

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

REGIONAL BENCH - COURT No. IV

Service Tax Appeal Nos. 42443 - 42444 of 2016

(Arising out of Order-in-Appeal Nos. 538-539 (STA-I) dated 01.09.2016 passed by the Commissioner of Service Tax (Appeals-I), Chennai)

M/s. Olam Information Services P Limited ...Appellant

Unit 2 & 3, 12th Floor,
Zenith Building, International Tech Park,
CSIR Road, Taramani,
Chennai – 600 113.

Versus

Commissioner of GST and Central Excise ...Respondent

Chennai Outer Commissionerate,
Newry Towers, No. 2054/1, II Avenue,
12th Main Road, Anna Nagar,
Chennai – 600 040.

APPEARANCE :

Ms. Radhika Chandra Shekar, Advocate for the Appellant
Ms. G. Krupa, Authorized Representative for the Respondent

CORAM :

HON'BLE MR. RAJEEV TANDON, MEMBER (TECHNICAL)

FINAL ORDER No.40849-40850/2026

DATE OF HEARING : 01.07.2026

DATE OF DECISION: 02.07.2026

The appellant is a provider of service under the category of Online Information and Database Access/Retrieval Service to clients located outside the country and is registered with the jurisdictional authorities as a service tax assessee.

2. The facts of the case are that the appellant had filed two applications seeking refund of unutilized cenvat credit for the period October 2012 to December 2012 for an amount of, for an amount of Rs.28,22,196/- and January 13 to March 13 for an

amount of Rs.27,08,958/- in respect of services utilized for the rendering of exports services, in terms of rule 5 of the Cenvat Credit Rules 2004.

3. The said refund claim filed by the appellant were allowed in part by the adjudicating authority and disallowed an amount of Rs. 16,81,775/- Credit of Rs.8,42,229/- disallowed pertained to air travel agent service, accommodation, hotel and banking service and denied, on the grounds that such input services were not related with the output services rendered, an amount of Rs.8,39,546/-, was disallowed on the grounds of limitation. Likewise, for the period January 13 to March 13, refund claims in part were partially rejected on the plea that the input services were not related to the output services rendered. An amount of Rs.7,97,346/- was rejected for this reason, while an amount of Rs.18,74,181/- was disallowed on grounds of limitation. 4. The appellant followed up the matter with Commissioner (Appeals), whereby the amounts rejected by the adjudicating authority on grounds of limitation for the foresaid two periods was restored and allowed by the appellate authority. However, the Commissioner (Appeals) upheld the disallowance of refund sought on input services pertaining to rent a cab, restaurant services, accommodation services, business support services and travel and travel agent services on the ground that there was no nexus between the input and the output services.

5. Aggrieved with the aforesaid order of the learned Commissioner (Appeals), the appellant is in appeal before this tribunal. The appellant contends that the grounds in respect of

input services, stating therein that the said services were not used for rendering of the output services is factually incorrect and has not been rightfully appreciated by the lower authority. It is also noted that part amounts pertaining to telecommunication services and insurance services were disallowed for reasons that the invoice was not submitted. The appellant has however demonstrated by way of a statement placed at annexure 2, page 93 onwards that the impugned invoices did form a part of the background papers submitted at the time of filing of the refund claim. It is the learned advocate's contention that the impugned input services have been availed for provisioning of the output services and were used directly for rendering the taxable service.

6. The learned advocate has also drawn attention to rule 2 (I) of the Cenvat Credit Rules 2004 that define an "Input Service", as amended with effect from 1-4-2011, which inter alia reads as under and submits that in view of the definitions thereof, it is not appropriate for the authorities below to deny the said refund.

INPUT SERVICES DEFINITION UNDER RULE 2(I) w.e.f. 01/04/2011

Rule 2(I) -input service means any service, -

(i) used by a provider of (output service) for providing an output service; or

(ii) used by a manufacturer, whether directly or indirectly, in or in relation to the manufacture of final products and clearance of final products upto the place of removal, and includes services used in relation to modernisation, renovation or repairs of a factory,

premises of provider of output service or an office relating to such factory or premises, advertisement or sales promotion, market research, storage upto the place of removal, procurement of inputs, accounting, auditing, financing, recruitment and quality control, coaching and training, computer networking, credit rating, share registry, security, business exhibition, legal services, Inward transportation of inputs or capital goods and outward transportation upto the place of removal;

but excludes,

(A) service portion in the execution of a works contract and construction services including service listed under clause (b) of section 66E of the Finance Act (hereinafter referred as specified services) in so far as they are used for (a) construction or execution of works contract of a building or a civil structure or a part thereof; or (b) laying of foundation or making of structures for support of capital goods, except for the provision of one or more of the specified services; or

(B) [services provided by way of renting of a motor vehicle], in so far as they relate to a motor vehicle which is not a capital goods; or

[(BA) service of general insurance business, servicing, repair and maintenance, in so far as they relate to a motor vehicle which is not a capital goods, except when used by -

(a) a manufacturer of a motor vehicle in respect of a motor vehicle manufactured by such person; or

(b) an insurance company in respect of a motor vehicle insured or reinsured by such person; or

(C) such as those provided in relation to outdoor catering, beauty treatment, health services, cosmetic and plastic surgery, membership of a club, health and fitness centre, life insurance, health insurance and travel benefits extended to employees on vacation such as Leave or Home Travel Concession, when such services are used primarily for personal use or consumption of any employee;]

[Explanation. For the purpose of this clause, sales promotion includes services by way of sale of dutiable goods on commission basis.]

