



केन्द्रीयकरसहायक आयुक्त कार्यालय, सिकंदराबाद माल एवम सेवा कर मण्डल,
सिकंदराबाद।

OFFICE OF THE ASSISTANT COMMISSIONER OF CENTRAL TAX,
SECUNDERABAD GST DIVISION, SECUNDERABAD
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सी.नं. C.No.GEXCOM/ADJN/ST/221/2021-CGST-DIV-SNBD-COMMRTE-SECUNDERABAD

दिनांक Date: 23.12.2021

DIN: 20211256YO00004.5661

ORDER-IN-ORIGINAL No.09/2021-22 (S.Tax-Adjn)

(Passed by Dr. J. Vidhyadhar Rao, Assistant Commissioner of Central Tax,
Secunderabad GST Division)

- 1 यह आदेश जिस के नाम जारी किया गया है, उस व्यक्ति के निजी उपयोग के लिए यह प्रति मुफ्त में दी जाती है।

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- 2 इस आदेश से किसी भी व्यक्ति को हानि पहुंचती हो तो वे यथा संशोधित वित्त अधिनियम, 1994 की धारा 85(3A) के अधीन, इस आदेश/ निर्णय की प्राप्ति की तारीख से दो महीनों के भीतर आयुक्त (अपील), मुख्यालय, सातवातल, एल बी स्टेडियम रोड, बशीरबाग, हैदराबाद- 4 के समक्ष अपील कर सकते हैं।

Under Section 85 (3A) of the Finance Act, 1994 as amended, any person aggrieved by this order can prefer appeal within two months from the date of communication of such order/decision to the Commissioner (Appeals), Hqrs, Office, 7th floor, L. B. Stadium Road, Basheer Bagh, Hyderabad-4

3. धारा 85 के अंतर्गत आयुक्त (अपील) को कीजानेवाली अपील फॉर्म एस टी-4 में होगी और निर्धारित तरीके से इस का सत्यापन किया जाएगा।

An appeal under Sec.85 to the Commissioner (Appeals) shall be made in form ST-4 and shall be verified in the prescribed manner.

- 4 अपील का स्वरूप फॉर्म सं. एसटी-4 में दो प्रतियों में फ़ाइल किया जाना है और जिस आदेश या निर्णय के विरोध में अपील की जा रही है उसकी एक प्रति भी अपील के साथ संलग्न की जानी है।

The form of appeal in Form No: ST-4 shall be filed in duplicate and shall be accompanied by a copy of the decision or the order appealed against.

5. अपील और जिस आदेश या निर्णय के विरोध में अपील की जा रही है उसकी एक प्रति के साथ निश्चित मूल्य का न्यायालय शुल्क टिकिट लगाना होगा।

The appeal as well as the copy of the decision or order appealed against must be affixed with court fee stamp of the appropriate amount.

Sub: Service Tax – M/s Modi & Modi Constructions, Hyderabad – Non-Payment of Service Tax- Issue of Adjudication Order – Regarding.

M/s Modi & Modi Constructions., 5-4-187/3& 4, 2nd Floor, Soham Mansion, M.G. Road, Secunderabad -500003 (hereinafter referred to as '**M/s. MMC' or "the Assessee"**) have registered themselves with the service tax Department vide **Registration No.AAKFM7214NST001**, for payment of service Tax Under the categories of "Works contract service" and "construction of Residential complex service".

2. As seen from the records, the assessee entered into 1) Sale deed for sale of undivided portion of land together with semi-finished portion of the flat and 2) Agreement for construction, with their customers. On execution of the sale deed the right in a property got transferred to the customer, hence the construction service rendered by the assessee thereafter to their customers under agreement of construction are taxable under service tax as there exists service provider and receiver relationship between them. As transfer of property in goods in execution of the said construction agreements is involved, it appears that the services rendered by them after execution of sale deed against agreements of construction to each of their customers to whom the land was already sold **are taxable services under "Works Contract Service"**.

3. Accordingly, for the period covering upto March 2015, the following Show Cause Notices and orders had been issued to the Assessee for non-payment of service tax :

SL. NO.	SCN OR NO. &date	Period	Amount of Service Tax demanded (Rs.)	OIO NO. Date
1	HQPOR No.34/2010-Adjn(ST) dated 12.04.2010	2009	6,04,187/-	45/2010-ST Dt.29.10.2010 (Confirmed)
2	OR No. 59/2011-Adjn (ST) Gr.X Dt.23.04.2011	2010	12,06,447/-	48/2012-Adjn(ST) ADC Dt.31.08.2012 (Confirmed)
3	OR No.53/2012-Adjn (ADC) Dt.24.04.2012	2011	27,61,048/-	
4	OR No81/2013-Adjn (ST) (ADC) Dt.02.12.2013	01/2012 to 06/2012	11,87,407/-	06/2020-Adjn(ST) DC Dt.03.08.2020 . The noticee opted for SVLDR Scheme, 2019. The designated Committee issued discharge certificate for full and final settlement of tax dues under Sec 127 of the Finance (No.2) Act, 2019 read with Rule 9 of the Sabka Viswas (legacy Scheme, 2019).
5	OR No.109/2014 Adjn (ST) (JC) Dt.24.09.2014	07/2012 to 03/2014	38,35,321/-	07/2020-Adjn(ST) DC Dt.03.08.2020 . The noticee opted for SVLDR Scheme, 2019. The designated Committee issued discharge certificate for full and final settlement of tax dues under Sec 127 of the Finance (No.2) Act, 2019 read with Rule 9 of the SabkaViswas (legacy Scheme, 2019).

6	OR No. 25/2016- Adjn (ST) (JC) Dt. 18.04.2016	04/2014 to 03/2015	6,30,349/-	05/2020-Adjn(ST) DC Dt.04.08.2020 . The noticee opted for SVLDR Scheme, 2019. The designated Committee issued discharge certificate for full and final settlement of tax dues under Sec 127 of the Finance (No.2) Act, 2019 read with Rule 9 of the SabkaViswas (legacy Scheme, 2019).
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4. As per the information furnished by the Assessee along with statements vide their letter dated 15.2.2018 received on 16.2.2018, it was observed that "the Assessee" have rendered taxable services under the category of "Works Contract Services" during the period April, 2015 to June, 2017. The Assessee had rendered services for a taxable value of **Rs. 7,50,49,757/- (Rupees Seven Crores Fifty Lakhs Forty Nine Thousand Seven hundred and Fifty Seven only)**. After deduction of VAT of **Rs. 40,12,405/-** the taxable value works out to **Rs. 7,10,37,352/- (Rupees Seven Crores Ten Lakhs Thirty Seven Thousand Three hundred and Fifty Two only)** on which service tax (including Cesses) worked out to **Rs.42,07,651/-**, as per the relevant annexure to the notice.

