

Economy

GST: Gujarat HC rules goods in transit cannot be confiscated because of wrong route or under-valuation

Shishir Sinha | New Delhi, Januray 12 | Updated On: Jan 12, 2022



Court allowed release of vehicles

Gujarat High Court has held that goods in transit cannot be confiscated under Central Goods & Services Tax (CGST) Act on grounds of wrong route or under-valuation.

The petitioners, an arecanut seller and a truck owner, moved to court after the vehicle and goods were seized. Tax officials listed two issues for confiscation. According to them, first, it was travelling to the different direction away from its original destination. So it is clear that the goods were not moving to the place destined for. Hence, it appears that the goods are being transported with intention to evade tax. Second, the value of goods being transported is shown ₹286 which is low compared to its Real Market Value ie ₹330.

A Bench of Justices JB Pardiwala and Nisha M Thakore, went through all the submissions and after hearing al the arguments and said that there cannot be any mechanical detention of a consignment in transit solely on the basis of the two reasons – wrong route and undervaluation.

Clarifications

“We find that merely the direction preferred by the petitioners for delivery of consignment to the place destined for, an inference cannot be drawn with regard to the intention of the petitioners to evade tax. So far as the second ground as held by this Court as well as other High Courts, it is a settled legal position that undervaluation cannot be a ground for seizure of goods in transit by the inspecting authority,” the Bench said in a recent ruling.

It clarified it has quashed the entire confiscation proceedings keeping in mind two things: first, mere change of route without anything more would not necessarily be sufficient to draw an inference that the intention was to evade tax. Sometime, change of route may assume importance provided there is cogent material with the department to indicate that an attempt was sought to be made to dispose of the goods indirectly at a particular place.

“If such is the case, then probably, the authority may be justified in initiating appropriate proceedings, but mere change of route of the vehicle by itself is not sufficient. In the same manner, mere undervaluation of the goods also by itself is not sufficient to detain the goods and vehicle far from being liable to confiscation,” the Bench said.

Follow Us:    

BusinessLine

Archives

Subscribe

TRENDING TODAY

TRENDING THIS WEEK

LATEST NEWS

SECTIONS

News

National

Science

Sports

World

Variety

Education

Real Estate

Markets

Stocks

Forex

Commodities

Gold & Silver

Today's Pick

Companies

Announcements

Disclosures

Results

Others

Economy

Agri Business

Logistics

Macro Economy

Policy

Budget 2018

Info-tech

How-To

Social Media

Computers &

Laptops

Mobiles & Tablets

Other Gadgets

Opinion

Editorial

Columns

Letters

Books

Blogs

SPECIALS | BLINK | PORTFOLIO | MARKETING | MULTIMEDIA | TODAY'S PAPER | WEALTH CHECK |

Group Site: The Hindu | ???? ???? ???? | Business Line | BL on Campus | Sportstar | Frontline | The Hindu Centre | RoofandFloor | STEP | Young World Club | Publications | eBooks | Images | Classifieds |

This Site: About Us | Contacts | Privacy Policy | sitemap | Archive | Rss Feeds | Subscription | Brand Quest | ePaper |

Comments to: web.businessline@thehindu.co.in.

Copyright © 2022, THG PUBLISHING PVT LTD.