CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
NEW DELHI
PRINCIPAL BENCH, COURT NO. 3

SERVICE TAX APPEAL NO. 52454 OF 2022

[Arising out of Order in Appeal No. 188(SM)/ST/JPR/2022 dated 15.07.2022 passed by the Commissioner (Appeals) CGST, Jaipur]

M/S SHRI SHYAM LAL **APPELLANT**

8, Purohiton Ki dhani
Jhunjhunu (Raj.)-333001

Vs.

COMMISSIONER(APPEALS) CENTRAL EXCISE & CGST-JAIPUR **RESPONDENT**

Central Excise & Central Goods and Service Tax
NCR Building, Statue Circle,
Jaipur (Raj,)-302005

Appearance:

Present for the Appellant : Shri Bipin Garg and Ms. J. Kainaat, Advocates
Present for the Respondent: Shri Mehboob Ur Rehman, Authorised Representative

CORAM:
HON'BLE MR. ASHOK JINDAL, MEMBER (JUDICIAL)
HON'BLE MR. K. ANPAZHAKAN, MEMBER (TECHNICAL)

FINAL ORDER NO. 50879 /2026

Date of Hearing : 08/05/2026
Date of Decision :13/05/2026

ASHOK JINDAL

The appellant is Proprietor, engaged as Business Facilitator and also Direct Selling Agent for HDFC Bank Ltd. for sourcing and facilitating personal loan applications in rural and remote areas of Rajasthan. The appellant worked in village and remote Government schools for facilitating banking services relating to salaried Government teachers working in such rural areas.

2. On the basis of third-party information received from Income Tax Department and Form 26AS, it was alleged that the appellant received commission income amounting to Rs.1,91,73,032/- during FY 2014-15 to 2017-18 but failed to discharge service tax liability. Accordingly, Show Cause Notice dated 06.11.2019 was issued proposing demand of service tax amounting to Rs.27,97,866/- along with interest and penalties under Sections 77 and 78 of the Finance Act, 1994. It is alleged that the appellant was providing taxable service under Section 65B(44) of the Finance Act, 1994 to HDFC Bank and therefore liable to pay service tax. It is further alleged that the appellant suppressed the facts.

2.1 The appellant filed a detailed reply to the said show cause notice, denying all the allegations. Stated that he was entitled to threshold exemption under Notification No. 33/2012-ST, benefit of cum-tax under Section 67(2) was admissible, also stated that the work of appellant in rural/remote areas to banking company is exempted from the payment of service tax as per Mega Exemption Notification No. 25/2012-ST dt.20.06.2012 vide S.NO.29(g) which reads as under:

> ’29. Services by the following persons in respective capacities:
>
> (g) Business facilitator or a business correspondent to a banking company or an insurance company, in a rural area; or

3. The Adjudicating Authority did not agree with the submission, and vide Order-in-Original dt. 17.03.2021 confirmed the demand along with interest and penalties. The Commissioner (Appeals) vide Order-in-Appeal dt. 14.07.2022, rejected the appeal on the ground that the appellant acted as DSA of HDFC Bank using the trade mark of the bank and therefore threshold exemption is not available.

4. The learned counsel for the appellant submits that the show cause notice issued and orders passed by lower authorities are only on presumption and assumptions and are illegal, against the facts and law and not sustainable.

5. That the appellant was working as Business Facilitator for HDFC Bank Ltd. in rural and remote areas for facilitating banking services to Government teachers working in village Government schools and facilitating their clients in obtaining finance for purchase of vehicles and motor bikes. The appellant was operating in rural and remote village areas and facilitating banking outreach in such areas by visiting remote villages and schools for sourcing and facilitating loan applications and related banking documentation. Thus, the activity undertaken by the appellant was in the nature of banking facilitation services in rural areas and therefore the services rendered by the appellant are exempted from levy of service tax under Entry No.29(g) of Notification No.25/2012-ST dated 20.06.2012. In this regard certificate issued by HDFC Bank is enclosed. Also some of the forms filled in the rural area are enclosed.

6. That without prejudice, the appellant is entitled to threshold exemption under Notification No.33/2012-ST as the turnover during FY 2013-14 was only Rs.1,00,073/-. Therefore, benefit of exemption during 2013-14 and upto Rs.10 lakhs during FY 2014-15 is legally admissible.

6.1 The appellant had specifically submitted before the lower authorities that he was not using the trade name/brand name of HDFC Bank and was merely using the infrastructure and staff support of the Bank for facilitating banking services in rural areas. However, the Commissioner (Appeals) this benefit only on the ground that the appellant has used Trade Mark and submissions were not properly appreciated by the lower authorities.

7. That the appellant is also entitled to cum-tax benefit under Section 67(2) of the Finance Act, 1994 as no service tax was separately collected from the service recipient. The gross amount received, if at all taxable, is required to be treated as inclusive of service tax.

8. That the entire demand is based solely upon Form 26AS and third-party information received from Income Tax Department. No independent investigation or corroborative evidence has been brought on record by the department to establish deliberate suppression.

