

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI
PRINCIPAL BENCH - COURT NO. III**

Service Tax Appeal No.52883 of 2019

[Arising out of Order-in-Original No.DL-GST-WEST-COM-34/19-20 dated 28.06.2019 passed by the Principal Commissioner, Central Tax, Delhi West Commissionerate]

M/s. Space Technology and Education Pvt. Ltd.,
WZ-19, Asalatpur, A-3 Block, Janakpuri,
New Delhi-110 058.

....APPELLANT

Versus

Principal Commissioner of Central Tax,
Delhi West Commissionerate,
5th Floor, EIL Annexe Building,
Bhikaji Cama Place, West Delhi,
New Delhi-110 066.

.....RESPONDENT

Appearance:

Present for the Appellant : Ms. Shagun Arora and Ms. Shrishti Yadav,
Advocates

Present for the Respondent: Shri Rakesh Kumar and Shri S.K. Meena,
Authorised Representatives.

CORAM:

HON'BLE MS. BINU TAMTA, MEMBER (JUDICIAL)

HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)

Final Order No. 51087 /2026

Date of Hearing:20.05.2026

Date of Decision:25.06.2026

BINU TAMTA:

1. M/s Space Technology and Education Pvt. Ltd.¹ has assailed the impugned order² confirming the demand of service tax by invoking the extended period of limitation along with interest and penalty under the provisions of the Finance Act, 1994³. The bone of contention is that the activity of providing coaching in the field of astronomy is not subject to service tax for the reason that such an activity was exempted under

¹ The Appellant

² Order-in-Original No. DL-GST-WEST-COM-34/19-20 dated 28.06.2019

³ Act, 1994

Entry 8 of Mega Exemption Notification No.25/2012 dated June 20, 2012, whereas the case of the Department is that it is not covered in the services specified in the exemption notification. For ready reference Entry 8 of the Notification reads as follows:-

“Entry 8: Services by way of training or coaching in recreational activities relating to arts, culture, or sports.”

2. Briefly stated, on the basis of intelligence, it was gathered that the appellant was providing taxable services but had not obtained service tax registration and therefore, were neither filing the ST-3 Returns nor paying the service tax. Having found that the appellant had intentionally and wilfully suppressed the facts of receipt of payment with intent to evade service tax, show cause notice dated May 23, 2018 was issued to the appellant proposing demand of service tax of Rs.2,58,56,903/- for the period from Financial Year 2013-14 to 2016-17 by invoking the proviso to section 73(1) of the Act along with interest and penalty. On adjudication, the learned Commissioner confirmed the demand. Hence, the present appeal has been filed before this Tribunal.

3. Heard both sides and perused the records of the case at length.

4. Ms. Shagun Arora, learned Counsel for the appellant extensively argued that services of providing training in astronomy is covered under the ambit of ‘culture’, and is, therefore, eligible for exemption under the notification. Referring to various dictionary meaning of the term ‘culture’, she argued that it includes intellectual achievements, social norms, language, and rituals, which are passed on across generations and shape how individuals of each society understand and interact with

the world. Taking recourse to the Vedas, her submission is that astronomy has been woven into Indian culture for thousands of years. She has given example of the Harappan civilisation and Surya Siddhanta Sanskrit Treaty in Indian astronomy, emphasising that Indians have studied astronomy as part of their culture and there is no civilisation or culture, for which science has not been integral part of their knowledge and beliefs. Placing reliance on the provisions of section 67(2), she argued that the value of tax should be treated as cum-tax. On invocation of extended period of limitation, the learned counsel has submitted that the appellant entertained bonafide view regarding interpretation of exemption notification and, therefore, no suppression can be alleged. Challenge has also been made to the levy of interest and imposition of penalty.

