

Jagatjit Indus. Ltd. Vs. Cce

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Court : Customs Excise and Service Tax Appellate Tribunal CESTAT Delhi

Decided On : Jul-25-2007

Judge : N T C.N.B., P Das

Appellant : Jagatjit Indus. Ltd.

Respondent : Cce

Judgement :

1. Heard both sides and perused the record. There is a service tax demand of about Rs. one crore. The demand is upon a finding that the appellant rendered Management Consultancy Service during the period 2001-2004.

2. The appellant is a manufacturer of various brands of IMFL and agreements are with the bottlers. The submission of the Ld. Counsel for the appellant is that the demand of about Rs. 66 lakhs is purely in relation to royalty earned upon the use of appellant's brand name/trade mark by the bottlers. It is being pointed out that this cannot come in the category of management consultancy. With regard to the remaining demand also, it is being pointed out that the agreements were composite agreements which provided for the appellants' assistance and participation in the bottling and marketing of appellants' brand of alcahols. The agreement also related to use of appellants' brand name/trade mark and royalty thereon Counsel would submit that the total realization under the agreement is required to be distributed among the various services rendered and only that portion which related to management consultancy can attract duty. Sample copies of agreements have been filed.

3. There is no dispute that the agreement is a composite agreement. It states that the appellant shall "assist...for blending and bottling of...Indian Made Foreign Liquor". The details terms of the agreement also make it clear that the appellant's involvement is in a vast area of selection of materials, process of bottling, obtaining of permission for marketing etc.

4. In the above circumstances, clearly the demand is highly exaggerated. Therefore, there is no justification to order the deposit of the full demand. Taking all the aspects into account, the appellant is directed to deposit an amount of Rs. 15 lakhs within six weeks from today and report compliance on 13.9.07.

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