5. Vide Finance Act, 2012, sub section (1A) was inserted in Section 73 which read as under:

SECTION 73(1A) – *Notwithstanding anything contained in sub-section (1), the Central Excise Officer may serve, subsequent to any notice or notices served under that sub –section, a statement, containing the details of service tax not levied or paid or short levied or short paid or erroneously refunded for the subsequent period, on the person chargeable to service tax, then, service of such statement shall be deemed to be service of notice on such person, subject to the condition that the grounds relied upon for the subsequent period are same as are mentioned in the earlier notices.*

6. The section **65B, 66B, 66D** as inserted in the Finance Act, 1994 by the Finance Act, 2012 w.e.f. 01.07.2012 are reproduced below:

6.1. SECTION 65B (44): "service" means any activity carried out by person for another for consideration, and includes a declared service, but shall not include – (a) an activity which constitutes merely, - (i) a transfer of title in goods or immovable property, by way of Sale, gift or in any other manner; or(ii) a transaction in money or actionable claim; (b) a provision of service by an employee to the employer in the course of or in relation to his employment; (c) fees taken in any Court or tribunal established under any law for the time being in force.

6.2. SECTION 66 B.- *There shall be levied a tax (hereinafter referred to as the service tax) at the rate of fourteen per cent on the value of all services, other than those services specified in the negative list, provided or agreed to be provided in the taxable territory by one person another and collected in such manner as may be prescribed.*

6.3. SECTION 66 D: Contains the negative list of services. It appears that services provided by the Assessee are not covered under any of the services listed therein.

6.4. SECTION 66 E; Contains declared service and work contract is covered under 66E(h) of the Finance Act, 1994.

6.5. Further, Notification No.25/2012-ST, dated 20.06.2012, as amended specified services which were exempt from payment of Service Tax. It appears that services provided by the Assessee are not covered under any of the services listed therein.

7. The grounds as explained in the Show Cause cum demand notices issued earlier are also applicable to the present case; the legal position in so far as **'Works Contract Service'** is concerned, the said service and its taxability as defined under Sub -clause(zzzza) of Clause 105 of Section 65 of the Finance Act,1994 as existed before 01.07.2012 stands now covered by 65B (54) whereby the said Service being declared service under Section 66E(h) of Finance Act, 1994 and for not being in the Negative List prescribed under 66D, continues to be a taxable service. But for the said changes in legal provision, the status of Service and the corresponding tax liability remained same. Hence, notice is issued in terms of Section **73(1A)** of the **Finance Act, 1994** for the period **April, 2015 to June, 2017.**

8. In view of the above, **M/s. Modi & Modi Constructions, Hyderabad** were issued with a Show Cause Notice vide C.No.V/24/15/02/2018-Adjn. dt.16.04.2018 requiring them to reply to the **Assistant Commissioner of Central Tax, Central Excise and Service Tax, Office of the Assistant Commissioner of Central Tax, Central Excise and Service Tax, Secunderabad GST Division, Secunderabad GST Commissionerate, D. No. 2-4-416&417,1st Floor, Salike Senate, Ramgopalpet, M.G Road, Hyderabad,** within 30(thirty) days of receipt of the notice as to why: -

i) an amount of **Rs. 42,07,651/- (Rupees Forty-Two Lakh Seven Thousand Six hundred and Fifty One only)** (including Cesses) should not be demanded from them towards "Works Contract Service "rendered by them during April, 2015 to June,2017, in terms of Section 73 (1) of the Finance Act, 1994; on the grounds discussed supra; and

ii) **Interest** should not be demanded on the amount at (i) above, under Section 75 of the finance Act, 1994; and

iii) **Penalty** should not be imposed on them under Section 76 of the Finance Act, 1994, for the contravention of Rules and Provisions of the Finance Act, 1994; and

iv) **Penalty** should not be imposed on them under Section 77 of the Finance Act, 1994.

9. REPLY TO THE SHOW CAUSE NOTICE:

9.1 The assessee furnished reply to the Show Cause Notice vide their letter dated 14.6.2018 and made the following submissions :

9.2 The assessee stated that during the disputed period for which present notice has been issued, the assessee has undertaken the following type of transactions:

i. Sale of Flats after receipt of Completion Certificate (CC) : The assessee stated in these transactions, in most of the cases sale deed is executed for the entire sale consideration without entering into any construction agreement and in some cases **sale deed is being executed for semi-finished constructions along with an agreement of construction** and said that the flats sold after CC is not leviable to service tax, he has not paid any service tax on the same but paid service tax only on amounts received towards construction agreements .

ii. Sale of Flats before receipt of Completion Certificate (CC): In these transactions, the assessee said that he is executing sale deed for semi-finished flat along with an agreement of constructions and said that Sale deed is registered and appropriate "Stamp Duty" has been discharged on the same and is discharging service tax on agreement of constructions value after availing deduction towards sale deed value and non-taxable receipts.

9.3 The assessee submitted details of Villas booked before CC and after CC as follows :

Particulars	No. of Villas
No. of Villas booked before receipt of CC (Taxable as the villas are booked before CC)	11
No. of Villas booked after receipt of CC (Not-Taxable as the villas are booked after CC)	16
No. of Villas booked after receipt of CC but with Construction Agreement (Taxable only to the extent of Agreement of Constructions)	4
Total	31

9.4 The assessee further submitted that Completion certificate from the "Chartered engineer" for 33 Villas was obtained on 05.05.2013 and applied for Occupancy Certificate (OC) on 05.11.2014 and **same is under process**. 20 villas were booked after this date and sale deed is being executed for the entire sale value of villa. In such circumstances, no service tax is liable on the amounts received towards said villas since same is "sale of immovable property" and it was specifically provided in Section 66 E(b) of Finance Act, 1994 that service tax is not liable for the villas booked after completion certificate date. Hence proposal of present Show Cause Notice to demand service tax on the villas booked after Completion Certificate (CC) date is not sustainable and required to be dropped.

