

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI.**

PRINCIPAL BENCH,
COURT NO. I

SERVICE TAX APPEAL NO. 54790 OF 2023

[Arising out of the Order-in-Original No. 12-16/COMMR/ST/JBP/2022-23 dated 30/11/2022 passed by Commissioner, Central GST, Central Excise & Customs, Jabalpur.]

M/s Northern Coalfields Limited,**Appellant**
Jayant Project,
Head Quarter Building, Singrauli,
Madhya Pradesh – 486 889.

Versus

Commissioner of Central GST,**Respondent**
Central Excise & Customs,
GST Bhawan, Mission Chowk, Napier Town,
Jabalpur (M.P.) – 482 001.

**WITH
SERVICE TAX APPEAL NO. 54791 OF 2023**

[Arising out of the Order-in-Original No. 12-16/COMMR/ST/JBP/2022-23 dated 30/11/2022 passed by Commissioner, Central GST, Central Excise & Customs, Jabalpur.]

M/s Northern Coalfields Limited,**Appellant**
Jhingurda Project,
Head Quarter Building, Singrauli,
Madhya Pradesh – 486 889.

Versus

Commissioner of Central GST,**Respondent**
Central Excise & Customs,
GST Bhawan, Mission Chowk, Napier Town,
Jabalpur (M.P.) – 482 001.

**WITH
SERVICE TAX APPEAL NO. 54792 OF 2023**

[Arising out of the Order-in-Original No. 12-16/COMMR/ST/JBP/2022-23 dated 30/11/2022 passed by Commissioner, Central GST, Central Excise & Customs, Jabalpur.]

M/s Northern Coalfields Limited,**Appellant**
Amlori Project,
Head Quarter Building, Singrauli,
Madhya Pradesh – 486 889.

Versus

Commissioner of Central GST,**Respondent**
Central Excise & Customs,
GST Bhawan, Mission Chowk, Napier Town,
Jabalpur (M.P.) – 482 001.

**WITH
SERVICE TAX APPEAL NO. 54795 OF 2023**

[Arising out of the Order-in-Original No. 12-16/COMMR/ST/JBP/2022-23 dated 30/11/2022 passed by Commissioner, Central GST, Central Excise & Customs, Jabalpur.]

M/s Northern Coalfields Limited, **.....Appellant**
Nigahi Project,
Head Quarter Building, Singrauli,
Madhya Pradesh – 486 889.

Versus

Commissioner of Central GST, **....Respondent**
Central Excise & Customs,
GST Bhawan, Mission Chowk, Napier Town,
Jabalpur (M.P.) – 482 001.

**AND
SERVICE TAX APPEAL NO. 54796 OF 2023**

[Arising out of the Order-in-Original No. 12-16/COMMR/ST/JBP/2022-23 dated 30/11/2022 passed by Commissioner, Central GST, Central Excise & Customs, Jabalpur.]

M/s Northern Coalfields Limited, **.....Appellant**
Nigahi Project,
Head Quarter Building, Singrauli,
Madhya Pradesh – 486 889.

Versus

Commissioner of Central GST, **....Respondent**
Central Excise & Customs,
GST Bhawan, Mission Chowk, Napier Town,
Jabalpur (M.P.) – 482 001.

APPEARANCE:

Shri Rajeev Kumar Agarwal, Advocate – for the appellant.
Shri Anil Kumar, Authorized Representative for the Department

CORAM:

HON'BLE DR. MRS. RACHNA GUPTA, OFFICIATING PRESIDENT
HON'BLE SHRI P.V. SUBBA RAO, MEMBER (TECHNICAL)

FINAL ORDER NO. 51570-51574/2026

DATE OF HEARING : 17.08.2026
DATE OF DECISION: 05.10.2026

P.V. SUBBA RAO

The undisputed facts of this case are that M/s Northern Coalfields Limited¹ is the subsidiary of Coal India Limited and has its headquarters in Singrauli, M.P. and it mines and sells coal on which it paid central excise duty. It also avails Cenvat credit on the input and input services including the service tax paid on under reverse charge mechanism.

2. The undisputed legal position is that no service tax can be levied on the taxes paid to the State Governments but service tax has to be paid on the fee charged by the State Government in lieu of services.

3. The short point of dispute is whether the appellant was required to pay service tax under reverse charge on the amounts paid to the Madhya Pradesh State Government under:-

- (a) Madhya Pradesh Gramin Avsanrachna Tatha Sadak Vikash Adhiniyam, 2005²
- (b) Forest Transit Fee deposited under Madhya Pradesh Transit (Forest Produced) Rules, 2000 during the period April 2016 to June 2017.