5. Per contra, Shri Rakesh Kumar, the learned Authorised Representative for the Revenue argued that astronomy is a pure science that uses mathematics, physics, and chemistry to explain the origin and evolution of celestial objects and in that view, distinguished astronomy from astrology as the latter is often cultural belief system that claims the position of stars affecting human affairs. In effect, he argued that astronomy is distinct from art or culture and in the light of settled principle of law that exemption notification must be construed strictly, the benefit of the exemption cannot be granted to the appellant. The learned Authorised Representative has justified the invocation of extended period of limitation on the ground that the appellant was neither registered with the Department nor disclosed the taxable nature of their coaching services, which amounts to suppression of facts with

an intent to evade tax. In support of his arguments, he has referred to the following decisions:-

- (1) **Commissioner of Customs (Import), Mumbai Vs. Dilip Kumar and Company & Ors.**⁴
- (2) **Tata Iron & Steel Co.Ltd. Vs. State of Jharkhand**⁵
- (3) **Novopanindia Ltd. Vs. Collector of Central Excise & Customs, Hyderabad**⁶
- (4) **M/s.L.R. Brothers Indo Flora Ltd.**⁷
- (5) **Commissioner of Central Excise, New Delhi Vs. Hari Chand Shri Gopal & Ors.**⁸

6. Having heard the parties at length, we find that the scope of controversy is limited to the interpretation of the term 'culture' under the exemption notification. Therefore, the first principle to be taken note of is that the exemption notification has to be read as it is and nothing can be added further to facilitate the applicability of exemption. In other words, the exemption notification has to be interpreted strictly which means that the activity is directly categorised therein and is not incorporated by way of implication. In this regard, we may refer to the decision in the case of **Hansraj Gordhandas**⁹, where the Constitution Bench of the Apex Court held that an exemption from taxation is to be allowed based on the language of the notification and exemption cannot be gathered by necessary implication or by construction of words. The Bench reiterated that it is well established that in a taxing statute, there is no room for any intendment, but regard must be had to the clear meaning of the words. The general principles for interpreting the

⁴ 2018 (361) ELT 577 (SC)

⁵ (2005) 4 SCC 272

⁶ 1994 (73) ELT 769 (SC)

⁷ 2020-TIOL-145-SC-Cus

⁸ (2011) 1 SCC 236 = 2010-TIOL-95-SC-CX-CB

⁹ 1969(2) SCR 253

exemption notification has been settled over the period in series of decisions by the Apex Court which has been followed by the subordinate forums. We would, therefore, like to refer to the decision in the case of **Dilip Kumar and Company**, where the Constitution Bench of the Apex Court has laid down :-

"52. To sum up, we answer the reference holding as under -

(1) Exemption notification should be interpreted strictly; the burden of proving applicability would be on the assessee to show that his case comes within the parameters of the exemption clause or exemption notification.

(2) When there is ambiguity in exemption notification which is subject to strict interpretation, the benefit of such ambiguity cannot be claimed by the subject/assessee and it must be interpreted in favour of the Revenue."

7. In the light of the principles referred above, we find that there is no ambiguity in the provisions of Entry 8 of the exemption notification. The words and the terminology used are absolutely clear that the services are in relation to arts, culture, or sports. The simple word 'culture' means beliefs, customs, arts, etc., the art of describing or showing the traditions of the way of life of a particular social group. The Wikipedia describes 'culture' as a concept that encompasses the social behaviour, institutions, and norms found in human societies, as well as knowledge, beliefs, arts, laws, customs, capabilities, attitudes, and habit of the individual in these groups. However, under the common parlance with reference to recreational activities, the term 'culture' refers to dance, music, theatre and literature. Similarly, the word 'art' is commonly associated with creative activities such as painting, drawing, sculpture, storytelling and like activities. To quote from Wikipedia, 'art'

is a diverse range of cultural activity centred around works, utilising creative or imaginative talent. The three classical branches of visual art are painting, sculpture, and architecture. Theatre, dance and other performing arts as well as literature, music, film, are included in the broader definition of 'art'. Therefore, the term 'culture' has to be interpreted in the light of the preceding term 'art' used in the notification. These terms by no stretch of imagination would incorporate the activities relating to 'science', which is distinguishable. The submission of the learned Counsel that astronomy even though a science has always been part of Indian culture may be true in the broader perspective but the fact remains that the term 'culture' which has been used in the Notification has to be given a narrow interpretation particularly with reference to the other terms. Applying the principle of *noscitur a sociis*, which contemplates that a statutory term is recognized by its associated words, we are of the firm view that the term 'culture' cannot be extended to include the activity of astronomy. In the case of **Bangalore Water Supply & Sewerage Board versus R. Rajappa & Ors.**¹⁰, the Constitution Bench, (7J) (**J. Jaswant Singh**) of the Apex Court, with reference to the interpretation of the term 'industry' as contained in section 2(j) of the Industrial Disputes Act, 1947 observed that, "bearing in mind the collocation of the terms in which the definition is couched and applying the doctrine of *noscitur a sociis*, which means that when two or more words which are susceptible of analogous meaning are coupled together, they are understood to be used in their cognate sense. They take as it were their colour from each other, that is, the more general is restricted to a sense analogous to a less general.