9.5 The assessee said that as seen from the operative part of Show Cause Notice, it is clear that it is only sole allegation of Show Cause Notice (para 2) that construction agreements are subject to service tax under the category of "works contract" and no allegation has been raised to demand service tax on the sale deed value. Assessee however alleged that while calculating the demand of service tax on constructions agreements, the quantification is based on gross amounts mentioned for all the activities including amounts received towards the "sale deeds". So, the Show Cause Notice represents an error in quantification of the demand and stated that once the apparent error in calculation is taken to its logical conclusion, the entire demand fails and therefore there is no cause of any grievance by the Department on this ground and the following quantification of the amounts is submitted by the assessee in this regard:-

Particulars	As per Noticee	As per SCN
Gross Receipts	75049757	75049757
Less deductions:		
Sale Deed Value	66085098	0
VAT, Registration charges, stamp duty and other non taxable receipts	5365770	4012405
Taxable amount	3598889	71037352
Abatement @ 40%	1439555	28414941
Service Tax as applicable	205803	4207651
Actually paid	205803	0
Balance Demand	0	4207651

9.6 The following broad lines of argument are submitted by the assessee:-

- In all cases, the "sale deed" is entered into after the completion of the building and therefore the demand cannot be justified under the same entries
- Till the stage of entering into a "sale deed" the transaction is essentially one of sale of immovable property and therefore excluded from the purview of service tax
- In any case, the deeming fiction for construction services prior to completion cannot be classified under works contract services since doing the same would render section 66E(b) of Finance Act, 1994 & Notification 26/2012 ST dated 20.06.2012 redundant
- If at all a view is taken that the value of "sale deed" is liable to service tax, the benefit of the above notification should be granted after reclassification of the service.

9.7 The assessee submitted that similar to the claim for exclusion of sale deed value, the value attributable to stamp duty, electricity etc., need to be reduced and stated that once the above deductions are allowed, the demand would be reduced to NIL.

9.8 The assessee had made mention of the following case laws in support to his claim:-

- Commissioner of Central Excise (Appeals) and the Hon'ble CESTAT, Bangalore in the previous period has remanded the matter back to the adjudicating authority for re-quantification of the duty liability. However, the subject Show Cause Notice has not considered this aspect and demanded service tax and submitted that the proposition of the subject Show Cause Notice demanding the duty is not sustainable and requires to be dropped.
- The assessee alleged that the grounds of the old period is not at all applicable for the new / subsequent period due to the substantial changes took place in the provisions of service tax and submitted that once SCN raises allegation/demand based on inapplicable provisions then such allegation/demand cannot sustain and relied on Maharashtra Industrial Development Corporation Vs CCE, Nasik 2014 (36) S.T.R. 1291 (Tri. - Mumbai) wherein it was held that *"With regard to the show cause notice in Appeal No. ST/85267/14 we find that the period involved is 1-10-2011 to 30-9-2012. In the said case, the demand is for two periods*

- one from 1-10-2011 to 30-6-2012 and the second is from 1-7-2012 to 30-9-2012 **when the negative list came into effect but the show cause notice has been issued on the basis of definition of Management, Maintenance and Repair service has stood prior to 1-7-2012. Therefore, as post-1-7-2012 the provisions are not existing therefore, the demands for the period post-1-7-2012 are not maintainable**

9.9 The assessee stated that the subject SCN is issued without any allegations, the same has not proved the burden of proof of taxability, which is essential under new service tax law. Relied on United Telecom Ltd. Vs CST 2008(9) S.T.R. 155 (Tri-Bang); Jetlite (India) Ltd. Vs CCE 2011 (21) S.T.R. 119 (Tri-Del).

9.10 The assessee said that an amount of Rs.79,835/- has already paid towards service tax on the amounts received towards constructions agreements and requested the Adjudicating authority to consider the same while passing the order and also to exclude the value of land from determination of service tax liability.

9.11 The assessee mentioned that as they have not collected service tax from the buyer, the benefit of cum-tax u/s. 67(2) of Finance Act, 1994 requires to be given and claimed that when service tax itself is not payable, the question of interest does not arise and stated that it is a natural corollary that when the principal is not payable there can be no question of paying any interest as held by the Supreme Court in Prathiba Processors Vs. UOI, 1996 (88) ELT 12 (SC). Similarly stated that penalty also cannot be imposed in absence of the any short payment as alleged in the SCN.

9.12 Assessee submitted that for the penalty proposed under section 77, the subject Show Cause Notice has not provided any reasons as to why how penalty is applicable under section 77 of the Finance Act, 1994. Further stated that the he is already registered under service tax under works contract service and filing returns regularly to the Department, penal provisions mentioned under section 77 is not applicable for the present case and said that as the subject Show Cause Notice has not considered these essential aspects, the proposition of levying penalty under Section 77 is not sustainable and requires to be dropped. They further requested to give them an opportunity to be heard in person.

10. In terms of Para 1(ii) of CBEC Circular No.1028/16/2016-CX dated 26.4.2016, as the previous Show Cause Notices issued to M/s. Modi & Modi Constructions were kept in Call Book, hence the present Show Cause Notice also transferred to Call Book.

10.1 On 30.07.2019, M/s. Hiregange & Associates, Chartered Accountants (authorized by the assessee to represent their case) have informed that with respect to Show Cause Notice No.O.R.No.81/2013-Adjn(ST)(ADC) dated 2.12.2013 (covering the period 01/2012 to 06/2012) and OR No.109/20140-Adjn.(ST)(JC) dated 24.9.2014 (covering the period 07/2012 to 03/2014) pertaining to M/s. Modi & Modi Constructions, they would like to settle the case under Sabka Viswas (Legal dispute Resolution) Scheme as proposed in Finance Bill, 2019 (Chapter V).

10.2 In view of the directions of the Commissioner and in terms of CBEC Circular No.1053/02/2017 vide para 11.5, the file related to the present Show Cause Notice was transferred to the Adjudication Section , Hqrs. Office on 31.12.2019 on the ground that all pending notice should be adjudicated by the highest authority with whom any of the notices is pending .

10.3 P.H. intimation letter dt 01.03.2021 was sent to the assessee to attend P.H. on 15.03.2021 before the Additional Commissioner, Central Tax & Central Excise, Secunderabad GST Commissionerate. On 31.3.2021, the consultant appeared P.H. on Virtual Mode and reiterated the submissions made in their reply dated 14.6.2018. He stated that the proposal to demand Service Tax on Villas booked after completion certificate is not sustainable and is required to be dropped. He further stated that when Service Tax itself is not liable to be paid, the question of interest and penalty does not arise.

10.4 Subsequently, on 9.4.2021, the file was returned to Secunderabad GST Division as the adjudication proceedings in earlier Show Cause Notice No.53/2012-Adjn (ADC) dated 24.4.2012 (denovo) were closed on 16.6.2020 and there is no case against M/s. Modi & Modi Constructions pending for adjudication in Head Quarters and to initiate adjudication proceedings in respect of subject notice to be conducted by the Assistant Commissioner, Secunderabad GST Division as the notice falls in the monetary limits of Assistant Commissioner.

