

**CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
CHENNAI**

REGIONAL BENCH - COURT No. III

Service Tax Appeal No.40797 of 2015

(Arising out of Order-in-Appeal No.19/2015 (STA-II) dated 16.01.2015 passed by Commissioner of Service Tax (Appeals-II), No.26/1, Mahatma Gandhi Marg, Nungambakkam, Chennai 600 034)

M/s.Tamilnadu Cricket Association

M.A. Chidambaram Stadium,
Victoria Hostel Road,
Chepauk,
Chennai 600 005.

.... Appellant

VERSUS

The Commissioner of CGST & Central Excise

Chennai North Commissionerate
No.26/1, Mahatma Gandhi Road,
Nungambakkam,
Chennai 600 034.

... Respondent

APPEARANCE :

Shri P. Gowtham, Advocate, for the Appellant
Shri Harendra Singh Pal, Authorised Representative for the Respondent

CORAM :

**HON'BLE MS. SULEKHA BEEVI.C.S., MEMBER (JUDICIAL)
HON'BLE MR. VASA SESHAGIRI RAO, MEMBER (TECHNICAL)**

FINAL ORDER No.40396/2024

DATE OF HEARING : 08.04.2024
DATE OF DECISION : 08.04.2024

Per: Ms. Sulekha Beevi. C.S

Brief facts are that the appellant is engaged in conducting cricket matches allotted to it by Board of Control for Cricket in India (BCCI). They are registered with the department for rendering service of Renting of Immovable Property, Sale of space or time for Advertisements etc. for M/s.SPIC Ltd. On verification it was revealed that the appellant was not paying appropriate service tax under the category of 'sale of space for advertisements' for the period 1.10.2007 to 20.09.2008. Show cause notice dt. 19.03.2009 was issued proposing to demand the service tax along with interest and for imposing penalties. After due process of law, the original authority confirmed the demand, interest and imposed penalties. On appeal, the Commissioner (Appeals) upheld the same. Hence this appeal.

2. The Ld. Consultant Shri A.R. Raghunathan appeared and argued for the appellant. It is submitted by the Ld. Consultant that the relevant period is prior to 2010 when sports activities was exempted from the levy of sponsorship services. In order to conduct matches in Chennai, the appellant has a stadium known as M.A. Chidambaram Stadium. This stadium has various boxes in their pavilion which are sponsored by various corporates during the conduct of cricket tournaments. These boxes in the pavilion were sponsored by M/s.SPIC and an amount of Rs.2,00,000/- was received by appellant from M/s.SPIC. The department was of the view that the amount is received for providing the service of 'sale of space or time' to M/s.SPIC. In fact,

no advertisements are displayed by the corporates in the boxes and only their name board is displayed for identity. Ld. Consultant submitted that the activity is correctly taxable under the category of Sponsorship Services and would not fall under the category of 'Sale of Space for Advertisements'. During the relevant time, the activity of sponsorship was not subject to levy of service tax as sports was excluded from 'Sponsorship Services'. The appellant had entered into agreement for sponsorship with M/s.SPIC Ltd. The agreement of sponsorship would show that there is nothing in the agreement which indicates that sponsor can display the advertisement either in the boxes or anywhere in the stand. Only the stand can be named or the name can be displayed on the boxes. Therefore, these services are more appropriately classifiable under sponsorship services and there is no sale of space or time for advertisements. It is submitted that the Tribunal, on similar set of facts and issue, had held that the activity does not fall under 'sale of space or time for advertisement' and set aside the demand. The decision in the case of *The Tamil Nadu Cricket Association Vs CST Chennai* vide Final Order No.43025 / 2017 dt. 21.11.2017 was relied by the learned counsel. It is submitted that the Tribunal had considered similar issue in *Hero Motorcorp Ltd. VS CST Delhi 2013-TIOL-873-CESTAT New Delhi, India Cements Ltd. VS CCE Chennai in Final Order No.40655-40656/2023 dt. 04.08.2023*. Ld. Counsel prayed that the appeal may be allowed.

3. Ld. A.R Shri Harendra Singh Pal appeared and argued for the Department. The findings in the impugned order were reiterated.