¹⁰ (1978) 2 SCC 213,

Expressed differently, it means that the meaning of a doubtful word may be ascertained by reference to the meaning of the words associated with it." Therefore, the elaborate argument made by the learned Counsel for the appellant may though appear to be attractive but is not acceptable, considering the fact that we are dealing with the application of the exemption notification and there is no scope for enlarging the same.

8. We may also refer to the decision of the Apex Court in **Rohit Pulp and Paper Mills Limited versus Collector of Central Excise, Baroda**¹¹, where it was held that 'coated paper' in the second proviso refers only to 'coated paper' used for industrial purposes and not to coated varieties of printing and writing paper on the principle that expression 'coated paper' in the proviso should draw colour from the context in which it is employed and receive an interpretation consistent therewith than its literal one, which in its widest sense may be comprehensive enough to include all coated paper, industrial, or otherwise. The observations of the Court are:-

"The principle of statutory interpretation by which a generic word receives a limited interpretation by reason of its context is well established. In the context with which we are concerned, we can legitimately draw upon the "nosci- tur a sociis" principle. This expression simply means that "the meaning of a word is to be judged by the company it keeps." Gajendragadkar, J. explained the scope of the rule in [State v. Hospital Mazdoor Sabha](#), [1960] 2 SCR 866 in the following words:

"This rule, according to Maxwell, means that, when two or more words which are susceptible of analogous meaning are coupled together they are understood to be used in their cognate sense. They take as it were

¹¹ 1989 (39) ELT 458 (Trbl.-Delhi)

their colour from each other, that is, the more general is restricted to a sense analogous to a less general. The same rule is thus interpreted in "Words and Phrases" (Vo. XIV, p. 207): "Associated words take their meaning from one another under the doctrine of *noscitur a sociis*, the philosophy of which is that the meaning of a doubtful word may be ascertained by reference to the meaning of words associated with it; such doctrine is broader than the maxim *Ejusdem Generis*." In fact the latter maxim "is only an illustration or specific application of the broader maxim *noscitur a sociis*". The argument is that certain essential features or attributes are invariably associated with the words "business and trade" as understood in the popular and conventional sense, and it is the colour of these attributes which is taken by the other words used in the definition though their normal import may be much wider. We are not impressed by this argument. It must be borne in mind that *noscitur a sociis* is merely a rule of construction and it cannot prevail in cases where it is clear that the wider words have been deliberately used in order to make the scope of the defined word correspondingly wider. It is only where the intention of the Legislature in associating wider words with words of narrower significance is doubtful, or otherwise not clear that the present rule of construction can be usefully applied. It can also be applied where the meaning of the words of wider import is doubtful; but, where the object of the Legislature in using wider words is clear and free of ambiguity, the rule of construction in question cannot be pressed into service."

This principle has been applied in a number of contexts in judicial decisions where the Court is clear in its mind that the larger meaning of the word in question could not have been intended in the context in which it has been used. The cases are too numerous to need discussion here. It should be sufficient to refer to one of them by way of illustration. In [Rainbow Steels Ltd. v. C.S.T.](#), [1981] 2 SCC 141 this Court had to understand the meaning of the word 'old' in the context of an entry in a taxing tariff which read thus:

"Old, discarded, unserviceable or absolute machinery, stores or vehicles including waste products

Following the conclusion arrived at in **Rohit Pulp & Paper** that the only reasonable way of interpreting the Proviso is by understanding the words 'coated paper' in a narrow sense consistent with the other expressions used therein, we are of the opinion that the term 'culture'

has to be interpreted and understood in the context of the words used in the Notification which means that it would have narrow/restricted operation and cannot be stretched to include the activity of training/coaching of astronomy as sought to be interpreted by the appellant. Rejecting the contention of the appellant, we hold that the benefit of Notification cannot be extended as the activity of training in astronomy do not fall within its ambit.

