

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL,
WEST ZONAL BENCH : AHMEDABAD**

REGIONAL BENCH - COURT NO. 3

SERVICE TAX Appeal No. 10593 of 2014-DB

[Arising out of Order-in-Original/Appeal No RJT-EXCUS-000-APP-622-13-14 dated 31.12.2013 passed by Commissioner of Central Excise, Customs and Service Tax-RAJKOT]

Shri Rajkot District Co Operative Bank Ltd **Appellant**

Jilla Bank Bhavan, Kasturba Road,
RAJKOT, GUJARAT -360001

VERSUS

Commissioner of Central Excise & ST, Rajkot **Respondent**

Central Excise Bhavan, Race Course Ring Road
Income Tax Office, Rajkot, Gujarat-360001

APPEARANCE :

Ms. Amrin Alwani, Chartered Accountant for the Appellant
Shri Prakash Kumar Singh, Superintendent (AR) for the Respondent

**CORAM: HON'BLE MR. RAMESH NAIR, MEMBER (JUDICIAL)
HON'BLE MR. C.L. MAHAR, MEMBER (TECHNICAL)**

DATE OF HEARING : 08.06.2023

DATE OF DECISION: 19.06.2023

FINAL ORDER NO. 11281/2023

RAMESH NAIR :

The brief facts of the case are that the appellant had received commission on the collection of premium of Crop Insurance Service from M/s. Agriculture Insurance Company of India Limited, Ahmedabad. The case of the department is that appellant is liable to pay service tax on the commission received from M/s. Agriculture Insurance Company of India Limited under the category of Business Auxiliary Service. Accordingly, the demand of service tax was confirmed and the same was upheld by the learned Commissioner (Appeals) therefore the present appeal is filed.

2. Ms. Amrin Alwani, learned Chartered Accountant appearing on behalf of the appellant submits that the service of the appellant is exempted under Notification No. 3/2000-ST dated 06.07.2000. She submits that the lower authorities have confirmed the demand of service tax on the ground that appellant have provided Business Auxiliary Service which is not Insurance Service accordingly it is taxable. It is her submission that as per Notification No. 3/2000 all the services which are provided in relation to general

insurance business under the National Agricultural Insurance Scheme (NAIS for short) or the pilot scheme for the farm are exempted. In the present case there is no dispute that the appellant have received commission from clients on insurance premium and other activities which is in relation to the aforesaid insurance scheme. Therefore, it is clearly exempted under the notification, hence not taxable. She further submits that in the appellant's own case, the Additional Commissioner dropped the proceedings of show cause notice in identical issue.

3. On the other hand Shri Prakash Kumar Singh, learned Superintendent (AR) reiterates the findings of the impugned order.

4. We have carefully considered the submissions made by both the sides and perused the record. We find that there is no dispute in the facts that the appellant have provided the service as Commission Agent for collection of premium and related activities but the same is in relation to the insurance under the Government's various schemes. Both the lower authorities have demanded service tax on the ground that service provided by the appellant is not an insurance service. The Notification No. 3/2000-ST dated 06.07.2000 is reproduced below:-

“Service tax — Exemption to taxable services in relation to general insurance, business provided under the National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana) or the Pilot Scheme on Seed Crop Insurance

[Notification No. 3/2000-Service Tax, dated 6-7-2000]

In exercise of the powers conferred by section 93 of the Finance Act, 1994 (32 of 1994), the Central Government, being satisfied that it is necessary in the public interest, so to do, hereby exempts the taxable services in relation to general insurance business provided under the National Agricultural Insurance Scheme (Rashtriya Krishi Bima Yojana) or the Pilot Scheme on Seed Crop Insurance, from the whole of the service tax leviable thereon under section 66 of the said Act.”

From the plain reading of the above notification it is clear that exemption is not provided to a specific service of insurance but all the services if it is provided in relation to general insurance business provided under National Agricultural Insurance Scheme or the pilot scheme on Seed Crop Insurance or the Farm Income Insurance scheme. In the present case, the appellant have admittedly provided service for collection of premium in relation to the general insurance business provided under the aforesaid government

scheme. Therefore, the appellant are clearly eligible for the exemption notification.

5. On careful perusal of the Commissioner (Appeals) order, though he has recorded the claim of notification by the appellant but except for the general findings, no specific finding on the admissibility of notification 3/2000-ST was given. However, on reading and interpretation of the notification 03/2000-ST, it does not give scope for denial of exemption. Therefore, we are of the view that the appellant are entitled for the exemption notification 3/2000-ST and not liable to pay any service tax on the commission received in relation to general insurance under government's various schemes. Accordingly, the impugned order is set-aside and the appeal is allowed.

(Pronounced in the open court on 19.06.2023)

(Ramesh Nair)
Member (Judicial)

(C L Mahar)
Member (Technical)

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