



MAJESTY LEGAL  
Advocates & Solicitors

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## **NO SERVICE TAX CHARGEABLE UNDER SECURITY AGENCY SERVICES**

### **POLICE COMMISSIONER VERSUS COMMISSIONER OF CENTRAL EXCISE & ST, SURAT**

In a recent ruling, Ld. CESTAT, Ahmedabad has determined that no service tax applies to the category of "security agency service" while hearing the case of *Police Commissioner VERSUS Commissioner of Central Excise & ST, Surat*<sup>1</sup>. The matter concerned whether the services provided by the Police Commissioner of Surat, such as security escort and detecting agency services and the corresponding remuneration received for these services, are subject to service tax. The appellant argued against the imposition of service tax on the police department for its provision of various services, including escort and detecting agency services, to different agencies, contending that the consideration received in exchange for these services should not be subjected to service tax. Further, Ld. CESTAT, drawing on precedents from several judgments, affirmed that the security services rendered by the police department to various agencies, along with the compensation received for these services, do not fall under the purview of service tax under the classification of security agency services.

Accordingly, it held that the issue is no longer res-integra, set aside the impugned order, and allowed the appeal.

#### **TEAM MAJESTY LEGAL<sup>2</sup>**

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<sup>1</sup> SERVICE TAX Appeal No. 10515 of 2015-DB

<sup>2</sup> Majesty legal is a LAW FIRM established in 2013 by Ms. Mahi Yadav. Objective of this legal update is to provide insights on law, statutes and is personal in nature, not to be deemed as legal advice.

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

REGIONAL BENCH - COURT NO. 3

**SERVICE TAX Appeal No. 10515 of 2015-DB**

[Arising out of Order-in-Original/Appeal No SUR-EXCUS-001-COM-023-14-15 dated 04.08.2014 passed by Commissioner of Central Excise, Customs and Service Tax-SURAT-I]

**Police Commissioner**

Surat City Police Seva Sadan Athwalines  
SURAT, GUJARAT

**.... Appellant**

*VERSUS*

**Commissioner of Central Excise & ST, Surat-i**

New Building...Opp. Gandhi Baug,  
Chowk Bazar, Surat, Gujarat-395001

**.... Respondent**

**WITH**

**SERVICE TAX Appeal No. 13637 of 2014-DB  
(ST/Cross/10162/2015)**

[Arising out of Order-in-Original/Appeal No SUR-EXCUS-001-COM-023-14-15 dated 04.08.2014 passed by Commissioner of Central Excise, Customs and Service Tax-SURAT-I]

**Commissioner of Central Excise & ST, Surat-i**

New Building...Opp. Gandhi Baug,  
Chowk Bazar, Surat, Gujarat-395001

**.... Appellant**

*VERSUS*

**Police Commissioner**

Surat City Police Seva Sadan Athwalines  
SURAT, GUJARAT

**.... Respondent**

**APPEARANCE :**

Shri Rahul Gajera, Advocate for the Appellant – Assessee  
Shri Rajesh Nathan, Assistant Commissioner, (AR) for the Respondent

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

DATE OF HEARING : 06.02.2024

DATE OF DECISION : 15.02.2024

**FINAL ORDER NO. 10411-10412/2024**

**RAMESH NAIR :**

The issue involved is that the service of security escort/ detecting agency provided by the Police Commissioner, Surat and consideration

received their against is liable to service tax or otherwise. Against the common order assessee the police Commissioner filed Appeal No ST/10515/2015 contesting the demand of service tax. Revenue also filed Appeal No. ST/13637/2014 seeking imposition of penalty which was not imposed by the adjudicating authority. Since the Revenue appeal is consequential to the demand of service tax, assessee's appeal is taken first for consideration.

2. Shri Rahul Gajera, Learned Counsel appearing on behalf of the assessee submits that the issue of levy of service tax on the police department for various service such as escort service, detecting agency service provided to various agencies and consideration received here against is not liable to service tax as held in various following judgments:-

(a) Deputy Commissioner of Police Jodhpur vs. Commissioner - 2017 (48) STR 275 -(Tri. Del) upheld by the Hon'ble Supreme Court reported at Commissioner vs. Deputy Commissioner - 2018 (11) GSTL J133 (SC)

(b) Jamnagar Police vs. CCE and ST, Rajkot - 2023 (12) TMI 183-CESTAT AHMEDABAD

3. Shri Rajesh Nathan, Learned Assistant Commissioner (AR) appearing on behalf of the Revenue reiterates the finding of the impugned order.

4. We have carefully considered the submission made by both sides and perused the records. We find that the issue is no longer *res-integra* as in the various judgments including the judgments cited by the assessee, it is categorically held that security service provided by the police department

to various agencies and consideration their against received by them is not liable to service tax under security agency service. Therefore, the issue is no longer *res-integra*. Therefore, the demand is set aside, consequently no penalty can be imposed as sought in the Revenue's appeal.

5. Accordingly, the impugned order is set aside. Appeal of Assessee is allowed and appeal of revenue is dismissed. CO also stands disposed of.

*(Pronounce in the open court on 15.02.2024)*

**(Ramesh Nair)**  
**Member (Judicial)**

**(C L Mahar)**  
**Member (Technical)**

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