11. In view of the above directions, the subject Show Cause Notice was taken up for consideration. P.H. intimation letter dated 15.7.2021 was sent to the assessee to appear before the Assistant Commissioner of Central Tax , Secunderabad GST Division on 28.7.2021. A mail was received from Karthik Bharatha , Executive, Hiregange & Associates LLP on 28.7.21 wherein it was mentioned that they were authorized to represent M/s. Modi & Modi Constructions and have received the P.H. intimation scheduling the hearing on 28.7.2021 at 12.00 PM. But unfortunately, it missed their attention. Hence requested for one more opportunity of being heard through virtual mode.

12. Another P.H. was fixed on 3.8.2021. The consultant appeared for P.H. in Virtual mode and reiterated the submissions made in their reply dated 14.6.2018. On enquiry regarding details of party-wise receipts, he assured to submit copies of party wise ledgers along with bank statements and also copies of sale deeds / agreements in respect of all the Villas and requested time for submitting the same.

13. On 24.8.2021 , the consultant requested for some more time to submit the documents as assured during the P.H. on 3.8.21. On 4.10.21, they again requested for some more time to submit the documents.

14. During the P.H. held on 22.10.21 they submitted party-wise ledgers for the period April 2015 to June 2017, copy of Sale Deeds and Copy of completion certificates for flats sold after receipt of occupancy certificate and re iterated the submissions made in the earlier reply. A Final P.H. was held on 16.12.2021, wherein the assessee was asked to clarify the discrepancy about the payments made by them. They informed that they will

submit the required challans in a day. However, no documents were submitted till date.

Discussions and Findings :

15. I have carefully gone through the records of the case, the allegations made in the Show Cause Notice, written submissions made by the noticee and the submissions made during personal hearing held in the case. This periodical notice pertains to the period April, 2015 to June, 2017. Since the issue is a periodical notice issued under Section 73(1A), firstly I would like to briefly state the issue under dispute. The issue has been there since 2009 wherein the assessee enters into i) sale deed for sale of undivided portion of land together with semi finished portion of the house and ii) agreement for construction, with the customers. On execution of the sale deed the right in a property gets transferred to the customer, thereby the Department contended that the construction service rendered by the assessee to their customers under agreement of construction was classifiable under "Works Contract Service" as there exists service provider and receiver relationship between them and the sale deed value plus value w.r.t agreement for construction are taken for quantification of value for service portion of the works contract under the relevant rules.

16. **'Works Contract Service'** was brought under the Service Tax net with effect from 01.06.2007 vide **Notification No. 32/2007-ST, dated 22.05.2007**. The relevant provisions of law with regard to this service are reproduced hereunder:

16.1 As per **Section 65(105) (zzzza) of the Finance Act, 1994 "Taxable Service"** under Works Contract means any service provided or to be provided to any person, by any other person in relation to the execution of a works contract, excluding works contract in respect of roads, airports, railways, transport terminals, bridges, tunnels and dams.

Explanation — For the purposes of this sub-clause, **"works contract"** means a contract wherein—

- (i) transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods, and
- (ii) such contract is for the purposes of carrying out—
 - (a) erection, commissioning or installation of plant, machinery, equipment or structures, whether pre-fabricated or otherwise, installation of electrical and electronic devices, plumbing, drain laying or other installations for transport of fluids, heating, ventilation or air-conditioning including related pipe work, duct work and sheet metal work, thermal insulation, sound insulation, fire proofing or water proofing, lift and escalator, fire escape staircases or elevators; or
 - (b) construction of a new building or a civil structure or a part thereof, or of a pipeline or conduit, primarily for the purposes of commerce or industry; or
 - (c) **construction of a new residential complex or a part thereof;** or
 - (d) completion and finishing services, repair, alteration, renovation or restoration of, or similar services, in relation to (b) and (c); or

(e) turnkey projects including engineering, procurement and construction or commissioning (EPC) projects;

16.2 Section 65 of the Finance Act, 1994 as existed before 01.07.2012 stands now covered by 65B (54) .

As per Section 65 B(54) "works contract" means a contract wherein transfer of property in goods involved in the execution of such contract is leviable to tax as sale of goods and such contract is for the purpose of carrying out construction, erection, commissioning, installation, completion, fitting out, improvement, repair, renovation, alteration of any building or structure on land or for carrying out any other similar activity or a part thereof in relation to any building or structure on land;

16.3 Further, the definition for **CONSTRUCTION OF RESIDENTIAL COMPLEX SERVICE** under Finance Act is as follows;

(i) "Construction of Complex" means —

(a) construction of a new residential complex or a part thereof; or

(b) completion and finishing services in relation to residential complex such as glazing, plastering, painting, floor and wall tiling, wall covering and wall papering, wood and metal joinery and carpentry, fencing and railing, construction of swimming pools, acoustic applications or fittings and other similar services; or

(c) repair, alteration, renovation or restoration of, or similar services in relation to, residential complex;

(Section 65(30a) of the Finance Act, 1994)

(ii) "Residential Complex" means any complex comprising of—

(i) a building or buildings, having more than twelve residential units;

(ii) a common area; and

(iii) any one or more of facilities or services such as park, lift, parking space, community hall, common water supply or effluent treatment system, located within a premises and the layout of such premises is approved by an authority under any law for the time being in force, but does not include a complex which is constructed by a person directly engaging any other person for designing or planning of the layout, and the construction of such complex is intended for personal use as residence by such person.

Explanation. — For the removal of doubts, it is hereby declared that for the purposes of this clause, —

(a) —personal use includes permitting the complex for use as residence by another person on rent or without consideration;

(b) —residential unit means a single house or a single apartment intended for use as a place of residence;

(Section 65(91a) of the Finance Act, 1994)

16.4 Definition of Residential complex have gone a sea change after the introduction new service tax law w.e.f 01.07.2012. With effect from 01.07.2012 under the new service tax regime "Residential complex" means any complex comprising of a building or buildings, having more than one single residential unit; "single residential unit" means a self-contained residential unit which is designed for use, wholly or principally, for residential purposes for one family; The following construction constitutes service. 1. Construction of complex 2. Construction of building 3. Construction of civil structure 4. Construction of

complex or building which is a) intended for sale to a buyer, b) wholly or partly, and c) where whole or part consideration is received before issuance of Completion Certificate by Competent authority. It covers construction of residential, commercial and industrial complex or building etc. Therefore, there's a substantial change took place after 01.07.2012 with regard to the definition of residential complex. Thus, residential complex has been redefined by replacing twelve (12) residential units by one residential unit. It means w.e.f. 01.07.2012 any construction of residential complex or Buildings having more than one residential unit are chargeable to service tax. Therefore, construction of residential, industrial and commercial complex or building are being charged to service tax under this declared services. The period covered under the present SCN/issue is much later than the changes occurred in the definition and as such the consideration in dispute is wholly is chargeable to service tax after availment of necessary abatements..