9. In addition, we may refer to the clarification issued by CBEC as to the scope of exemption to coaching or training in recreational activities.

The relevant portion reads as:

“7.7.1. What is the scope of exemption to coaching or training in recreational activities?

There is exemption from service tax to training or coaching in recreational activities relating to arts, culture, or sports.

The benefit is available to coaching or training relating to all forms of dance, music, painting, sculpture, making, theatre, and sports, etc.”

The clarification given by the Board is absolutely logical and based on sound principles. We therefore, uphold the conclusion arrived at by the Adjudicating Authority that the appellant was not providing any service as mentioned above and was, therefore, not entitled to claim exemption benefit under Entry No.8 of Notification No.25/2012–ST dated June 20, 2012.

10. Coming to the next issue of invoking the extended period of limitation, the basic plea taken by the appellant is that they were under

the *bona fide* belief that they were covered under the exemption notification and has relied on the decisions in that regard. As pointed out by Mr. Rakesh Kumar, we find that the appellant was not registered with the Service Tax Department and, therefore, did not file the Service Tax Returns though he was operating the coaching/training on commercial basis by charging fee for the course since long time but avoided the registration and filing of ST-3 Returns. In the circumstances, the Department is justified in invoking the extended period of five years. The Tribunal in the case of **Bharathi Cellular Ltd versus Commissioner of Central Excise, Delhi**¹² considered such plea of the appellant that they were under the *bonafide* belief that the sale of SIM cards to the subscribers was not taxable and despite the fact that they had been filing the service tax returns regularly, the Bench observed that it is difficult to accept that the appellant did not know that the service of SIM cards being provided by them to the subscribers was not taxable under the Service Tax Law. In their returns in ST-3 form, they never gave the details and mode of computation of the service tax being paid by them during the period in dispute and this amounts to suppression of material facts by them from the Department and as such extended period of limitation is justified. A three Member Bench of the Tribunal in the case of **Andhra Pradesh State Electricity Board versus Collector of Central Excise, Hyderabad**¹³ dealt with the concept of bona fide belief and observed as under:-

“129. It appears to us that by bona fide belief one does not mean a blind belief or a self-opinionated belief. It would imply a belief which has been reached after a sincere attempt to understand the

¹² 2006(3) STR 423 (Tri.-Delhi)

¹³ 1984 (16) ELT 579 (Tribunal)

issue and examine it reasonably. There is no evidence of any such attempt having been made by the appellants. When they were apprised by the Department that the poles were liable to duty, they contended themselves with giving replies which as seen above were cryptic or curt. The use of the word "advised" implies that they were being guided by legal advice. If this was so, we are constrained to observe that the legal advice given to them was not sound or well considered."

11. In **Grauer & Weil (India) Ltd. versus Collector of Central Excise, Baroda**¹⁴ , the Apex Court, considered the plea raised by the appellant that the breach flowed from the bonafide belief that they were not liable to pay excise duty. Accepting, as to whether in a given case the requirements for invoking the proviso are fulfilled or not, is one of fact, it was held that it is not a case of simple inaction or failure on the part of the appellants to furnish material information. No evidence has been placed by the appellant in that regard. The appellant is running a commercial organization and, therefore, were duty bound to have ascertained their duty liability, however, Authorities were not informed about the actual activity undertaken by the appellant. In the facts and circumstances of the present case, the extended period of limitation has been rightly invoked to raise the demand of service tax against the appellant. The levy of interest and penalty has also been rightly confirmed in view of the statutory provisions. Considering the said view, we find that there is no reason for the appellant to have formed such a belief.

12. The appellant has claimed the benefit of cum-duty in terms of the provisions of Section 67(2) of the Act. In the facts of the case, the

¹⁴ 1994 (74) ELT 481 (SC)

appellant is entitled to such a benefit. The appeal is remanded for the limited purpose of calculation accordingly.

13. We, therefore, do not find any reason to interfere with the impugned order which is hereby affirmed except to the extent of benefit of cum-tax. The appeal is, accordingly dismissed on merits, however, on the limited point of calculation, the matter is remanded to the Adjudicating Authority.

[Order pronounced on 25th June, 2026]

**(BINU TAMTA)
MEMBER (JUDICIAL)**

**(P.V. SUBBA RAO)
MEMBER (TECHNICAL)**

Ckp.