assigned the copyright of the programme produced by the appellant to the broadcaster in perpetuity, goes on to allege that though the appellant terms the agreement as assignment agreement, it is not so in reality and as per the agreement it appears to be the sale of programme and hence the same is taxable under programme producer's service. The adjudicating authority has in the order in

original found from the various terms of the agreement that they relate to the production work undertaken by the appellant from the 1<sup>st</sup> episode onwards of the serial "Aanandam" on behalf of Gemini TV and held that it is a taxable service covered under section 65(105)(zzu) of the Act. The Adjudicating Authority has also held that the appellant had started charging service tax and paying the same from 01-04-2008 when there was no material change in the practice being followed by them, or in the agreement. It was pointed out that while making payments from 01.04.2008 also, the appellant have failed to furnish the fact that the appellant had been producing the programme from 2005-06 for the broadcaster to telecast and had failed to pay the service tax dues thereon. The Adjudicating Authority therefore found that the extended period has been rightly invoked and a fit case for imposing penalty under Section 78 of the Act. The Appellate Authority has upheld the order of the Adjudicating Authority. The Appellate Authority too held that the appellant had undertaken production work of the said serial in Telugu from the 1<sup>st</sup> episode on behalf of M/s. Gemini TV. It was also found that the appellant had received a consideration of Rs.10,000/- per episode from M/s. Gemini TV. Hence it was held that the Appellant was liable to pay service tax on the charges collected towards the provision of service of production work of dubbing of Aanadam Serial in Telugu Language to M/s. Gemini T.V. The Appellate Authority also noticed a letter from M/s. Sun TV network, that was produced before the appellate authority, to the effect that they had made the payments to the appellant which is inclusive of all taxes. The Appellate Authority was therefore of the view that the appellant had collected their charges along with service tax and failed to pay the service tax even after collecting from the clients. The Appellate Authority also found that the appellant had not disclosed the income in their ST 3 returns for the material period and held that the extended period was rightly invoked and the imposition of penalty under Section 78 was justified.

10. Having noted the findings of the Authorities below, we notice that the relevant definitions as given in Section 65 of the Act are as under:

A) 65(86a): "programme" means any audio or visual matter, live or recorded, which is intended to be disseminated by transmission of

electro-magnetic waves through space or through cables intended to be received by the general public either directly or indirectly through the medium of relay stations;

B) 65(86b): "programme producer" means any person who produces a programme on behalf of another person"

11. The taxable service has been defined under Section 65(105)(zzu) as "any service provided or to be provided to any person, by a programme producer, in relation to a programme."
12. It would also be apposite to notice the recitals and clauses of the Assignment Agreement dated 25<sup>th</sup> February 2004 entered into between the Appellant and M/s. Gemini T.V holding out the Appellant to be the FIRST PARTY and M/s. Gemini T.V. to be the SECOND PARTY. It is seen that in the recitals in the preamble it is also stated as under:

" WHEREAS the parties herein after mutual negotiation decided that **the Second PARTY shall henceforth continue the production of the above serial from 1<sup>st</sup> episode onwards and the production work from the said episode shall be undertaken by the FIRST PARTY;** and

WHEREAS it was further agreed that the exclusive copyrights and all ownership rights of all the episodes of the said serial would stand assigned to Gemini TV from this date onwards for a period perpetual; and

WHEREAS on the aforesaid representations and declarations and believing the same to be true, the SECOND PARTY hereby accepts the Assignment of all rights of the said Telugu Television Serial.

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:" **(emphasis supplied)**

13. Thereafter, the agreement, in the first four clauses provide for the irrevocable assigning to M/s. Gemini TV of the sole and exclusive copyright for Telugu Television Serial "AANANDAM" through various means and modes and the attendant rights and in the 4<sup>th</sup> clause states that the appellant assigns to M/s. Gemini TV to sole and exclusive right for the entire World as specified in clauses 1 and 3 for a perpetual period of 99 (Ninety Nine) years from the date of the agreement and the appellant permits M/s. Gemini TV to telecast the said Telugu Television Serial. The further clauses are seen to provide as under:

5. In consideration of the above the SECOND PARTY shall pay to the FIRST PARTY a sum of Rs.10,000/- (Rupees Ten Thousand Only) per episode of 22 minutes duration. The said amount shall be paid for every five episodes after the telecast of the same and in the succeeding week. The FIRST PARTY shall hand over the tapes from 1 episode onwards atleast three days prior to the date of telecast so as to enable the First Party to telecast the same every day i.e. Monday to Friday without any break from 15.03.2004 onwards.

6. The FIRST PARTY has handed over all the material including tapes in respect of all the episodes of the said serial to the SECOND PARTY and undertake not to exploit any part of the same either directly or indirectly as all rights in the same hitherto stands transferred to the SECOND PARTY.

7 It is agreed between the parties hereto that the SECOND PARTY shall henceforth be the Producer of the above said serial and shall continue the production of the same and the FIRST PARTY shall undertake the production work as directed by the SECOND PARTY.