16.5 After 01.07.2012 'Construction of Complex' is a declared service under Section 66E of the Finance Act, 1994. As per Section 66E(b) of the Finance Act, 1994 'construction of a complex, building, civil structure or a part thereof, including a complex or building intended for sale to a buyer, wholly or partly, except where the entire consideration is received after issuance of completion-certificate by the competent authority' is a declared service. Further as per Section 66E(h) of the Finance Act, 1994 '**service portion in the execution of Works Contract**' is also a declared service.

16.6 **In the instant case the assesseees are paying VAT, hence there appears to be a transfer of property involved in the execution of work. Further the contract was for the purpose of construction of complex, which is a declared service. So, the work under taken by the assesseees appear to satisfy the definition specified at Section 65B (54) of Finance Act, 1994 and the same can be termed as "Works Contract" service.**

16.7 Further, as seen from the brochure placed in the assessee's website in respect of this project i.e. "NILGIRI HOMES", the following common amenities are being provided by them to the prospective villa owners, namely 1) Clubhouse 2) fully equipped air conditioned gymnasium 3) Recreation room with pool and TT table 4) Air conditioned banquet hall with projection TV 5) Lawns for banquets 6) creche 7) Tennis court 8) Open Air badminton court 9) Basketball court 10) Beach volleyball court, 11) Children's park, 12) Land scaped gardens 13) Amphitheatre 14) Cement concrete roads and street lighting.

16.8 The undisputed facts of the case are that the noticee had entered in to two agreements with such prospective buyers – one whereby they agreed to transfer undivided share of land relating to the houses to be constructed on works contract basis and the second, whereby they agreed to undertake construction of houses and transfer them to buyers on terms specified which included payment of sums due at different stages of construction of the houses/villas . The total consideration is received in to two parts- one representing the value of undivided share of land and the other the taxable value of construction services provided. The assessee seemed to have determined the taxable value of the works contract services provided to be 40% of the value of such services earmarked (after excluding land value) and claimed it to be in accordance with Rule 2(A) (ii) of the Service Tax

(Determination of Value) Rules, 2006 and paid service tax accordingly. The allegation in the notice is that they had short-paid service tax in contravention of Rule 2(A) (ii) of the Service Tax (Determination of Value) Rules, 2006 since the noticee did not include the value of the land as part of the total amount charged for the works contract while arriving at the taxable value.

17 Section 67 of Finance Act, 1994, which governs valuation of taxable services, is as under:

(1) Subject to the provisions of this Chapter, service tax chargeable on any taxable service with reference to its value shall,-

(i) in a case where the provision of service is for a consideration in money, be the gross amount charged by the service provider for such service provided or to be provided by him;

(ii) in a case where the provision of service is for a consideration not wholly or partly consisting of money, be such amount in money, with the addition of service tax charged, is equivalent to the consideration;

(iii) in a case where the provision of service is for a consideration which is not ascertainable, be the amount as may be determined in the prescribed manner.

(2) Where the gross amount charged by a service provider, for the service provided or to be provided is inclusive of service tax payable, the value of such taxable service shall be such amount as, with the addition of tax payable, is equal to the gross amount charged.

(3) The gross amount charged for the taxable service shall include any amount received towards the taxable service before, during or after provision of such service.

(4) Subject to the provisions of sub-sections (1), (2) and (3), the value shall be determined in such manner as may be prescribed.

Explanation.-"For the purposes of this section,-

(a) "Consideration" includes any amount that is payable for the taxable services provided or to be provided;

(b)

(c) "gross amount charged" includes payment by cheque, credit card, deduction from account and any form of payment by issue of credit notes or debit notes and book adjustment, and any amount credited or debited, as the case may be, to any account, whether called "Suspense account" or by any other name, in the books of account of a person liable to pay service tax, where the transaction of taxable service is with any associated enterprise.

18 Rule 2A of Service Tax (Determination of Value) Rules, 2006, has been substituted with effect from 01.07.2012 vide Notification 24/2012-Service Tax dated 06.06.2012. Rule 2 A is as under:

"2A. Determination of value of service portion in the execution of a works contract.- Subject to the provisions of section 67, the value of service portion in the execution of a works contract, referred to in clause (h) of section 66E of the Act, shall be determined in the following manner, namely:-

(i) Value of service portion in the execution of a works contract shall be equivalent to the gross amount charged for the works contract less the value of property in goods transferred in the execution of the said works contract.

Explanation- For the purposes of this clause-

(a) gross amount charged for the works contract shall not include value added tax or sales tax, as the case may be, paid or payable, if any, on transfer of property in goods involved in the execution of the said works contract;

(b) value of works contract service shall include, -

- (i) labour charges for execution of the works;
- (ii) amount paid to a sub-contractor for labour and services;
- (iii) charges for planning, designing and architect's fees;
- (iv) charges for obtaining on hire or otherwise, machinery and tools used for the execution of the works contract;
- (v) cost of consumables such as water, electricity, fuel used in the execution of the works contract;
- (vi) cost of establishment of the contractor relatable to supply of labour and services;
- (vii) other similar expenses relatable to supply of labour and services; and
- (viii) profit earned by the service provider relatable to supply of labour and services;

(c) Where value added tax or sales tax has been paid or payable on the actual value of property in goods transferred in the execution of the works contract, then, such value adopted for the purposes of payment of value added tax or sales tax, shall be taken as the value of property in goods transferred in the execution of the said works contract for determination of the value of service portion in the execution of works contract under this clause.

