

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL  
NEW DELHI**

**PRINCIPAL BENCH –COURT NO. 4**

**E-HEARING**

**Service Tax Appeal No. 52501 of 2018**

(Arising out of Order-in-Appeal No. 118-119(SM)ST/JPR/2018 dated 20.02.2018 passed by the Commissioner (Appeals), Central Excise & Central GST, Jaipur)

**M/s Jyotsna Vaults**

1285, Ghinsi Bhawan, Gopal Ji ka rasta,  
Johri Bazar-Jaipur-302003 (Rajasthan)

**Appellant**

**Versus**

**Commissioner (Appeals), Central Excise And  
Central Goods And Service Tax, Jaipur**

NCR Building, Statue Circle,  
C-Scheme, Jaipur-302005 (Rajasthan)

**Respondent**

**With**

**Service Tax Appeal No. 52502 of 2018**

(Arising out of Order-in-Appeal No. 118-119(SM)ST/JPR/2018 dated 20.02.2018 passed by the Commissioner (Appeals), Central Excise & Central GST, Jaipur)

**M/s Jyotsna Vaults**

1285, Ghinsi Bhawan, Gopal Ji ka rasta,  
Johri Bazar-Jaipur-302003 (Rajasthan)

**Appellant**

**Versus**

**Commissioner (Appeals), Central Excise And  
Central Goods And Service Tax, Jaipur**

NCR Building, Statue Circle,  
C-Scheme, Jaipur-302005 (Rajasthan)

**Respondent**

**And**

**Service Tax Appeal No. 52503 of 2018**

(Arising out of Order-in-Appeal No. 118-119(SM)ST/JPR/2018 dated 20.02.2018 passed by the Commissioner (Appeals), Central Excise & Central GST, Jaipur)

**M/s Jyotsna Vaults**

1285, Ghinsi Bhawan, Gopal Ji ka rasta,  
Johri Bazar-Jaipur-302003 (Rajasthan)

**Appellant**

**Versus**

**Commissioner (Appeals), Central Excise And  
Central Goods And Service Tax, Jaipur**

NCR Building, Statue Circle,  
C-Scheme, Jaipur-302005 (Rajasthan)

**Respondent**

**Appearance:**

Present for the Appellant: Shri Sanjiv Agarwal, Chartered Accountant

Present for the Respondent: Shri Shashank Yadav, Authorized Representative

**CORAM:**

**Hon'ble Dr. Rachna Gupta, Member (Judicial)**

**Hon'ble Ms. Hemambika R. Priya, Member (Technical)**

**Date of Hearing/Decision : 15/05/2025**

**Final Order Nos. 50776-50778/2025**

**Dr. Rachna Gupta:**

Present order disposes of three appeals with respect to same appellant arising out of common Order-in-Appeal bearing No. 118-119/2018 dated 08.02.2018. The details of appeals are as follows:

<b>Appeal No.</b>	<b>Show Cause Notice No.</b>	<b>Period of dispute</b>	<b>O-I-O. No.</b>	<b>Demand confirmed</b>	<b>O-I-A. No.</b>
ST/52501/2018	14/5537 dated 10.04.2014	4/2012 to 3/2013	28/2014 dated 2.9.2015	2,29,767/-	118-119 dated 20.02.2018
ST/52502/2018	29/JV/D/14/1575 dated 9.4.2015	04/2013 to 03/2014	29/2015 dated 20.10.2015	2,25,628	118-119 dated 20.02.2018
ST/52503/2018	29/JY/D/1549/24 dated 20.10.2015	04/2012 to 03/2013	28/2014 dated 2.9.2015	2,47,438/-	118-119 dated 20.02.2018

2. Facts relevant for present adjudication are as follows:

2.1 The appellant is engaged in providing services of renting of private lockers covered under Banking and other financial services and are registered with the department. It was alleged that during the period from April 2012 to March 2015, the appellant demanded in the table above has charged locker ret as well as refundable interest free security deposits from their clients to

whom the said lockers were rented out but has not paid due amount of service tax leviable on the value of taxable service which includes the notional interest on interest free deposits also.

2.2 Based on these observations, the show cause notices as mentioned in the table above were issued to the appellants proposing such amount as mentioned in the said table. The proposals were confirmed vide respective orders in original as mentioned in the said table. Appeal against said order-in-originals is rejected vide a common order in appeal dated 20.02.2018 has been challenged before this Tribunal.