8. It is further agreed between the parties that the SECOND PARTY shall continue with the production of the 260 episodes and may extend the same at their sole discretion depending on the TAM rating of the said serial.

9 The FIRST PARTY hereby confirm that they will not violate this agreement and the FIRST PARTY permits the SECOND PARTY to telecast the Telugu Television Serial immediately without any liability, if the said Telugu Television Serial's DVD, VCD or any other rights is assigned to any third party and the FIRST PARTY also undertakes to refund 75% of the total amount paid by the SECOND PARTY as consideration for the above said serial.

10. The FIRST PARTY shall deliver to the SECOND PARTY the Digi/Beta tapes of the said Telugu Television Serial in good condition. The FIRST PARTY undertakes to hand over the Betacam/JVC Digital cassette as stated above three days prior to the date of each telecast. The said format shall be with one channel of mixed track and one channel of music effect track and all unmixed cassettes (dialogues and music

effects in separate channel). The SECOND PARTY shall have the right to reject the said tapes if they are not of superior quality and in such case the FIRST PARTY is entitled to refund the full amount paid by the SECOND PARTY.

11 The exclusive copyright for the above said work and title for all the languages in all modes and means of exploitation shall belong to the SECOND PARTY for a perpetual period.

12. The FIRST PARTY will take the whole responsibility pertaining to the production of the above said serial.

13. The FIRST PARTY assures that the said works will not contain any objectional scenes, dialogues or defamatory statements,

14. In case the FIRST PARTY happens to discontinue the production mid-way, the FIRST PARTY assures to hand over all the produced works to the SECOND PARTY. The FIRST PARTY will not have any rights over the completed portion of the work and the SECOND PARTY shall be at liberty to exploit the same. The SECOND PARTY will also be entitled to continue with the production and exploitation of the programme either directly or through third parties without any interference from the FIRST PARTY.

15. The FIRST PARTY undertake to provide and sign within the said period of this agreement any other documents as may be required by the SECOND PARTY in future to effectively carry out this agreement."

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19. That this agreement is irrevocable and shall be in force till the expiry of the period mentioned herein.

20. The Agreement in all respects shall be subject to the jurisdiction of the courts of law in Chennai City only."

14. We are of the view that while the preamble of the said agreement, no doubt, contains terms assigning the exclusive copyrights and all ownership rights of all the episodes for a period perpetual. However, equally, the other recitals in the preamble as well as the terms that have been agreed upon, are also relevant for consideration and cannot be ignored. The agreement is seen to provide for both, the assigning of

exclusive copyrights in perpetuity and also provides for the appellant to undertake the production work from the 1<sup>st</sup> episode onwards. It provides that the production work is to be undertaken as directed by M/s. Gemini TV. It provides for consideration to be paid by M/s. Gemini TV to the appellant per episode of 22 minutes duration. The amount is required to be paid for every five episodes after the telecast of the same in the succeeding week. The appellant is required to hand over the tapes from 1<sup>st</sup> episode onwards at least three days prior to the date of telecast so as to enable the same to be telecast every day i.e. Monday to Friday without any break from 15.03.2004 onwards. The agreement also provides for the appellant to continue with the production of the 260 episodes and also for extending the same at the sole discretion of M/s. Gemini TV depending on the TAM rating of the said serial. The appellant is required to deliver to M/s. Gemini TV the Digi/beta tapes of the said Telugu Television Serial in good condition. The appellant undertakes to hand over the Betacam/JVC Digital cassette as stated above three days prior to the date of each telecast. The said format shall be with one channel of mixed track and one channel of music effect track and all unmixed cassettes (dialogues and music effects in separate channel). M/s. Gemini TV has the right to reject the said tapes if they are not of superior quality.

15. Given that Section 65(86b) defines "programme producer" to mean any person who produces a programme on behalf of another person and the taxable service defined under Section 65(105)(zzu) as any service provided or to be provided to any person, by a programme producer, in relation to a programme, we find that the said assignment agreement is amply peppered with terms as reproduced above, which when the agreement is read in totality, evidences that the appellant is producing the episodes on behalf of Gemini TV under its direction with Gemini TV having the discretion to reject the appellant's work if not upto their standards. These terms, persuade us to form the opinion that the consideration stipulated therein, on per episode rate to be paid for every five episodes after its telecast, in the succeeding week, is nothing but consideration towards the service of the production work undertaken by the appellant. The fact that the agreement contains

clauses indicating perpetual assignment of copyright of the program produced does not detract from the fact that the agreement equally contains clauses that required the appellant to undertake production work from 1<sup>st</sup> episode of the serial on behalf of M/s. Gemini TV. In such circumstances, we are of the considered view that the agreement cannot be viewed as one that pertains solely to assignment of copyrights so as to denude the Revenue from levying service tax in terms of the Finance Act, 1994 on the service rendered by the appellant to M/s. Gemini T.V., namely, the activity of production work that has been undertaken by the appellant, more so, when the terms of the agreement, including the per episode consideration specified is indicative of the said consideration being for the production work.