(ii) Where the value has not been determined under clause (i), the person liable to pay tax on the service portion involved in the execution of the works contract shall determine the service tax payable in the following manner, namely:-

(A) in case of works contracts entered into for execution of original works, service tax shall be payable on **forty per cent.** of the total amount charged for the works contract;

(B) in case of works contract entered into for maintenance or repair or reconditioning or restoration or servicing of any goods, service tax shall be payable on seventy percent. of the total amount charged for the works contract;

(C) in case of other works contracts, not covered under sub-clauses (A) and (B), including maintenance, repair, completion and finishing services such as glazing, plastering, floor and wall tiling, installation of electrical fittings of an immovable property, service

tax shall be payable on sixty per cent of the total amount charged for the works contract;

Explanation 1.- For the purposes of this rule-

(a) "original works" means-

(i) all new constructions;

(ii) all types of additions and alterations to abandoned or damaged structures on land that are required to make them workable;

(iii) erection, commissioning or installation of plant, machinery or equipment or structures, whether pre-fabricated or otherwise;

(d) "total amount" means the sum total of the gross amount charged for the works contract and the fair market value of all goods and services supplied in or in relation to the execution of the works contract, whether or not supplied under the same contract or any other contract, after deducting-

(i) the amount charged for such goods or services, if any; and

(ii) the value added tax or sales tax, if any, levied thereon:

Accordingly value has to be determined for 'Works Contract' under Rule 2A of Service Tax (Determination of Value) Rules, 2006 substituted w.e.f. 01.07.2012 vide Notification 24/2012-Service Tax dated 06.06.2012.

19 In this case after 01.07.2012 the provisions of clause (i) of Rule 2A of Service Tax (Determination of Value) Rules, 2006 as amended w.e.f. 01.07.2012 cannot be followed as the assessee have not segregated the actual value of property in goods transferred in the execution of the works contract while paying VAT. Therefore clause (ii) of Rule 2A of Service Tax (Determination of Value) Rules, 2006 as amended w.e.f. 01.07.2012 shall be followed in this case.

As per clause (ii) (A) service tax shall be payable on **forty percent** of the total amount charged for the works contract for execution of original works. In the instant case the assessee have constructed a new residential complex and is the original works, hence Service Tax is payable on forty percent of the total amount charged.

20 In this regard, I am inclined to rely on the Hon'ble CESTAT, Chennai order in ISHA Homes (I) Pvt Ltd Vs Commissioner of Service Tax, Chennai, reported vide 2012 (25) S.T.R. 465 (Tri. - Chennai) wherein the Hon'ble Tribunal observations are reproduced hereunder;

"We have carefully considered the submissions from both sides and perused the records including sample sale deed executed for sale of plot in connection with one of the villas.

6.2 *Prima facie, we find the following :-*

(a) *The 97 "independent houses" referred to as villas are part of a gated community built as per the layout of the property approved by the local municipal authority. The common area and the common facilities make the 97 villas as part and parcel of "residential complex". They are horizontally spread over unlike in the case of flats in a residential complex which are vertically spread. It is also noticed that each of the villa owners is required to make payments towards life time club membership and corpus funds for maintenance of overall complex.*

Further, the villa owners are required to share the cost of repairs and maintenance and all common amenities on pro rata basis.

(b) The definition of "residential complex" reads as under :-

"residential complex" means any complex comprising of - (i) a building or buildings, having more than twelve residential units;

(ii) a common area; and (iii) any one or more of facilities or services such as park, lift, parking space, community hall, common water supply or effluent treatment system.

(iv) Located within a premises and the layout of such premises is approved by an authority under any law for the time being in force, but does not include a complex which is constructed by a person directly engaging any other person for designing or planning of the layout, and the construction of such complex is intended for personal use as residence by such person.

(v) Explanation - For the removal of doubts, it is hereby declared that for the purposes of this clause, -(a) "person use" includes permitting the complex for use as residence by another person on rent or without consideration; (b) "residential unit" means a single house or a single apartment intended for use as a place residence"

From a close reading of the above, it is noticed that the residential complex can comprise of "a building" or "buildings". This shows that the residential complex envisaged for taxing purpose can consists of more than one building. Further, the Explanation of "residential unit" refers to "a single house" or "single apartment" which implies that independent houses can form part of the residential complex.

(c) We find that service tax on "construction of complex services" is in vogue w.e.f. 16-6-2005 and, therefore, service tax is payable under the said category w.e.f. 16-6-2005. This position stands notwithstanding the introduction of "Works Contract Service" w.e.f. 1-6-2007.

(d) The amendment introduced to Section 65(105)(zzzh) w.e.f. 1-7-2010 and the explanation of the Board in this case appears to cover a situation when payments are received "even before completion certificate" the same should be treated as towards services deemed to have been rendered. This amendment could not be treated to imply that no service tax at all was payable on a specific service of construction of complex service prior to 1-7-2010 merely on the ground that the amounts were received in advance.

(e) The decision in the case of CST v. Shrinandnagar basically dealt with the issue whether a housing society could be held to have rendered services to the members. Further, the decision has been rendered in the facts of the said case and the Hon'ble High Court did not find any question of law arising for their consideration. The decision of the Tribunal in the case of Macro Marvel Projects Ltd. deals with a case involving construction of individual residential house and, in the present case, it involves a case of gated community consisting of 97 villas with common areas and common facilities and bound together by agreement to pay common expenses.

(f) The non-registration as a service provider in spite of their having entered a contract with the customers that "applicable service tax as shall be indicated and demanded by the builder/promoter shall be paid" and their furnishing the relevant details latest by 15-7-2009, go to show that the SCN dated 15-1-2010 may not be time-barred.

In view of the above, we hold that the applicant has not made out strong case.

21 The ratio of the above case squarely applies to the case on hand. Further, in the case of C.S.T., New Delhi Vs Gandharva Infrastructure & Projects Ltd, reported in 2017 (6) G.S.T.L. 431 (Tri. - Del.) the Hon'ble Tribunal has observed that;

*"For the activity to be covered by the definition of residential complex, the complex should comprise of more than 12 residential units. This can be situated within one building or more than one building. Further requirement is that these residential units should have a common order and further one or more facilities such as parking, lift, community hall, common water supply, etc. From the records, we find that the respondent is engaged in the construction of individual independent residential houses. Each such house will be a residential unit for use at the place of residents. The important question to decide the issue is whether these individual independent residential units are situated as part of a complex with common area and one or more facilities. We have perused the layout plan submitted by the Id. Counsel of OMICRON-I layout. We find that the entire area is divided into several clusters of plots on which individual houses have been built for the respondent. We note that each house shares a wall with the houses on either side as well as the one in front/behind. We also find that there are common facilities such as parks, community hall, etc. and note that the layout plan of each house is provided by the GNIDA which is also one of the requirements for governing residential complex. **In view of the above, we are of the view that each of these clusters of houses will form a residential complex comprising of several individual residential houses with common area and various facilities. Consequently, these will be covered within the definition of construction of complex and liable to service tax. The adjudicating authority's interpretation that more than 12 residential units should be part of one building situated in one plot of land is without any basis.** However, we note that the layout plan of only one of the layouts constructed has been submitted. Before concluding on the service tax demand it will be necessary to go through the layout plan of all the layouts constructed by the appellant with a view to examine the factual position in the case. We also note that the nature of construction carried out by the appellant is of composite nature involving supply of materials as well as verification of services. In terms of the decision of Hon'ble Supreme Court in the case of Larsen & Toubro - 2015 (39) S.T.R. 913 (S.C.) such composite construction are liable to service tax only w.e.f. 1-6-2007 under the category of works contract services"*

22 As seen from the above judgement, it was categorically affirmed by the tribunal that the assessee's contention that more than 12 residential units should be part of one building situated in one plot of land is devoid of any merits as such the total consideration received by them before issuance of the completion certificate by the municipal authorities is taxable.