9. That the Commissioner (Appeals) failed to consider and decide the submissions raised by the appellant regarding exemption under

Entry No.29(g) of Notification No.25/2012-ST and entitlement of cum-tax benefit. The impugned Order-in-Appeal does not contain any proper findings or discussion on the applicability of the said exemption notification and cum-tax benefit claimed by the appellant. Therefore, the impugned order is non-speaking in nature and liable to be set aside.

10. That the orders passed by both the lower authorities are only on presumption and assumptions. Without proper examination and verification of the Income Tax records and Form 26AS, the department has confirmed the demand, which is against the provisions of law. Further, the Show Cause Notice itself does not specifically mention or classify the exact taxable service alleged to have been provided by the appellant. Therefore, the Show Cause Notice is vague, illegal and not maintainable in law. The appellant is relying upon the following judgments in this regard:

(i) **SRK Innovatives School of Information Pvt. Ltd. Vs Pr. CCT, GST [2025 (32) CENTAX 52 (T)].**
(ii) **Shri Ravindra Kumar Hasankar vs CCT [2025 (4) TMI 247 (T)].**
(iii) **Balraj Roadlines vs CCE & ST [2026 (4) TMI 1231 Tri.)].**
(iv) **Kirodiwal Associates Vs CCE & CGST [F.O. No. 51678/2025 dt.06.11.2025].**
(v) **Shree Ganesh Telecom Pvt. Ltd. vs. CCE & CGST [2025 (7) TMI 151 (T)].**

11. That the demand is partly (i.e. upto 05.05.2017) time barred. The period involved in the present case is FY 2014-15 to 2017-18 (upto June 2017), whereas the Show Cause Notice dated 06.11.2019 has been issued by invoking the extended period of

limitation. There was no suppression on the part of the appellant. The demand has been raised merely on the basis of Income Tax data/Form 26AS and all transactions were duly reflected in the records. Therefore, invocation of extended period under proviso to Section 73(1) of the Finance Act, 1994 is wholly illegal and unsustainable. Consequently, the demand beyond the normal period along with penalties is liable to be set aside.

12. That in view of the submissions made above and in the appeal memo the impugned order passed by the Commissioner (Appeals) may kindly be set aside.

13. On the other hand learned authorized representative submitted as under:

" The appellant in his appeal memo himself admitted that he was working as a Direct selling Agents and received commission or brokerage from HDFC Bank Ltd in respect of Banking and Financial Institutions and facilitating their clients in fetching the finance for the purchase of vehicle. The service provided by the appellant is covered under the service tax."

14. Heard the parties and considered the submissions;

15. The sole issue raised before us in this case is whether the demand can be raised against the appellant on the basis of Form 26A received from the income tax department alleging that the appellant is providing taxable service.

16. We find that the appellant is engaged as business facilitator and also direct selling agent or HDFC bank for sourcing and facilitating personal loan applications in rural and remote areas of Rajasthan.

17. This fact has been certified by a certificate issue by HDFC banks which is reproduced herein under:

TO WHOM IT MAY CONCERN

> "This is to certify that Mr. Shyam Lal Pareek, (AGFPL1360F) DSA Code No. 175344, was engaged by HDFC Bank Ltd.
>
> As a business facilitator /Direct Sourcing Agent during the period from 2014 to 2018 for providing banking facilitation services in rural remote areas of District Jhunjhunu, Rajasthan.
>
> During the said period, he visited village and remote rural areas, including Government schools situated in rural locations, for sourcing and facilitating personal loan applications of salaries Government teachers working in such rural areas. The services rendered by him were in relation to banking business conducted in rural areas.
>
> It is further certified that the activities undertaken by him were in the nature of business facilitation services for the Bank in rural areas."

18. In those circumstances, we hold that the appellant is entitled for exemption Notification No. 25/2012-ST dated 20.06.2012 at serial no. 29(g) which reads as under:

> "In exercise of the powers conferred by sub-section (1) of section 93 of the Finance Act, 1994 (32 of 1994) (hereinafter referred to as the said Act) and in supersession of notification number 12/2012-Service Tax, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (1) vide number G.S.R. 210(E), dated the 17th March, 2012, the Central Government, being satisfied that it is necessary in the public interest so to do, hereby exempts the following taxable services from the whole of the service tax leviable thereon under section 66B of the said Act, namely:
>
> (g) business facilitator or a business correspondent to a banking company or an insurance company, in rural area; or"

19. As the appellant has obtained certificate for providing services in rural area, therefore, we hold that the appellant is entitled for the benefit of serial no. 29(g) of Notification No. 25/2012-ST dated 20.06.2012. In view of this, no demand is sustainable against the appellant. Therefore, we set aside the impugned order and allow the appeal with consequential relief, if any.

[Order pronounced on **13/05/2026**]

(ASHOK JINDAL)
MEMBER (JUDICIAL)

(K.ANPAZHAKAN)
MEMBER (TECHNICAL)

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