16. It would be apposite to notice that the Hon'ble Supreme Court has in its decision in ***Association of Leasing & Financial Services Companies v UOI, 2010 (20) 470 (SC)***, held that service tax is a tax on an activity. Thus, the taxable event is each exercise/activity undertaken by the service provider and each time service tax gets attracted. The Apex Court in the said decision has also found that the same view is reiterated broadly in the earlier judgment of the Apex Court in ***Godfrey Phillips India Ltd. v. State of U.P. [(2005 (2) SCC 515]*** in which a Constitution Bench observed that in the classical sense a tax is composed of two elements : the person, thing or activity on which tax is imposed. Thus, every tax may be levied on an object or on the event of taxation. Service tax is, thus, a tax on activity whereas sales tax is a tax on sale of a thing or goods. As held in ***Federation of Hotel & Restaurant Association of India v. Union of India (1989) 3 SCC 634***, "The same transaction may involve two or more taxable events in its different aspects. But the fact that there is overlapping does not detract from the distinctiveness of the aspects". We are of the firm opinion that the two aspects of the transactions as embodied in the agreement are clearly identifiable and separable. Hence Revenue is not precluded from taxing the activity of production work undertaken by the Appellant on behalf of M/s. Gemini T.V as taxable service under Section 65 (105)(zzu). We also find it pertinent that the specific findings of the adjudicating authority in his order pertaining to the terms of the

agreement stipulating production work being undertaken by the appellant, and which order has been upheld by the appellate authority, who too has noticed that the appellant had undertaken the production work of the said serial from the 1<sup>st</sup> episode on behalf of M/s Gemini TV and had received the consideration of Rs.10,000/- per episode for the same; continue to remain uncontroverted in the grounds of appeal, submissions made at the bar, as well as in the written submissions filed on behalf of the appellant. It is also pertinent that the Appellant had itself discharged the service tax on the such payments from 01.04.2008 and it has been noticed by the authorities below that such payments have been made without any material change in the agreement.

17. We are also of the considered view that the lower authorities are justified in finding that the extended period has been rightly invoked in the present case. When the fact remains that the appellant had commenced paying service tax from 01.04.2008, especially when it was found to be without any material change in the practise being followed by the appellant or in the agreement, withholding the fact that the programme for which the payments were being made from 01.04.2008 were in fact being produced by the appellant for telecast by the broadcaster from 2005-06, is therefore a deliberate act of wilful suppression of facts revealing the intent to evade payment of service tax that was due on the appellant's production work since 2005-06 under the taxable service as specified under Section 65(105)(zzu).
18. We have perused the decisions cited by the appellant and find that the **Final Order No.20823/2020 dated 10.11.2020 in Service Tax Appeal No.2017/2012** in the case of **SKOL Broweries Ltd. vs. CCE** was in the context of permanent assignment of trademark/brand for a lumpsum amount of Rupees twenty crores three lakhs eighty thousand three hundred and twenty three only and the facts and circumstances are distinguishable from the facts of this case. The reliance placed on the decision in AGS Entertainment case of the Jurisdictional High Court was pertaining to challenge to the vires of the provisions of Section 65(105)(zzzzt) bringing within the ambit of service tax income generated from "temporary transfer or permitting the use or enjoyment

of any copyright as defined in the Copyright Act, 1957. In para 76, a stray example of an assignment agreement in perpetuity was brought to the notice of the Hon'ble High Court, which then opined that as the nature of such an agreement could not have been examined by the Department in the facts of the case, one such transaction cannot be the ground to hold the provision unconstitutional. Incidentally the said example of assignment in perpetuity also indicated a lumpsum consideration of Rs.95,00,000/-. Moreover, the facts of the cases in the writ petitions before the High Court do not indicate any consideration of an agreement that contains both assignment of copyright in perpetuity as well as production work being undertaken on behalf of a TV network as is the instant case with consideration specified in per episode terms depending on the production work being churned out. Hence the said decision is inapplicable in the facts and circumstances of the case. In any event, in the said AGS Entertainment case all the writ petitions were dismissed by the High Court as devoid of merits. Likewise, the decision in Dr. Lal Path Labs case relied on by the appellant is also distinguishable in the facts and circumstances of this case.

19. In light of our discussions above and for the reasons afore stated, we are of the considered view that the findings of the Appellate Authority, upholding the findings of the Adjudicating Authority on the tenability of the demand as well on the imposition of penalty, do not warrant any interference at our hands. Hence, we uphold the impugned order.

Appeal is dismissed as devoid of merits.

(Order pronounced in open court on 02.04.2026)

**AJAYAN T.V.)**  
**MEMBER (JUDICIAL)**

**(M. AJIT KUMAR)**  
**MEMBER (TECHNICAL)**