23 The noticee took the argument that they are not liable for payment of Service tax on those flats sold after completion certificate as per Section 66 E(b) of Finance Act 1994 and that after deduction of the same, they have paid the tax @ 40 % abatement on the remaining amounts received towards agreement for construction with customers .This is undisputedly a transaction involving execution of works contract and accordingly Section 66 E (h) of Finance Act 1994 (“service portion in the execution of a works contract”) read with Rule 2A (ii) of the Service Tax (Determination of Value) Rules, 2006 are the relevant legal provisions in this instant case.

24 In this regard as per Section 66E(b) of the Finance Act, 1994
Explanation

(I) ‘the expression “competent authority” means the Government or any authority authorized to issue completion certificate under any law for the time being in force and in case of non-requirement of such certificate from such authority, from any of the following , namely:-

- (A) Architect registered with the Council of Architecture constituted under the Architect Act, 1972 (20 of 1972): or
- (B) Chartered engineer registered with the Institution of Engineers (India); or
- (C) Licensed surveyor of the respective local body of the city or town or village or development or planning authority;

25 As seen from the above explanation, it is observed that only in case of non-requirement, the chartered engineer or Architect or Licensed surveyor can issue such certificates. However, these certificates are mandatorily required to the residential complex builders to produce before the local body authorities for getting necessary approvals/permissions. The completion certificate contains all the required details including the identification of the land, the location, the organization/builder, if the building has adhered to the building plan, and met all the standards of safety and regulation, distance from the road, distance from surrounding buildings, height and other criteria set by the municipal authorities. In essence, the Completion certificate certifies that the building has not violated any rules and norms in that locality. According to The Apartment/residential complex ownership Acts in various states across the country, CC is a compulsory document for an owner or builder in order to avail water and electricity supply. When an owner purchases an apartment from the builder, he should obtain a copy of the CC from the builder when he is taking possession of the said unit.

26 A completion certificate demonstrates that the building has been constructed as per the laid down norms and that it has been inspected by the authorities. In addition, this certificate is a pre-requirement for applying to water and electricity connection for a building. However, having a completion certificate is beneficial in more than one ways and is a mandatory requirement for the following reasons

- Sense of security that the building has been constructed in line with the approved plan
- Only after the completion or possession of home can you claim Income tax benefits.

- Avoid evictions or other legal procedures that municipal authorities can proceed against you.
- A requirement while selling your home
- Completion Certificate forms a pre-requisite for obtaining Occupancy Certificate. Without an occupancy certificate, it is illegal to reside in a particular building.

27 As per the Rules issued under Andhra Pradesh State Government Gazette Notification issued by the MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT DEPARTMENT vide G.O. MS. No. 168 Dated: 07/04/2012, the Definition for Competent Authority is given in the para 2. a) of the said G.O wherein it was clearly mentioned Definitions: In these rules;

2. a) 'Competent authority' means:

- (i) **The Metropolitan Commissioner, Hyderabad Metropolitan Development Authority in HMDA area exclusive of Greater Hyderabad Municipal Corporation (GHMC) Area,**
- (ii) **The Commissioner, Greater Hyderabad Municipal Corporation (GHMC)**
- (iii) **The Vice Chairman of the respective Urban Development Authority.**
- (iv) **The Director of Town & Country planning in case of Municipal Corporations, Municipalities, Nagara Panchayats not covered in Urban Development Authorities and Gram Panchayat areas covered in Master plans/General Town Planning Schemes notified under Andhra Pradesh Town Planning Act, 1920.**

28 Further, as per the Provisions of Telangana State Gazette Notification issued by the MUNICIPAL ADMINISTRATION & URBAN DEVELOPMENT (M1) DEPARTMENT vide G.O. MS. No. 152 Dated: 02/11/2015, the Definition for Competent Authority is given in the para 2. 2 of the said G.O wherein it was clearly mentioned

2.2 "Competent Authority" means

the Municipal Commissioner in case of areas falling in the Municipal Corporation and Municipal limits; the Metropolitan Commissioner, Hyderabad Metropolitan Development Authority / the Vice Chairman of the Urban Development Authority in case of areas falling outside Municipal Corporation or Municipality in the Hyderabad Metropolitan Development Authority / Urban Development Authority area.

29 As per the Provisions of Telangana Building Rules 2012, "Upon completion of the construction, the builder or the developer of the building has to apply for the Completion Certificate to the municipal authority" If the building is constructed as per the building approval plan and if it meets other building standards, the concerned authority will issue Completion Certificate. As per the law the "competent authority" means the Government authority and it is mandatory to obtain such certificate from the Municipal authorities

The completion certificates submitted by the assessee are issued by Chartered Engineer / Registered Valuer and not by the Competent authority of the government as specified and as such the completion certificates obtained from the Chartered Engineer/registered

valuer/architect by the assessee are not valid and proper documents for this purpose and thus, they are liable for rejection.

30 Hence, M/s Modi & Modi constructions are liable to pay service tax on the Villas/houses sold by them before the issuance of Completion certificate by the competent authority of the Government. Further, as per clause (ii) of Rule 2(A) of Service Tax (Determination of Value) Rules, 2006, service tax shall be payable on **forty percent** of the total amount charged for the works contract for execution of original works. Here the total amount charged (after deduction of VAT amount) is Rs.7,10,37,352/- and the 40% value is Rs.2,84,14,941/- and Service tax liability is Rs.42,07,651/-

31 **M/s Modi & ModiConstructions** have been rendering various taxable services but they have not discharged their tax liability as detailed in the above sections / Rules. The short payment or non-payment would not have come to light but for the details called for vide this office letters cited. Therefore, it appears that the assessee has intentionally suppressed the fact of rendering taxable services to avoid service tax liability. Hence, extended period under proviso to **Section 73(1)** appears to be invocable to recover the short paid / not paid service tax.

In view of the above discussions and findings, invoking extended period of limitation under Section 73 of the Finance Act, 1994 is sustainable.