3. We have heard Shri Sanjiv Agarwal, learned counsel for the appellant and Shri Shashank Yadav, Authorized Representative for Revenue.

4. Learned counsel for the appellant has mentioned that the issue involved in these appeals is common and has already been decided in favour of the appellants vide **M/s Birani Safe Deposit Vaults Pvt. Ltd., M/s Ratna Sagar Safe Deposit Vaults Pvt. Ltd. and M/s Jyotsna Vaults Vs. Commissioner, Central Goods & Service Tax, Jaipur<sup>1</sup>** and also in the following decisions:

(i) **Moriroku UT India (P) Ltd. Vs. State of UP<sup>2</sup>**;

(ii) **M/s Murli Realtors Pvt. Ltd., & Others Vs. CCE, Pune-II<sup>3</sup>**

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1 2023 (10) TMI 498 – CESTAT NEW DELHI  
2 2008 (3) TMI 513 – Supreme Court  
3 2014 (9) TMI 461 – CESTAT Mumbai

5. Learned Departmental Representative has conceded that the issue is no more res integra, however, has reiterated the findings of the adjudicating authority below.

6. Having heard both the parties and perusing the entire record, the issue to be adjudicated is observed to be as follows:

*"whether the interest free security deposits taken by the appellant from their tenant/lessees leading to accrual of notional interest is an extra consideration to be included in the taxable value for the purpose of payment of service tax?"*

7. Foremost we look into the meaning of taxable value.

Section 67 of the Finance Act is relevant, it reads as follows:

"67 (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) "money" includes any currency, cheque, promissory note, letter of credit, draft, pay order, travellers cheque, money order, postal remittance and other similar instruments but does not include currency that is held for its numismatic value;

(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 1 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."

#### 8. A Division Bench of this Tribunal in **Murli Realtors**

(supra) while examining a similar issue, observed as follows:

"6.1 Section 67 of the Act, reproduced in para 4.1 above, clearly provides that only the consideration received in money for the service rendered is leviable to Service Tax. The consideration for renting of the immovable property is the amount agreed upon between the parties and on this amount the appellant is discharging Service Tax liability. The security deposit is taken for a different purpose altogether. It is to provide for a security in case of default in rent by the lessee or default in payment of utility charges or for damages, if any, caused to the leased property. Thus, the security deposit serves a different purpose altogether and it is not a consideration for leasing of the property. The consideration of the leasing of the property is the rent and, therefore, what can be levied to Service Tax is only the rent charged and no notional interest on the security deposit taken can be levied to tax. There is no provision in Service Tax law for deeming notional interest on security deposit taken as a consideration for leasing of the immovable property. Therefore, in the absence of a specific provision in law, as held by the Hon'ble Apex Court in the case of *Moriroku UT India (P) Ltd.* (supra), there is no scope for adding any notional interest to the value of taxable service rendered. Even in the excise law, under Rule 6 of the Valuation Rules, unless the department shows that the deposit taken has influenced the sale

price, notional interest cannot be automatically included in the sale price for the purpose of levy. In the absence of a provision in law providing for a notional addition to the value/price charged, the question of adding notional interest on the security deposit as a consideration received for the services rendered cannot be sustained and we hold accordingly.”

(emphasis supplied)

9. A perusal of the aforesaid decision of the Tribunal also of the decision in **Binani Safe Deposit Vaults** (supra) and in appellant’s own case reveals that since the consideration for leasing of the property is rent, so what can be levied to service tax is only rent and notional interest on the security deposit cannot be subjected to levy of service tax.

10. In view of the aforesaid decision of the Tribunal and that we find no reason to differ therefrom, the facts of present appeal being identical. Hence we hold that service tax cannot be levied on the notional interest calculated by the department on the interest free security deposit collected by the appellant.

11. Such being the position, the order passed by the Commissioner (Appeals) which has been assailed in the present three appeals cannot be sustained and hence is set aside. Three of the appeals are, accordingly, allowed.

(Pronounced in open Court)

**(Dr. Rachna Gupta)**  
**Member (Judicial)**

**(Hemambika R. Priya)**  
**Member (Technical)**

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