CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL

NEW DELHI

PRINCIPAL BENCH- COURT NO. III

Service Tax Misc Application No. 50067 of 2026
in
Service Tax Appeal No. 50781 of 2020

(Arising out of Order-in-Appeal No. 42/CRM/ST/JDR/2020 dated 31.01.2020 passed by the Commissioner, Central Goods & Service Tax Commissioenrate, Udaipur.)

M/s Mangalam Cement Ltd. **...... Appellant**
Aditya Nagar, Morak,
Distt. Kota-326520

Versus

The Commissioner, Central Goods **...... Respondent**
And Service Tax Commissionerate,
142-B, Hiran Magri, Sector-11, Udaipur

APPEARANCE:

Mr. Shivam Bansal, Advocate for the appellant
Mr. Shri Shashank Yadav, Authorised Representative of the department

CORAM:

HON'BLE MR. ASHOK JINDAL, MEMBER (JUDICIAL)
HON'BLE MR. P.V. SUBBA RAO, MEMBER (TECHNICAL)

DATE OF HEARING/ DECISION: 08.09.2026

FINAL ORDER NO. 51446/2026

ASHOK JINDAL:

The appellant has filed this appeal and Miscellaneous application for bringing additional document on record.

2. The issue is to be decided by this Tribunal is that whether the appellants are liable to pay service tax under reverse charge mechanism on royalty to do mining lease granted by government in the negative regime or not?

3. Admittedly, the demand of service tax in the reverse charge mechanism has been made against the appellant on royalty for the period 01.04.2016 to 13.06.2017. The claim of the appellant is that

they have entered into mining lease agreement prior to 01.04.2016, therefore, they are not liable to pay service tax as held by this Tribunal in the following cases:

> "a) M/s Tirupati Build-Con Private Limited V/s Commissioner, Central Goods Service Tax & Central Excise, Customs, Jabalpur (Service Tax Appeal No. 51052 Of 2020)
>
> b) Principal Commissioner, CGST & Central Excise V/s S.R. Traders (2023) 10 Centax 253 (Tri.-Del) [24-04-2023]
>
> c) M/s Shrawan Kumar Pathak Vs. Commissioner of Central Excise & Central GST, Jabalpur, Service Tax Appeal No. 55131 of 2023 d)
>
> d) Madhya Pradesh State Mining, Corporation Ltd. Versus Principal Commissioner of CGST & Central Excise, Bhopal (2023) 10 Centax 253 (Tri.-Del) [24-04-2023]
>
> e) CESC Ltd. V/s The Commissioner of Central Tax, CGST & Central Excise, Kolkata (Service Tax Appeal No. 75260 of 2023)
>
> f) M/s. National Aluminium Company Limited Versus Commissioner of CGST & CX, Bhubaneswar 2024(5) TMI 621-CESTAT Kolkata."

4. However, it is an admitted fact that these mining lease agreements were not placed before the authorities below therefore, the matter needs examination at the end of adjudication authority therefore, we are of the view in the interest of justice by setting aside the impugned order, the matter be remanded back to the adjudication authority to verify the facts whether the mining lease agreements were executed prior to 01.04.2016 or not.

5. As held by this Tribunal in various decisions cited herein above, if the mining lease agreement is executed prior to 01.04.2016, the assessee is not liable to pay service tax under reverse charge mechanism and is entitled for benefit of Section 66D of the Finance Act, 1994. Therefore, the appellant is directed to produce the mining lease agreement within seven days before the adjudicating authority to

examine whether the mining lease agreements have been executed prior to 01.04.2016 or not?

6. If the mining lease agreements were executed prior to 01.04.2016, the appellant is not liable to pay service tax. Consequently, no penalty is imposable on the appellant.

7. In view of the above, we set aside the impugned order and remand the matters back to the adjudicating authority for verification purposes and thereafter to pass an appropriate order in accordance with law within sixty days of production of the mining lease agreements by the appellant after giving an opportunity of being heard to the appellant.

8. In view of this, appeal is allowed by way of remand as directed hereinabove and miscellaneous application filed by the appellant is also disposed of in the same manner.

(Order pronounced in the Open Court)

(Ashok Jindal)
MEMBER (JUDICIAL)

(P.V. SUBBA RAO)
MEMBER (TECHNICAL)

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