4. The case of the Revenue is that these two payments were in the nature of fees paid to the State Government for the services rendered and, therefore, the appellant was required to pay service tax on them under reverse charge

1. the appellant
2. MPGATSV

mechanism. The case of the appellant, on the other hand, is that no service tax is payable as these payments are in the nature of taxes and they are not fees.

5. Learned counsel for the appellant placed reliance on the decision of this bench in the Final Order No. 50227-50256 of 2026 dated 06.02.2026 in **South Eastern Coal Fields** versus **CCE & ST, Raipur** (Final Order in which one of us – Shri P.V. Subba Rao was a Member). It was decided in the Final Order that both these payments were in a sense taxes and not fees and, therefore, no service tax can be charged under reverse charge on these payments.

6. Learned Authorized Representative for the Revenue, on the other hand placed reliance on the decision of the Hon'ble Madhya Pradesh High Court in **South Eastern Coal Ltd.** versus **Commissioner of CGST & CE³** in which it was held that these payments were in the nature of fees and not taxes.

Paragraph 20 of this judgment is reproduced below :-

"20. The State Government enacted the Madhya Pradesh Gramin Avsanchna Tatha Sadak Vikas Niyam, 2005, to provide for additional resources for the development of infrastructure and roads in rural areas with special emphasis on backward and mining areas of the State. Under the said Adhiniyam, Section 3 provides for "Levy of Tax", Section 4 deals with "Payment and Recovery of tax" and Section 8 deals with "Utilisation of Tax Proceeds". By enacting this legislation, the State Government has acted within its legislative competence to raise additional financial resources. The levy imposed under the Act is in the nature of a tax intended to create a fund for development of rural infrastructure and roads in rural and mining areas within the State of M.P. It can be understood as a tax linked to land bearing minerals, as the burden of the levy is associated with such land. Section 2 (i) of the Madhya Pradesh Gramin Avsanchna Tatha Sadak Vikas Niyam,

2005 (for short "Niyam, 2005") defines "Mining Area" means area in a district where mineral exploitation is being carried out and as per definition provided in Section 2 (j) of the Niyam, 2005, "Rural Area" means any area other than the area comprised within the territorial area of a Municipality or a Nagar Panchayat or a Municipal Corporation. Section 2 (g) thereof defines the tax, according to which the rural infrastructure and road development tax is levied under Section 3, and as per Section 3, of the MPGATSVA there shall be levied and collected a rural infrastructure and road development tax on all mineral bearing land. Section 8 of the MPGATSVA provides utilization of the tax proceeds, according to which the proceeds of tax shall be utilized by the State Government for improvement and development of infrastructure and roads in rural areas, backward areas, and mining areas. Rule 16 of Niyam, 2005 provides the "Constitution of the Rural Infrastructure Development Tax Fund" for the purpose of utilisation of the fund and as per Rule 17, the fund shall be utilized for implementation of Rural Infrastructure and Road Development programmes in the rural areas, backward areas and mining areas of the State. Therefore, the respondent – Authority has rightly observed that the petitioners being mining holders, would be beneficiaries of this development. Hence, it is a "Service" provided to them for which this tax is being collected. Therefore, such an opinion has not been formed contrary to the judgment passed in the case of M/s Neogy and Sons (Supra)".

7. Respectfully following the judgment of the Madhya Pradesh High Court, we hold that both these payments were in the nature of fees for services and not taxes and, accordingly, service tax has to be paid under reverse charge mechanism on the fees so paid. We find that since the demand of service tax is under reverse charge, which entitles the appellant to pay service tax with one hand and take Cenvat credit with the other, no malafide can be attributed to the appellant. The demands herein are only for the normal period of limitation.

8. We find that since the CGST has come into force and the Cenvat Credit Rules would no longer apply. As per section 142 of the CGST Act, any amount which would accrue to the appellant as Cenvat credit will have to be refunded in cash. In short, the appellant has to pay service tax under reverse

charge mechanism for the normal period of limitation and then it may claim refund of the amount which would accrue to it as Cenvat credit under section 142 of the CGST Act.

9. All appeals, therefore, dismissed and the impugned orders are upheld.

(Order pronounced in open court on 05/10/2026.)

(DR. RACHNA GUPTA)
OFFICIATING PRESIDENT

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

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