



**TAX
ALERT**

***Multi Modal Transport -
Applicability of Service
Tax on freight charges
recovered from clients***



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Applicability of Service Tax on freight charges recovered from clients in case of Multi Modal Transport

Facts: The appellant is engaged in the business of multi-modal transport operation. In the course of rendering such services, appellant had availed services from transporters and included such cost in the price charged from clients.

The Commissioner of Service Tax had determined the service tax liability by including the cost of freight recovered from the client and paid to the transporter. The appellant filed appeal before the CESTAT, East Zonal Bench which was rejected for failure on the part of appellant to pay statutory pre-deposit.

Being aggrieved by the same, the appellant filed writ petition in the Calcutta High Court contending that the cost of freight which is charged from the client and paid to the Transporter shall not be included for determining service tax liability.

Held: The Hon'ble Calcutta High Court held that the cost of freight which is charged from the clients by the appellant and paid out to the transporters should be excluded and directed the lower authority for fresh computation of tax liability on the basis of documents shared by the appellant.

[\[LCL Logistix INDIA Pvt. Ltd. Vs the Union of India And ORS\]](#)