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

SERVICE TAX APPEAL NO. 50436 OF 2021

[Arising out of Order in Appeal No. 375(SM) ST/JPR/2020 dated 4.12.2020 passed by the Commissioner (Appeals) Central Excise and Central goods and Service tax, Jaipur]

M/S. MADHU AGENCIES **.....APPELLANT**
Near Purna Sharda Diagnostic
Centre Sukhda, Ashok Marg,
Ajmer, Rajasthan-305001

Vs.

COMMISSIONER OF CGST –JAIPUR I **.....RESPONDENT**
NCR Building, Statue Circle, C-Scheme
Jaipur, Rajasthan-302005

Appearance:

Mr. SC Vaidyanathan and Srijit Chakrabarti, Advocates for the appellants

Mr. S.R. Meena Authorised Representative for the Department

CORAM:
HON'BLE MR. AJAY SHARMA, MEMBER (JUDICIAL)
HON'BLE MR. P.V.SUBBA RAO, MEMBER (TECHNICAL)

FINAL ORDER NO'S. 51678 /2026

DATE OF HEARING : 3/11/2026
DATE OF DECISION : 05/11/2026

P.V.SUBBA RAO

1. The order dated 4.12.20220 passed by the Commissioner(Appeals)[1] upholding the Order dated 24.7.2019 passed by the Deputy Commissioner in which he decided the proposals made in the show cause notice dated 5.10.2018 is assailed by **M/s Madhu Agencies**[2] in this appeal.

2. The Deputy Commissioner had confirmed demand of service tax of Rs. 30,01,257/- under the proviso to section 73(1)

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1 **Impugned order**
2 **Appellant**

of the Finance Act, 1994[3] along with interest under section 75 of the Act and imposed an amount equal to the duty as penalty under section 78 of the Act. The Commissioner (Appeals) passed the impugned order upholding the above order. Hence, this appeal.

3. We have heard learned counsel for the appellants and the learned authorized representative for the revenue and perused the records.

4. The appellant is a proprietorship firm which was registered with the service tax department and provided 'Clearing and Forwarding Agent (C&F)' Service and it paid service tax on the service charges which it had received for the services.

5. The appellant had entered into a agreement with M/s. Birla Tyres Ltd. to act as its C&F Agent and it was required to receive, warehouse, safely store and dispatch the tyres. The agreement further provided that if Birla Tyers has to transfer stock, the freight would be paid by the appellant which would thereafter be reimbursed by Birla Tyres.

6. Separate bills were raised by the appellant on Birla Tyres for the services which it rendered on which it paid service tax and for reimbursement of the freight which it had incurred on behalf of Birla Tyres. The actual transportation was done by other parties and the consignment notes indicate Birla Tyres as both the consignor and the consignee.

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3 Act

7. Birla Tyres has further confirmed that it had reimbursed the freight charges and as the recipient of the GTA service, it had also paid service tax under reverse charge.

8. However, initially an SCN dated 19.4.2017 was issued to the appellant demanding service tax on the freight charges reimbursed to it during the period October 2011 to November 2014. This demand was dropped by the Original Authority as the Birla Tyres was both the consignor and the consignee and the appellant had only acted as a pure agent while receiving reimbursement of expenses incurred on freight. Revenue's appeal against the order was rejected by the Commissioner (Appeals) through order dated 11.9.2018. Thus, the issue attained finality.

9. Thereafter, the present proceedings were started again by issuing an SCN dated 5.10.2018 covering the period December 2014 to June 2017 on the ground that transportation was part and parcel of the C&F Agent service and therefore, the appellant had to pay service tax including the reimbursed freight charges. The appellant resisted the proposals but both the lower authorities confirmed the demand of service tax with interest and penalties. Hence, this appeal.

10. The submission of the learned counsel for the appellant before us is that the issue is no longer *res integra* and merely because transportation activity is also undertaken under the same agreement, it will not become part and parcel of the C&F Agent service. Reliance is placed on **Astha Solutions Vs.**

Principal Commissioner of CGST and Central Excise, Jaipur[4] and a few other decisions.

11. Learned authorised representative for the Revenue, on the other hand, vehemently supported the impugned order.

12. We have considered the submissions advanced by both sides and perused the records.

13. The appellant is undisputedly a C & F Agent. A C & F agent's service may or may not include transporting goods depending on the terms of the contract. As per the contract of the appellant with Birla Tyres, it was only required to receive, warehouse, safely store and dispatch the tyres. It's responsibility did not include transportation which was carried out by independent transporters or Goods Transport Agencies (GTA) and the *lis* was be between the GTA or transporter and Birla Tyres which was both the consignor and consignee. According to the appellant, Birla Tyres paid service tax on the GTA service under reverse charge.

14. Needless to say, that in such an arrangement, the C&F agent and the transporter or GTA will have to work together. This working together, as per the agreement between the appellant and Birla Tyres, included paying the transporter or GTA and then getting reimbursed by Birla Tyres. The mere fact that the appellant paid the transporter or GTA on behalf of Birla Tyres and was then reimbursed does not mean that the appellant had transported goods of Birla Tyres. The *lis* with respect to the transportation of goods was between Birla Tyres and the

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4 Final order no. 50336/2026 dated 23.2.2026

transporter or the GTA and not between the appellant and Birla Tyres.

15. The appellant had paid the money to the transporter or that the GTA on behalf of Birla Tyres which is more or less like lending money to Birla Tyres and Birla Tyres reimbursing the amounts so paid is like repaying the amounts. This cannot be treated as part of C & F agent service rendered by the appellant.

16. In view of the above, the impugned order cannot be sustained. We, accordingly, set it aside and allow the appeal with consequential relief to the appellant.

[Order pronounced on **05/11/2026**]

(AJAY SHARMA)
MEMBER (JUDICIAL)

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

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