

Whether service tax is applicable on salary paid under notice period

M/S HCL Learning Ltd. Vs Commissioner of CGST, Noida

PETITIONER: M/S HCL Learning Ltd.

RESPONDENT: Commissioner of CGST

FACTS:

Revenue has demanded service tax on that portion of salary which has been paid to employee but recovered back due to breach of contract of total term of employment. There is a contract between appellant and his employee that employee shall be paid salary and the term of employment is a fixed term and if the employee leaves the job before the term is over then certain amount already paid as salary is recovered by the appellant from his employee.

HELD:

Recovery is made out of salary that has already been paid and salary is not covered by the provisions of service tax and thus no service tax is leviable.