7. It is the learned advocate's contention that as the input services were used for provisioning of output services, as long as they were not utilised for personal consumption of the employees, they were rightly admissible to avail credit/refund, thereon as the case may be. The learned advocate has given a detailed point by point description of where the said services have been utilised, and the same is dealt in later paras.

8. The learned AR for the revenue strongly rebuts the contentions of the appellant and submits that as recorded by the authorities below, the appellants have failed to demonstrate a nexus between the input and the output services. She therefore, supports the order of the lower authority as correct in law that calls for no interference.

9. Having heard the two sides and perused the case papers, I would now like to cull out from the records, the description to where the aforesaid services, where the refund have been disallowed, have actually been made use of by the appellant.

Insurance Service: The insurance services are said to be procured for the Company and its employees at work it is contended that as long, the same does not fall within the exclusion clause of the definition under Rule 2(l) of Cenvat Credit Rules, the Appellant is eligible for credit.

Rent a cab Services: The said services are said to be utilised for pick up and drop of the employees to the work place. Appellant being a remotely located service industry and employees being a key resource, it is the obligation of the Appellant to provide pick up and drop facilities to the employees.

Air Travel Services: It was stated that the Appellant is rendering SAP implementation and support services. For the purpose its employees are required to travel to other countries which has generated convertible foreign exchange for the country. The services have been utilized for booking the air tickets, for such movement of employees and is a key driver of output services.

Hotel Accommodation & Restaurant Service: These services were provided to the Appellant's employees on official visits for business purposes.

Telecommunication Services: Utilized for discharge of official communication for the delivery of the output service and an

essential component thereto, for purpose of day to day communication with clients and other stake holders.

Business Support Service: These services were said to be directly linked to the exports undertaken. The services were received from the software companies as evident from the Annexure to the OIO. The rejection, on the ground that the Appellant thereto has not produced the invoices is not correct when the OIO records that the invoices were produced and the Annexure to the OIO identifies the service provider as well as the amount.

10. From a brief description of the service utilization, supra, it is quite evident that the said services were indeed required for the rendering of the output services. In respect of most of the aforesaid services, their entitlement to credit /refund, is a question, no more res integra. As long as the said services were used directly or indirectly, in or in relation to the provisioning of the output service and were not covered within the scope of the 'Exclusion', the same are held to be an input service. The question of their consideration as input service cannot be doubted in view of the explanation furnished, as to where the said services are indeed put to use.

11. Further as long as there is material on record to show that services were not consumed for personal usage but were actually used in the rendering of output service, their entitlement to credit cannot be questioned. This principle will hold good for all and any of the impugned services in question herein.

12. in so far as the insurance service is concerned, the assessee has also placed reliance on the decision of the Tribunal in the case of Hindustan Petroleum Corporation Ltd. Vs Commissioner of Central Excise (2025) 35 Centax 183 for the purpose of demonstrating their eligibility, wherein medical insurance was held to be an admissible input. As the services availed per se are not for any individual benefit, credit thereto as input service is admissible and all consequences accordingly would flow.

13. The rent a cab service has clearly been demonstrated to serve corporate requirements for meeting their business goals and therefore is rightly admissible as an input service. In the same manner air travel services are indeed an essential component for rendering of the output service, given the nature of output service discharged. Since there is nothing to show that the said services were utilized for personal consumption, the admissibility of credit availed cannot be refused. The Tribunal in the case of Commissioner of CGST, Mumbai Vs Sony Pictures Networks India Pvt Ltd. (2024) 20 Centax 473 has held on similar lines. In this regard the appellant has also placed reliance to the Tribunal's decision in their own case ST/42537/2015, for the period April 2011 to September 2011, decided by the tribunal vide Order No.41538/2016 allowing the credit on the Travel agency services. The Appellant further relies upon the order of CESTAT in the case of M/s. AGS Health Pvt. Ltd. vs. Commissioner of GST and Central Excise in A. No. ST/41724/2016 allowing the refund claim with respect to the Air travel services.

14. Further in the case of Warburg Pincus India Pvt. Ltd. Vs. Commissioner of Service Tax-I, Mumbai Appeal Nos. ST/86694-86695, 86697-86698/2017 the Mumbai bench of the Tribunal has held services like Courier Agency services, Hotel Accommodation, amongst others as directly used for rendering of output service. In the case of Megta Design Automation Pvt. Ltd. Vs. Commr. Of Service Tax, Bangalore 2015 (40) S.T.R. 800 it was held that Telecommunication Services and Insurance Services are eligible for Cenvat Credit.

15. In view of the aforesaid discussions and precedent decisions cited, these services qualify as an input service. Given the principles stated earlier, as long as the said services were utilised for the providing of output services is a question, no more open for debate and has since been long settled.

16. The matter being no more res integra, I am of the view that the denial of refund of unutilized credit to the appellant is not in accordance with law. The appeal filed by the appellant therefore succeeds and the order of the lower authority is set aside.

15. The appeal filed is allowed, with consequential relief as per law.

(Order pronounced in the open court on 02.07.2026)

(RAJEEV TANDON)
Member (Technical)