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LITIGATION ALERT

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Supreme Court holds that booking of foreign speakers through overseas agent is not 'Event Management Service' for Service Tax Law

Supreme Court holds that booking of foreign speakers through overseas agent is not 'Event Management Service' for Service Tax Law

HT Media Ltd. V. Union of India[1]

The Supreme Court has allowed the appeal filed by HT Media Limited ("Petitioner"/"Assessee") and held that fees paid to foreign speakers through overseas booking agents, for participation in an event are not liable to Service Tax, under the category of 'Event Management Service'.

The Court ruled that booking of speakers cannot be equated with the planning, organisation or management of an event, and that tax cannot be imposed by stretching the scope of a charging provision.

Background and facts

- The Petitioner organised the annual '*Hindustan Times Leadership Summit*' whereat eminent international speakers were invited to address the audience.
- The Petitioner entered into agreements with overseas agencies such as Washington Speakers Bureau and Harry Walker Agency for booking/reserving speakers and made payments to such agencies for securing the speakers' participation.
- The Tax Department sought to levy Service Tax (during the period October 2009 to March 2012) under the reverse charge mechanism on the fees paid to speakers through booking agents by classifying the said activity under the category of event management service.
- Earlier, the CESTAT[2] held that the Assessee-appellant are liable to pay Service Tax under the category of event management service for the period covered within the normal limitation and dropped the demand for the extended period.
- Aggrieved by the confirmation of demand , the Assessee preferred an appeal before the Supreme Court.

Contentions of the Petitioner

- There was no arrangement between the Petitioner and the booking agent for provision of any event management service for the Summit. The agent acted as booking agent of the speakers and, not as event manager.
- The contracts with the agents were limited to securing speakers' participation and setting out the modalities of their appearance.
- Service Tax under Sections 65(40) and 65(105)(zu) of the Finance Act, 1994 could be levied only if the activity satisfied the following conditions:
  - the service provider was an event manager as defined in Section 65(41), read with the TRU Circular dated August 08, 2002
  - the service was provided to another person, and
  - the service related to event management, such as planning, promotion, organisation or presentation of an event.

[1] TS-5-SC-2026-ST

[2] TS-484-CESTAT-2017-ST

- The TRU Circular dated August 08, 2002 clarified that an event manager is a person engaged in organising and executing an event, including venue management, logistics, publicity, invitations, and coordination of stage shows, artists, musicians and other ancillary activities required for holding an event.
- Reliance was placed on the decision in International Merchandising Company LLC v. CST[3], wherein, similar service was classified as manpower recruitment or supply agency service.

Contentions of the Respondent

- The overseas booking agents were independent service providers, and not mere agents of the speakers. By ensuring the presence of speakers, the agents rendered services 'in relation to' event management.
- The speakers constituted the core of the event, and without their participation the event would not have taken place. Procuring and securing speakers' participation was therefore an integral part of planning and organising the event.

Findings of the Court

- Under the positive-list regime (prior to July 2012), taxability arose only when the activity squarely satisfies the statutory ingredients of the taxable service.
- The contract of the assessee with the booking agent was not for the management of an event but, for booking of the speakers.
- The scope of the term event management[4] is confined to services rendered in relation to the planning, promotion, organisation or presentation of an event.
- Applying the common parlance test, event management, in ordinary commercial understanding, refers to organising and executing events.
- Reliance placed on Circular is well founded which clarifies the common parlance understanding of "event management".
- Charging provisions in taxing statutes must be strictly construed. A service cannot be brought to tax by inference, analogy or by probing into the intentions of the legislature[5].

Judgment

- The overseas agencies were engaged merely in booking speakers and the contractual arrangement lays down the modalities of speakers' visit and consideration for the same and, is not for event management.
- While the presence of speakers is essential and undisputed, however, the speakers or the booking agent do not plan, promote, organize or present the event.
- Participation in the event cannot be considered as management of the event; this is the fundamental error committed by the Revenue.
- Decision in International Merchandising Company LLC is distinguishable.
- Classification must depend on the specific statutory entry and nature of services rendered. Service cannot have two classifications and service classified under one taxable category cannot be reclassified under another.
- The services rendered by the overseas booking agencies were not covered under Event Management Service as defined under Section 65(105)(zu) of the Finance Act, 1994.
- The appeals of the Assessee were allowed, and the service tax demand was set aside.

[3] (2023) 3 SCC 641
[4] Section 65(40) of the Finance Act
[5] Shiv Steels vs. State of Assam [2025 SCC Online SC 2006]

DHRUVA INSIGHT

This decision is in respect of the pre-GST era, specifically in the Service Tax (prior to the negative list regime) context, yet it offers guidance in cases of GST classification and scope/coverage questions; the judgement reaffirms that facilitation or participation services cannot be subsumed into broader taxable categories merely because they are integral to another transaction.

The Court's reiteration of the principle of strict interpretation of charging provisions of tax laws and, reliance on common parlance meaning aids in contesting expansive classifications even under the GST law, particularly in cases involving composite or bundled supplies.

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