4. Heard both sides.
5. The issue to be considered is whether the demand raised under the category of 'sale of space and time for advertisement' is legal and proper.
6. It is the case of the department that the appellant had entered into sponsorship agreement with M/s.SPIC Ltd. and has provided services of 'sale of space or time for advertisement'. The "Sale of Space & Time for Advertisement" service has been defined in sub clause (zzzm) of Section 65 (105) of the Finance Act as "*any service provided or to be provided to any person by any other person, in relation to sale of space or time for advertisement, in any manner; but does not include sale of space for advertisement in print media and sale of time slots by a broadcasting agency or organization*". It was noted by the department that the appellant permitted the advertisers for certain period to put advertisements or display products on the space allotted to them. The appellant had entered into agreements with the advertisers separately for 'Instadia Advertising' [which means all advertising sites inside the Ground and on the playing surface at the Ground]. The department has taken the view that such activity falls under the category of 'sale of space or time for advertisement' . The very same issue was considered by the Tribunal in the case of appellant and vide Final Order No.43025/2017 dt. 21.11.2017, the Tribunal had analyzed the facts of the case and came to the conclusion that the activity does not fall under the category of 'sale of space or time for advertisement' and there is advertisement carried out. The

agreements are more akin to sponsorship service. During the relevant period the sponsorship services for sports was excluded from the levy of service. The Tribunal after appreciating the facts had discussed as under :

"8. For better appreciation, the definition of sponsorship is as under :-

"Section 65 (99a): "Sponsorship" includes naming an event after the sponsor, displaying the sponsor's company logo or trading name, giving the sponsor exclusive or priority booking rights, sponsoring prizes or trophies for competition; but does not include any financial or other support in the form of donations or gifts, given by the donors subject to the condition that the service provider is under no obligation to provide anything in return to such donors."

"Section 65 (105) (zzzn) Taxable service means any service provided or to be provided to any body corporate or firm, by any person receiving sponsorship, in relation to such sponsorship, in any manner, but does not include services in relation to sponsorship of sports events."

9. The main contention put forward by the Id. Counsel is with regard to the demand raised for the period 1.5.2006 to 30.9.2007 shown in Sl.No.2 and 3 of the Table above. Department has demanded service tax for the consideration received for providing stands / boxes inside the stadium We have perused the sponsorship agreements produced. The said agreement shows that the boxes are to be allowed for witnessing matches only. Further, the sponsor will be permitted to have its name board on top of the box kept facing the ground. The sponsor gets the right to display his name on the top of the box only and has no right to display the product etc. They are also given exclusive or priority rights over tickets. The relevant portion of sponsorship agreement entered by the appellants with Indian Overseas Bank is reproduced as under:

"9. That not more than 15 persons would be permitted to be seated in the box at any point of time.

10. That for international matches staged at M.A. Chidambaram Stadium, fifteen tickets will be issued for entry of fifteen persons to the stadium. Car pass and one duty pass for the attendant will be issued by TNCA.

11. The sponsor will be permitted to have his / its name board on top of the box facing the ground, the size and design of which should be got approved by the TNCA.

It will be observed from the above that the box is only required to be used for witnessing the match. Thus, the sponsor gets the right to witness the match of the nature specified in para 8. The sponsor only gets the right to display his name on the top of the box facing the ground.

10. The above would show that appellants have not granted any right to the sponsors to display their products on the boxes / stands. So also there is no right given in the sponsorship agreement to display any advertisement. The sponsor has only right to display his name on the stand / box. Further, they are also given exclusive priority booking rights. The definition of sponsorship reveals that the activity carried out by the appellant by entering such sponsorship agreements are more akin to sponsorship service which are taxable only with effect from 1.5.2006. Further, these sponsorship services are in relation to sports events and are not taxable services as laid down under section 65(105)(zzzn) of the Finance Act, 1994. We therefore hold that the amount received as per sponsorship agreements for boxes and stands are not leviable to tax under Sale of Space for Advertisement and requires to be set aside, which we hereby do.”

7. After considering the facts, evidence and following the decisions as above, we are of the view that the demand cannot sustain and requires to be set aside. The impugned order is set aside. The appeal is allowed with consequential relief, if any.

(Order dictated and pronounced in the open court)

sd/-

(VASA SESHAGIRI RAO)
Member (Technical)

sd/-

(SULEKHA BEEVI. C.S)
Member (Judicial)