32 I find that the assessee has referred to "non taxable receipts" in his worksheet which he claims has to be deducted while determining the taxable value. In his submissions, he contends that VAT, registration charges, Stamp duty, electricity charges are to be deducted. I find that the notice itself has not taken VAT, registration charges for purpose of quantification of taxable value. Therefore it is not a bone of contention between the Department and the assessee. As regards other "non taxable receipts" as claimed by the noticee, he has not provided any documents except the worksheet. Without any other material facts on record, I am not in a position to examine the nature of the supposed non taxable receipts. The onus is on the noticee to provide supporting documents to substantiate his contention that these are not to be taken into consideration for determining the taxable value. They have failed to do so. Here, I must point out that under Rule 2A (ii), *total amount* charged for the work contract is to be taken for abatement and "total amount" has been defined under the said rules as *"sum total of the gross amount charged for the works contract and the fair market value of all goods and services supplied in or in relation to the execution of work contract, whether or not supplied under the same contract or any other contract after deducting*

i) the amount charged for such goods or services, if any

ii) the value added tax or sales tax, if any levied thereon"

Going by the above explanation under the Rules, gross amount has to be taken into consideration. It is not in dispute these amounts were in the course of execution of works contract and I therefore hold that such receipts are to be treated as part of the gross amount charged and thus ought to be taken into account for quantification of taxable value under Rule 2A(ii).

33. Moreover, the bone of contention between the department and the assessee was the value to be taken for ascertaining the Tax payable by them on

the amounts received before the issuance of Completion Certificate from the Competent authority. Even after several reminders, intimations, the assessee have neither submitted any Completion Certificates from the Municipal authority nor given any data / documents which were very essential for arriving the taxable value. Therefore, it appears that the assessee have not submitted the requisite data/documents only with a clear intent to evade the payment of Tax and as such they have suppressed the gross consideration from the department. After constant persuasion, they have finally submitted some work sheets , documents like P & L Account, ST-3 returns on 15.2.2018. Immediately after submission of the above said documents, the department has scrutinized the same and based on the above, issued a Show Cause Notice.

34 Further, I find that the assessee has placed reliance on the decision by Hon'ble Tribunal in the case of Maharashtra Industrial Development Corporation Vs CCE, Nasik 2014 (36) S.T.R. 1291 (Tri. - Mumbai) where in it was held that notice was issued on the definition of Management Maintenance and Repair Service as it existed prior to introduction of negative list and with the provisions no longer existing post 01.07.2012, the demand requires to be set aside. I find that there is a reference to classification under Works Contract Service under Section 65(105) (zzza) in this notice which post negative list has been included under declared Services in terms of Section 66 E(h) of Finance Act 1994. Therefore, it cannot be said to be on the same footing as the case referred above by the noticee.

35 As per Section 75, of the Finance Act, 1994, "**Every person, liable to pay the tax in accordance with the provisions of** Section 68, or rules made thereunder, who fails to credit the tax or any part thereof to the account of the Central Government within the period prescribed shall pay simple interest at applicable rate.

In the present case, the assessee has not paid the applicable service tax. They failed to credit the tax or any part thereof within the period prescribed. Hence, they are liable to pay interest on the taxable value at applicable rate as per Section 75 of the Finance Act, 1994.

36 Coming to the issue of imposing penalty, this issue is no more res integra in view of the Judgements of the Hon'ble Supreme Court in the case of Union of India and others Vs. Dharmendra Textile processors and Others., 2008 (231) EL (3) (SC) and Union of India Vs Rajasthan Spinning & Weaving Mills – 2009 (238) ELT 3 (SC). The Apex Court has held that penalty is Civil liability and the ratio of the same is applicable in all cases of tax evasion.

37 As regard the proposal for penalty under Section 76 of Finance Act, 1994, I must mention that the then prevailing legal position has been that in terms of Rule 2(A)(ii) of the Service Tax (Determination of Value) Rules, 2006 service tax was payable on the total amount charged for the works contract subject to permissible deductions. The law had not, in any case, specified that the total amount charged for the execution of works contract could exclude the value of undivided share of land. In spite of this legal position prevailing then as well (even without amendment), the noticee is found to have attempted to undervalue taxable value of the service portion of works contract executed by

them by arbitrarily assigning some part of total consideration received for a composite service to the value of land share resulting in short payment of tax. I therefore hold that the noticee is liable for penalty under Section 76 of Finance Act 1994.

38 Further, in the light of the charges specified in the notice which are based entirely on facts on record and in the light of each of such contravention of Section 67, 68 and 70 of the Act, 1994 as has been specified, they are liable for penalty under Section 77 of the Finance Act, 1994.

In the light of above discussions and findings, I pass the following order :

ORDER

- (a) I confirm the demand of an amount of **Rs. 42,07,651/- (Rupees Forty-Two Lakhs Seven Thousand Six hundred and Fifty One only)** (including Cesses) being service tax payable on the taxable services rendered by them during the period from April, 2015 to June, 2017, in terms of sub-section (2) of Section 73 of the Finance Act, 1994; against M/s. Modi & Modi Constructions; on the grounds discussed supra
- (b) In terms of Section 75 of the Finance Act, 1994, I order M/s. Modi & Modi Constructions to pay interest at appropriate rates, on the amount mentioned at (a) above;
- (c) I impose a **penalty** of Rs. 4,20,765/- (Rupees Four Lakhs Twenty thousand Seven Hundred and Sixty Five only) (being 10% of the ST payable) on M/s. Modi & Modi Constructions, under Section 76 of the Finance Act, 1994, for failure to pay Service Tax; and
- (d) **I impose a Penalty of Rs. 10,000/- (Rupees Ten Thousand Only)** on M/s. Modi & Modi Constructions under Section 77 of the Finance Act, 1994 for failure to declare the right taxable incomes in their ST-3 return.

CEAO-184/2021

(डॉ. जेविद्याधरराव / Dr. J VIDYADHAR RAO)
सहायक आयुक्त / Assistant Commissioner
सिकंदराबाद मण्डल / Secunderabad Division

M/s Modi & Modi Constructions., 5-4-187/3& 4, 2nd Floor, Soham Mansion, M.G. Road, Secunderabad - 500 003

Copy to:

- (i) The Commissioner of Central Tax and Central Excise, Secunderabad GST Commissionerate, GST Bhavan, Opp.L.B.Stadium, Hyderabad. (Review Section)
- (ii) Copy to the Superintendent of Central Tax, Ramgopalpet - II Range, Secunderabad GST Division, Secunderabad GST Commissionerate with a direction to serve the OIO on the assessee and submit the dated acknowledgement to this office.

Office copy/Master file